金味 Kimly™

The Flavours of Life

Menu for Growth

KIMLY LIMITED | ANNUAL REPORT 2017

Contents

Kimly Limited (the **"Company"**) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) on 20 March 2017. The initial public offering of the Company (the **"IPO"**) was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the **"Sponsor"** or **"PPCF"**).

This Annual Report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Annual Report including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg)

Corporate Profile

Kimly Limited (the **"Company"** or **"Kimly"**, and together with its subsidiaries, the **"Group"**) is the largest traditional coffee shop operator in Singapore with more than 25 years of experience. The Group operates and manages an extensive network of 68 food outlets under the "Kimly", "foodclique" and third party brands, and 129 food stalls comprising Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood "Zi Char", and a Live Seafood Restaurant.

In tandem with the growing demand for online food ordering and delivery services, Kimly Group started availing its Dim Sum products for online ordering through Deliveroo and Foodpanda.

The Company was successfully listed on the Catalist of the SGX-ST on 20 March 2017.

Our Businesses

The Group's business can be categorised into the Outlet Management Division and the Food Retail Division.

OUTLET MANAGEMENT

The Group operates and manages 60 coffee shops and four industrial canteens under the "Kimly" brand and third party brands, and four food courts under the "foodclique" brand. Our proven track record as a food outlet operator has attracted quality and anchor tenants with whom we have established strong relationships. As at 30 September 2017, Kimly enjoys a 98% occupancy rate across nearly 500 stalls within our managed food outlets.

FOOD RETAIL

Catering to a broad and varied customer base and supported by our Central Kitchen, the Group's 129 stalls under our Food Retail portfolio comprises:

- 33 Mixed Vegetable Rice stalls
- 16 Rice Garden stalls
- 2 Teochew Porridge stalls
- 46 Dim Sum stalls
- 31 Seafood "Zi Char" stalls
- 1 Live Seafood restaurant stall

Our Central Kitchen, where food preparation is overseen by award-winning and well-reputed chefs, supplies sauces, marinades and semi-finished food products to our Mixed Vegetable Rice, Seafood "Zi Char" and Dim Sum stalls.

The Group completed the construction of a new Central Kitchen in the fourth quarter of the financial year ended 30 September 2017. The new facility, located next to the Group's corporate headquarters, is equipped with new equipment, machinery and software that will help increase operational efficiencies.

Our Extensive Network

68 FOOD OUTLETS **129 FOOD STALLS**

The Group's food outlets are spread extensively across the heartlands of Singapore. Given the variety of food served at the food stalls, the Group is able to appeal to customers from different backgrounds. To cater to the diverse preferences of consumers, the food outlets are regularly upgraded and approximately 40% of our food stalls are open for 24 hours a day.

WEST	NORTH	SOUTH / CENTRAL	EAST
21 FOOD OUTLETS	16 FOOD OUTLETS	12 FOOD OUTLETS	19 FOOD OUTLETS
44 FOOD STALLS	25 FOOD STALLS	23 FOOD STALLS	37 FOOD STALLS

Message to Shareholders

Our track record and achievements attest to the viability and strength of our business model. We are confident that our competitive strengths will stand us in good stead in this challenging economic environment. We have set the Group on the correct trajectory for growth and wish to assure you of Kimly's commitment to deliver long term returns and value to all our shareholders.

MR LIM HEE LIAT
Executive Chairman

DEAR SHAREHOLDERS,

The seeds of growth were planted when the Company listed on the Catalist of the SGX-ST on 20 March 2017. Our offering of 173.8 million shares which attracted applications from institutional investors and retail investors, was 8.3 times subscribed. Priced at S$0.25 a share, we raised net proceeds of S$40.3 million from our IPO. Together with my Board of Directors, we would like to welcome you as Shareholders of the Company and thank you for supporting our IPO.

The successful IPO caps what has been a banner year for Kimly. After 27 years of operations, I am personally very proud of our achievements and excited at the next phase of growth for Kimly. We are now the first and remain as the only traditional coffee shop chain listed in Singapore. We are committed to delivering value to our shareholders as we tap into the economic growth of Singapore and its growing population, and continue our proven track record as the largest traditional coffee shop operator in Singapore.

YEAR IN REVIEW

For the financial year ended 30 September 2017 (**"FY2017"**), the Group achieved a commendable performance, recording broad-based growth in both business divisions which raised revenue by 12% to S$192.1 million, from S$172.2 million in the preceding financial year (**"FY2016"**). However, as we ramp up our operations, we had to incur increased selling and distribution expenses and administrative expenses, to put in place the infrastructure to support our upcoming business expansion. Consequently, the Group's net profit declined 12% to S$21.4 million in FY2017 against S$24.2 million[1] in FY2016. We are confident that the benefits of our increased business activities will outweigh the costs when the economies of scale sets in.

The Group's business continued to generate strong operating cash flow, from S$29.6 million in FY2016 to S$30.1 million in FY2017. As at 30 September 2017, the Group's total cash and cash equivalents was S$85.1 million, including net proceeds of S$40.3 million raised from the IPO earlier this year.

REWARDING SHAREHOLDERS

To reward our shareholders, the Board is recommending a final tax-exempt (one-tier) cash dividend of 0.68 Singapore cent per ordinary share, subject to shareholders' approval at the upcoming annual general meeting. Together with the interim tax exempt (one-tier) dividend of 0.28 Singapore cent per ordinary share paid in June 2017, total dividend declared in FY2017

[1] *Assuming the Restructuring Exercise for the IPO has been completed on 1 October 2015, there would be no net profit attributable to non-controlling interest in FY2016.*

would be 0.96 Singapore cent per ordinary share, or S$11.1 million in total which represents 51.8% of the Group's net profit attributable to shareholders in FY2017.

APPETITE FOR GROWTH

The journey ahead remains exciting although rising operating costs and intense competition are expected to create a challenging environment within the F&B industry.

One of our strategies to gain greater market visibility is to explore opportunities to expand our network of food outlets and food stalls while at the same time, refurbish existing outlets to enhance the dining experience of our customers. For a start, we acquired the operating leases of a coffee shop in Bedok Reservoir, and an industrial canteen in Woodlands during the year, bringing our network of managed food outlets to 60 coffee shops, four industrial canteens and four food courts. The number of food stalls operated also increased to 129. The Group continues to benefit from the excellent food stall relationship we have built over many years, resulting in a low food stall vacancy in our food outlets.

We are also seeing a growing appetite for online food delivery services in Singapore and have extended our food products for online order and delivery since November 2016. The results so far have been encouraging, and to cater to this increasing consumer demand, we are looking to make available more product offerings through this online platform.

On a similar front, and in sync with the government's push to make Singapore a cashless society, we intend to implement cashless electronic payment systems such as NETS QR code payment and electronic wallet system at food outlets to raise operational efficiency. With the advancement of mobile and digital payment platforms, we see a greater degree of cashless and even cardless payments in Singapore. We therefore believe that it is a timely move that enables us to keep up-to-date with changing consumer trends.

We are also adopting technology to boost productivity and operational efficiency by improving work processes to maximise our manpower resources. Recently, the Group purchased an Enterprise Resource Planning (**"ERP"**) software system to manage the business and automate back office functions. Targeted to be implemented fully by the fourth quarter of the financial year ending 30 September 2018 (**"FY2018"**), the ERP system is anticipated to increase staff productivity while lowering operating costs in the long term.

Meanwhile, we are pleased to have completed the construction of our four-storey annex, which will expand the capacity of our central kitchen. Work on Phase two, which involves addition and alteration works on the existing building, has commenced and we expect completion in the third quarter of FY2018. We are currently putting in place information technology equipment and development software to increase the operational efficiency of our Central Kitchen. Once completed, the extended Central Kitchen will allow the Group to double its production output. We expect to supply more semi-finished products to our food stalls thereby further reducing the reliance of manpower. In addition, we will be able to achieve a higher level of consistency for our food products as more processes are done centrally.

On a macro level, Singapore's steady population growth together with the potential future development of Jurong Lake District as Singapore's second "Central Business District" as well as the Kuala Lumpur-Singapore High-Speed Rail terminus that will be sited there bode well for the Group's prospects.

Our track record and achievements attest to the viability and strength of our business model. We are confident that our competitive strengths will stand us in good stead in this challenging economic environment. We have set the Group on the correct trajectory for growth and wish to assure you of Kimly's commitment to deliver long term returns and value to all our shareholders.

ENSURING SUSTAINABLE GROWTH

We have continued to review our business plans to stay relevant in today's environment. This is to ensure that the Group will continue to deliver sustainable growth over the long term. We take a cautious approach in our capital investments and cost management. During the year, we have stepped up our investment into our IT infrastructure and proprietary software to

Message to Shareholders

help us improve our operational efficiency and margins. We have partnered with Singapore Institute of Technology to develop our own proprietary applications to facilitate cross functional collaboration within the organisation. These investments are critical in building the foundation that will improve the Group's competitive position and support the long-term growth objectives of Kimly.

SHARING OUR SUCCESS

In our quest to achieve better results, we have not forgotten the underprivileged in our society. We continued with our effort to help those in need. This year a non-emergency ambulance was donated to Jurong constituency, and we are happy to note that the transport service for homebound residents to fulfil their medical appointments was very well received.

The Group participated in the National Kidney Foundation's (**"NKF"**) annual fundraising event during the year. We are glad that our contributions go to providing quality treatment and care to needy kidney patients under the NKF's care so that they can continue to lead meaningful lives.

We have also made donations of varying amounts to different Community Development Welfare Funds for them to fund activities and improve the lives of the under-privileged.

IN GRATITUDE

What we have achieved today, is a result of the unwavering dedication and hard work of our staff and management team. On behalf of the Board of Directors, I would like to express my heartfelt gratitude to our team. I would also like to thank our shareholders for putting their trust in us, as well as our business partners, landlords, food stall operators, associates, customers and suppliers for their continued support and trust.

I would also like to thank my fellow Board members for their guidance and invaluable support as we continue to expand our business.

This remarkable journey would not have been possible without all of you. We look forward to your continued support as we work to bring Kimly to new heights.

LIM HEE LIAT
Executive Chairman

Board of Directors

MR ONG ENG SING	MR TER KIM CHEU	MR LIM HEE LIAT	MR WEE TIAN CHWEE JEFFREY	MR CHIA CHER KHIANG	MR LIM TECK CHAI DANNY
Non-Executive and Non-Independent Director	*Lead Independent Director*	*Executive Chairman*	*Independent Director*	*Executive Director*	*Independent Director*

Board of Directors

MR LIM HEE LIAT
Executive Chairman
Appointed on 23 May 2016

As a founding shareholder of the Group, Mr Lim Hee Liat has more than 25 years of experience in the coffee shop and F&B industry and is instrumental to the Group's continued success and growth. He oversees the overall development and performance of the Group, setting and executing strategic directions as well as expansion plans, including sourcing for investment opportunities to promote the growth of the business.

Mr Lim is a patron of Taman Jurong Community Club Management Committee and a member of the School Advisory Committee of Temasek Secondary School.

Mr Lim is a member of the Nominating Committee.

MR CHIA CHER KHIANG
Executive Director
Appointed on 3 February 2017

Mr Chia Cher Khiang is responsible for strategising and implementing key improvements to the Group's various processes so as to continually raise the Group's standards of productivity and food quality. Part of his portfolio also includes monitoring the key performance indicators of the Group's centralised functions, such as the Central Kitchen, human resources and procurement. He also assists the Executive Chairman in managing the Group's overall business development, expansion and various other business processes.

Mr Chia has more than 20 years of experience in the F&B industry. Prior to joining the Group in 2006, he held the post of Operations Manager at S-11 F&B Holdings Pte Ltd, a coffee shop and food stall operator. He was the Group Operations Manager of Chai Chee Noodle Village from 2003 to 2005. In 1996, he joined Asia Pacific Breweries (S) Pte Ltd as an Assistant Sales Manager. Mr Chia started his career at Suntec F&B Holding Pte Ltd as an Assistant Restaurant Manager, where he was involved in setting up Suntec Terrace Café.

Mr Chia obtained a Diploma in Sales and Marketing from the Marketing Institute of Singapore in 2003, as well as a Statement of Attainment for the PI-PHQ-303E-1 Apply Food Safety Management Systems for Food Service Establishments at Singapore Polytechnic from the Singapore Workforce Development Agency in 2015. He is a member of the School Advisory Committee of Temasek Secondary School.

MR TER KIM CHEU
Lead Independent Director
Appointed on 15 February 2017

Mr Ter Kim Cheu is Chairman of the Nominating Committee and a member of the Audit Committee. He has more than 30 years of experience in the legal industry and currently provides legislative consultancy services overseas. He was appointed an Independent Director of Hong Leong Finance Limited in 2010. Mr Ter retired from the Singapore Legal Service after over 30 years of service. Mr Ter is a member of the Strata Titles Boards and co-opted member of the Singapore Sports Council.

Prior to his retirement in 2008, he was the Parliamentary Counsel and Principal Senior State Counsel (Legislation Division), Attorney-General's Chambers, Singapore and a Law Revision Commissioner of Singapore. Mr Ter was also a member of the Securities Industry Council from 1993 to 1997.

He began his career as an Executive Officer in Human Resource with the Port of Singapore Authority in 1972. Mr Ter graduated with a Bachelor of Social Science (Honours) degree from the University of Singapore (now known as the National University of Singapore) in 1970. He subsequently graduated with Bachelor of Law and Master of Law degrees from the University of London in 1976 and 1977 respectively. Mr Ter was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1980 and is also a Barrister-at-Law, having been called to the English Bar at Lincoln's Inn in 1977.

MR WEE TIAN CHWEE JEFFREY

Independent Director

Appointed on 15 February 2017

Mr Wee Tian Chwee Jeffrey is Chairman of the Audit Committee and a member of the Remuneration Committee. His professional experience includes the audit of diverse companies ranging from SMEs to Singapore Listed Co and MNCs. He also worked for Metal Box Singapore Limited as Chief Accountant prior to practise as a public accountant at T. C. Wee & Co., which he established since 1981.

Mr Wee is a practising member of the Institute of Singapore Chartered Accountants and a Fellow of The Association of Chartered Certified Accountants.

MR LIM TECK CHAI DANNY

Independent Director

Appointed on 15 February 2017

Mr Lim Teck Chai Danny is Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. He has nearly 20 years of experience in the legal industry and is currently an equity partner in Rajah & Tann Singapore LLP. He joined the law firm in 1998 and has since been practising and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructurings, amongst others, and his clients include multi-national corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others. Mr Lim is also an Independent Director of TEE Land Limited, UG Healthcare Corporation Limited and Stamford Land Corporation Ltd, all of which are companies listed on the SGX-ST.

Mr Lim graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1998 and a Master of Science (Applied Finance) degree from the Nanyang Technological University in 2006. He has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1999 and is a member of the Law Society of Singapore and the Singapore Academy of Law.

MR ONG ENG SING

Non-Executive and Non-Independent Director

Appointed on 15 February 2017

Mr Ong Eng Sing is a member of the Audit Committee and Remuneration Committee. He is currently the Group Deputy Chief Executive Officer and Director of Pokka Corporation Singapore Pte Ltd, the Chief Executive Officer and Director of Pokka International Pte Ltd, the Chairman of Pokka Logistics Singapore Pte Ltd, and a Director of Pokka Dima International (Indonesia) Pte Ltd. Prior to joining the Pokka Group, Mr Ong held the post of National Account Manager at L'Oreal Singapore Pte Ltd from 2004 to 2006. He began his career as a Customer Development Manager with Johnson & Johnson Pte Ltd in 1994.

Mr Ong obtained a Graduate Diploma in Marketing from the Chartered Institute of Marketing in June 1995 and was elected a Member of the Chartered Institute of Marketing in October 1995. He subsequently obtained a Bachelor in Business Studies (Honours) degree from the University of Hull in July 1999. Mr Ong is a patron of the Braddell Heights Citizens' Consultative Committee and a board member and co-chair of Efficient Consumer Response (ECR) Singapore Council.

Key Management

MR PEH KIM LEONG SUNNY
Head of Outlet Operations

Mr Peh Kim Leong Sunny was appointed as the Group's Head of Outlet Operations in 2008. He is responsible for the overall management and oversight of the Group's food outlets and Operations Managers, including the setting up of new food outlets as well as coordinating and monitoring compliance with the applicable laws, regulations and licensing requirements across the Group.

Prior to joining the Group, Mr Peh held the post of Sales Executive at Excel Singapore. He was a Marketing Executive of Epson Singapore Pte Ltd between 2006 and 2007. Mr Peh started his career as a Weapons System Specialist with the Republic of Singapore Air Force in 1998.

Mr Peh graduated with a Diploma in Electrical Engineering from Ngee Ann Polytechnic in 1997. He subsequently obtained a Degree in Business Administration from the University of Canberra in 2009.

MS WONG KOK YOONG
Chief Financial Officer

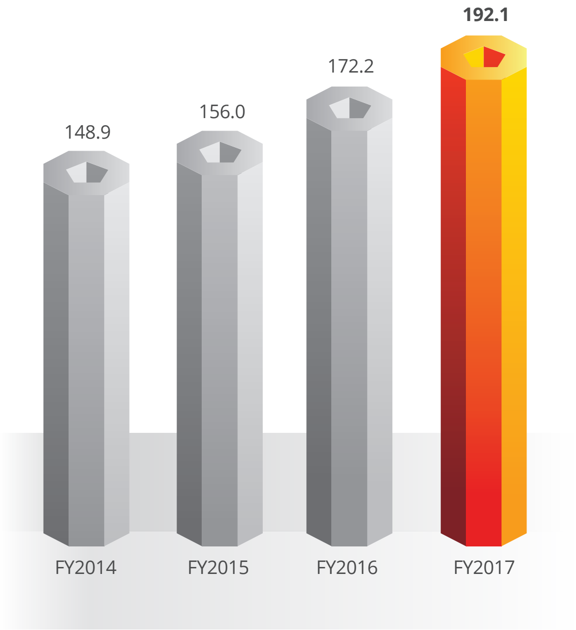
Ms Wong Kok Yoong was appointed as the Group's CFO in 2016. She is responsible for the overall financial management, reporting and internal control matters for the Group. Ms Wong has over 16 years of experience in audit, accounting and finance.

Prior to joining the Group, she held the post of Regional Financial Controller for Connell Brothers Singapore, a multinational corporation and Regional Head, Financial Planning & Analysis at Maybank, Investment Banking Group. She started her career as an auditor with Arthur Andersen Kuala Lumpur in 2000 and was an Audit Senior Manager (Ernst & Young LLP, Singapore) when she left in 2013.

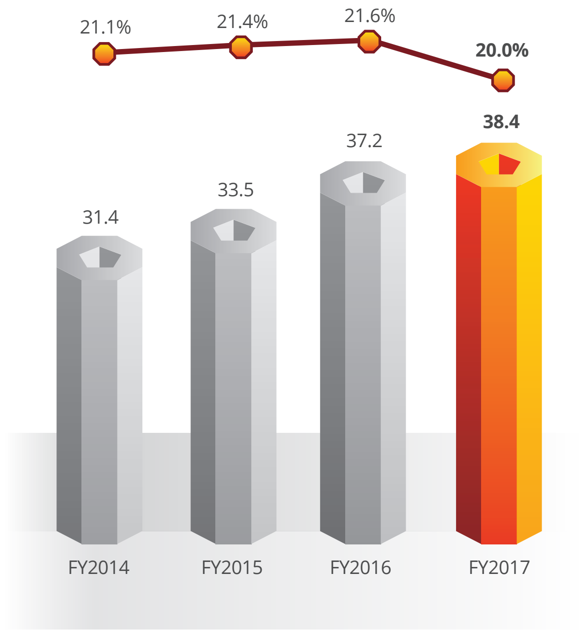
Ms Wong graduated with a Bachelor of Accountancy degree from the Northern University of Malaysia in 2000. She is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysia Institute of Accountants.

Financial Highlights

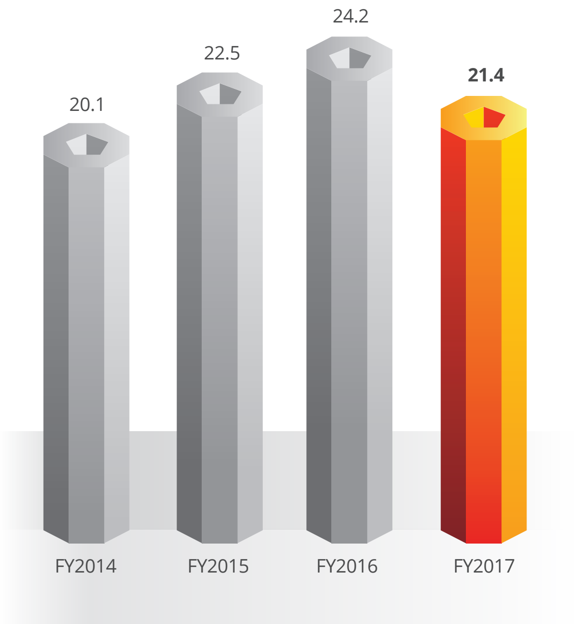
REVENUE (S$'M)



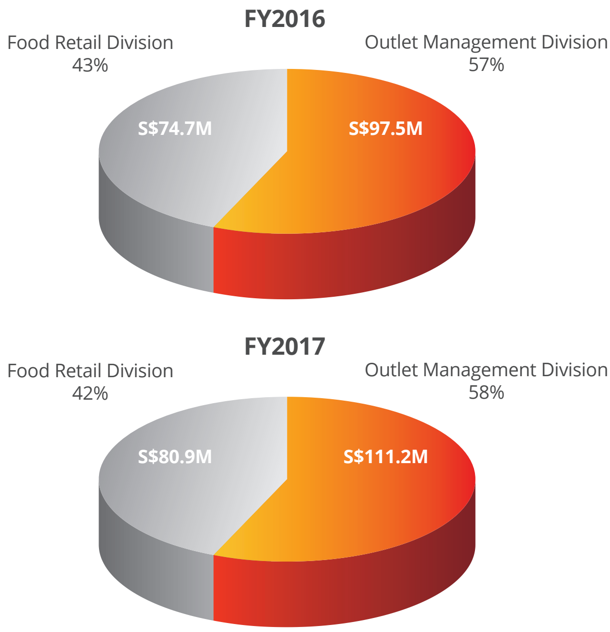
GROSS PROFIT (S$'M) & GROSS PROFIT MARGIN (%)



PROFIT AFTER TAX (S$'M)



REVENUE BREAKDOWN BY BUSINESS SEGMENT



Financial Review

REVIEW OF THE GROUP'S PERFORMANCE

REVENUE

For FY2017, the Group's revenue rose 12% to S$192.1 million, underpinned by broad-based growth in both its business divisions. Revenue for the Outlet Management Division rose 14% to S$111.2 million mainly due to an increase in rental income from the sub-leasing of stalls in the coffee shops that it manages, and the provision of cleaning and utilities services. The sales of beverages and tobacco products also rose due to an increase in number of coffee shops and drink stalls during the year. The Group's food outlets under management rose to 68 in FY2017, from 63 in the preceding financial year.

The Food Retail Division saw revenue rising 8% to S$80.9 million with higher contribution from the increase in number of food stalls in FY2017, which rose to 129 from 115 in FY2016.

COST OF SALES

In tandem with higher sales, cost of sales increased 14% to S$153.7 million, largely attributable to higher employee benefits of S$5.4 million with an increase in number of employees for coffee shops and food stalls that commenced operations in FY2017. The addition of new coffee shops that commenced operations since FY2016 and the 18 rental leases entered into with interested persons, contributed to an increase in operating lease expense of S$7.6 million.

GROSS PROFIT

Gross profit for the year grew 3% to S$38.4 million from S$37.2 million in FY2016, although gross profit margin dipped marginally by 1.6 percentage points to 20.0% in FY2017 from 21.6% in FY2016.

OPERATING EXPENSES

The Group incurred higher selling and distribution expenses in FY2017 due to an increase in cleaning and packaging materials. Administrative expenses increased 10% to S$13.1 million in FY2017 from S$11.9 million in FY2016. This was attributable to higher employee benefits of S$1.8 million for the corporate headquarter staff, and higher depreciation of property, plant and equipment of S$0.5 million. These were partially offset by a decrease in repair and maintenance expenses as well as accounting, legal and other professional fees of S$1.1 million.

NET PROFIT

In view of the foregoing, the Group reported a healthy net profit attributable to owners of the Company of S$21.4 million in FY2017 compared to S$24.2 million[1] in FY2016.

REVIEW OF THE GROUP'S FINANCIAL POSITION

The Group's financial position remained healthy as at 30 September 2017, with cash and cash equivalents standing at a robust amount of S$85.1 million, including net proceeds of S$40.3 million from the Group's IPO in March 2017.

The Group's total assets expanded to S$106.2 million as at 30 September 2017 from S$43.4 million as at 30 September 2016.

NON-CURRENT ASSETS

Non-current assets increased by S$6.3 million to S$14.7 million on the back of an increase in property, plant and equipment arising from the extension of a four-storey annex factory building, the opening of new coffee shops and food stalls, as well as the provision for restoration costs. Intangible assets increased due to the acquisition of computer software of S$0.4 million and lease assignment fees of S$1.0 million from the acquisition of operating leases of a coffee shop and an industrial canteen during the year. This was partially offset by depreciation of property, plant and equipment and amortisation of intangible assets of S$2.0 million and S$0.3 million respectively.

[1] Assuming the Restructuring Exercise for the IPO has been completed on 1 October 2015, there would be no net profit attributable to non-controlling interest in FY2016.

CURRENT ASSETS

Current assets also rose by S$56.6 million to S$91.5 million on the back of higher cash and cash equivalents, and trade and other receivables increased due to increase in refundable rental deposits for leases that are expiring in the next 12 months. The increase was offset by a one-time rental prepayment to landlords to facilitate the Group's restructuring exercise in preparation of the Group's IPO.

CURRENT LIABILITIES

The Group's total liabilities increased to S$32.5 million as at 30 September 2017 from S$25.1 million as at 30 September 2016. Current liabilities increased by S$7.2 million due to an increase in trade and other payables in respect of purchase of property, plant and equipment, and intangible assets of S$2.2 million; increase in GST payable of S$0.8 million and increase in the current portion of rental deposits from tenants of S$1.0 million; increase in tax payable by S$2.0 million; and increase in other liabilities by S$0.8 million due to accrual of payroll related expenses.

NON-CURRENT LIABILITIES

The Group's non-current liabilities increased by S$0.3 million to S$1.5 million as at 30 September 2017 mainly due to deferred tax liabilities of S$0.4 million and an increase in non-current portion of provision for restoration costs of S$0.2 million. This was however, offset by a decrease in non-current portion of rental deposits from tenants of S$0.3 million.

CASH FLOW STATEMENT

In FY2017, the Group generated net cash from operating activities before changes in working capital of S$28.2 million. Net cash generated from working capital changes amounted to S$1.9 million. The Group paid income tax of S$1.1 million. As a result, net cash generated from operating activities was S$29.0 million, as compared to S$28.4 million in FY2016.

Net cash used in investing activities amounted to S$4.4 million following the additions of property, plant and equipment for the four-storey annex factory building, new coffee shops and food stalls.

The Group's net cash flows from financing activities of S$31.0 million was attributable to gross proceeds from issuance of new shares pursuant to the IPO and proceeds from convertible loans. This was partially offset by dividends paid to the then-existing shareholders of subsidiaries, listing expenses and interim dividend payment of 0.28 Singapore cent per ordinary share for the second quarter ended 31 March 2017.

As a result, net cash and cash equivalents increased by S$55.6 million in FY2017.

Corporate Social Responsibility

At Kimly, we not only stay true to our corporate responsibility of maintaining sustainable growth, we also firmly believe in sharing our success by giving back to society in support of causes that aid the vulnerable, elderly and the underprivileged. Over the years, we have never lost sight of this commitment and have continued to contribute to and support the local communities in fundraising activities and organising events that promote family bonding, racial harmony and social cohesiveness.

FOR THE ELDERLY

For the last 11 years, we have hosted an annual luncheon for 400 seniors and underprivileged families from different estates across Singapore. It is held during the Chinese New Year period to share the festive joy with our fellow Singaporeans. In the spirit of spreading festive joy, all our staff, business associates and their families will come together to organise this annual luncheon.

In January, the Group donated a non-emergency ambulance to Taman Jurong to help transport residents who were homebound to healthcare institutions for their regular medical appointments. It was during one of our regular engagements with local community leaders that we noticed that residents having mobility issues would often miss their medical appointments which often led to the worsening of their general well-being. With free transportation provided, residents will not have to miss their appointments anymore, and we are happy to note that the service is well received by the residents.

FOR THE COMMUNITY

In support of the NKF's charity drive, Kimly participated in their annual fundraising event. The event helped raise much needed funds to support needy patients under their care, relieving them and their families of the financial burden so that they can continue to lead meaningful lives.

Kimly has been a regular donor to Club-100 @ North West since 2015. The club was set up by the North West Community Development Council (CDC) in 2008 to raise funds towards North West Food Aid Fund to purchase food vouchers, Tingkat meals and food rations to the low income families.

Since 2007, Kimly has been making monthly donations to The SBL Vision Family Service Centre. The donations help fund programmes for residents of Tampines to strengthen family ties, enhance parenting skills and promote marriage stability.

FOR THE FUTURE GENERATION

As a member of the School's Advisory Committees, the Group's Chairman, Mr Lim Hee Liat has played an active role in raising funds in support of the school's development and programmes. For his recent appointment at Temasek Secondary School, he was conferred the "Service to Education Award", which is awarded by the Ministry of Education in recognition of contributions by members of the public towards the development and well-being of students.

Corporate Information

REGISTERED OFFICE

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WEBSITE

www.kimlygroup.sg

BOARD OF DIRECTORS

Mr Lim Hee Liat
Executive Chairman

Mr Chia Cher Khiang
Executive Director

Mr Ter Kim Cheu
Lead Independent Director

Mr Wee Tian Chwee Jeffrey
Independent Director

Mr Lim Teck Chai Danny
Independent Director

Mr Ong Eng Sing
Non-Executive and Non-Independent Director

AUDIT COMMITTEE

Mr Wee Tian Chwee Jeffrey *(Chairman)*
Mr Lim Teck Chai Danny
Mr Ong Eng Sing
Mr Ter Kim Cheu

NOMINATING COMMITTEE

Mr Ter Kim Cheu *(Chairman)*
Mr Lim Teck Chai Danny
Mr Lim Hee Liat

REMUNERATION COMMITTEE

Mr Lim Teck Chai Danny *(Chairman)*
Mr Wee Tian Chwee Jeffrey
Mr Ong Eng Sing

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

INDEPENDENT AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge *(since financial year ended 30 September 2016)*: **Tan Swee Ho**

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

JOINT COMPANY SECRETARIES

Loh Lee Eng (ACIS)
Hoon Chi Tern (LLB (Hons))

Financial Contents

Corporate Governance Report

Kimly Limited (the "**Company**") is committed to achieving and maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**") in complying with the Code of Corporate Governance 2012 (the "**Code**") which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**").

The Group firmly believes that good corporate governance establishes and cultivates a legal and ethical environment that is essential to the sustainability of the Group's business and performance, which helps to preserve and enhance shareholders' interests.

This report sets out the corporate governance framework and practices of the Company that were in place during FY2017 with reference to the specific principles and guidelines of the Code including deviation from any guideline of the Code together with appropriate explanation for such deviation as well as the disclosure guide developed by the SGX-ST in January 2015.

This report should be read in totality, instead of being read separately under each principle of the Code.

(A) BOARD MATTERS

<u>Board's Conduct of its Affairs</u>

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board of Directors (the "Board")

The Board is collectively responsible for the stewardship of the Group and is primarily responsible for the preservation and enhancement of long-term value and returns for the shareholders. The Board oversees the management of the Group's business and affairs, provides overall strategy and direction, monitors the performance of the management.

In addition, the Board is directly responsible for decision making in respect of the following matters:

- approve the business strategies including significant acquisitions and disposals of subsidiaries or assets and liabilities;
- approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
- approve the release of the Group's quarterly and full year's financial results and interested person transactions;
- oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls, as may be recommended by the Audit Committee ("**AC**");
- review the performance of the management, approve the nominees to the Board and the appointment of Key Management Personnel (herein defined), as may be recommended by the Nominating Committee ("**NC**");
- review and endorse the framework of remuneration for the Board and Key Management Personnel (herein defined), as may be recommended by the Remuneration Committee ("**RC**");
- review and endorse corporate policies in keeping with good corporate governance and business practices; and
- consider sustainability issues, e.g. environmental, social and governance factors, as part of the strategic formulation.

To effectively discharge its responsibilities in the interest of the Group, the Board has established and delegated certain functions to its various board committees namely, the AC, the NC and the RC (collectively the "**Board Committees**"). These Board Committees function within their respective terms of reference ("**TORs**") and operating procedures which are reviewed on a regular basis.

All Directors exercise due diligence and independent judgment in making decisions objectively in the best interest of the Group. All the Board Committees are actively engaged and contribute in ensuring good corporate governance in the Company and within the Group.

The Board will oversee the Group's sustainability reporting framework by monitoring the environment, social and governance issues that impact the Group's sustainability of its business.

Board Meetings and Meetings of Board Committees

The Board meets on a quarterly basis and where warranted by particular circumstances. Board meetings dates are normally fixed by the Directors well in advance. The Company's Constitution (the "**Constitution**") allow for meetings to be conducted by way of telephone and video conferencing if necessary.

The number of meetings held by the Board and Board Committees, and attendance thereat during FY2017 are as follows:

Directors	Board		AC		NC		RC	
	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended
Lim Hee Liat	3	3	3*	3*	1	1	1*	1*
Chia Cher Khiang	3	3	3*	3*	1*	1*	1*	1*
Ter Kim Cheu	3	3	3	3	1	1	1*	1*
Wee Tian Chwee Jeffrey	3	3	3	3	1*	1*	1	1
Lim Teck Chai Danny	3	3	3	3	1	1	1	1
Ong Eng Sing	3	2	3	2	1	NA	1	0

Note:

(*) Attended as invitees

Board approval

The Group has in place, financial authorisation limits for matters such as operating and capital expenditure, credit lines, acquisitions and disposal of assets and investments, which require the approval of the Board. During the year, the Board has met to review and approve amongst other matters, the quarterly and full year results announcements prior to their release on the SGXNET, the Group's corporate strategies, major investments, review of the Group's financial performance, interested parties transactions, recommendation of dividends, the approval of Directors' Statement, etc.

Training of Directors

All Directors possess years of corporate experience and are familiar with their duties and responsibilities as Directors. Upon the appointment of a Director, he will receive a formal letter setting out his key responsibilities and obligations as a member of the Board. In addition, newly appointed Directors are briefed by the Executive Chairman, Executive Director, the Chief Financial Officer and/or management of the Company on the business activities of the Group and its strategic directions, as well as his duties as a Director.

The Directors are also provided with briefings by professionals at Board meetings or at separate sessions on regulatory changes and updates which have a material impact on the Company and the Directors' obligations to the Company. Directors are also provided with updates in relevant areas such as new laws and regulations, Directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements.

The Company welcomes Directors to seek explanations or clarifications from and/or request for informal discussions with the management on any aspect of the Group's operations or business issues.

The Company is responsible for arranging and funding the training for new and existing Directors. The scope of such continuous updates also extends to include overview and developments in industry trends, governance practices and regulatory requirements pertaining to the business. Where necessary, a first-time Director who has no prior experience as a Director of a listed company will be provided with training in areas such as accounting, legal and industry-specific knowledge as appropriate.

Pursuant to the IPO, Mr Lim Hee Liat, Mr Chia Cher Khiang, Mr Wee Tian Chwee Jeffrey and Mr Ong Eng Sing have attended the Listed Company Directors Programme: Module 1: Understanding the Regulatory Environment in Singapore conducted by Singapore Institute of Directors.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises six (6) Directors, of whom two (2) are Executive Directors, three (3) are Non-Executive and Independent Directors, and one (1) is a Non-Executive and Non-Independent Director. The list of Directors is as follows:

Executive Directors

Lim Hee Liat	(Executive Chairman)
Chia Cher Khiang	(Executive Director)

Non-Executive Directors

Ter Kim Cheu	(Lead Independent Director)
Wee Tian Chwee Jeffrey	(Independent Director)
Lim Teck Chai Danny	(Independent Director)
Ong Eng Sing	(Non-Independent Director)

In view that the Executive Chairman of the Board is part of the management team and is not an independent director, independent directors should make up half of the Board. As such, Guidenline 2.2 of the Code is met as the Independent Directors have comprised half of the Board.

The size and composition of the Board are reviewed on an annual basis by the NC to ensure that the size of the Board is optimal to facilitate effective deliberation and decision making. The NC is of the view that the current Board size of six (6) Directors, of whom two (2) are Executive Directors, three (3) are Independent Directors and one (1) is a Non-Executive and Non-Independent Director, is appropriate and effective, taking into account the nature and scope of the Company's operations and the requirements of its business.

As a group, the current Board comprises Directors with diverse expertise and core competencies in areas such as accounting, legal, business and management, finance and risk management. The Directors' objective judgement on corporate affairs and their collective experience and in-depth knowledge allow for the effective exchange of ideas and perspectives.

The Board continues to examine its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself.

Independence of Directors

The NC reviews the independence of each Director on an annual basis based on the Code's definition of what constitutes an independent director. The NC has assessed and is satisfied that the three (3) Independent Directors (representing half of the Board) are independent and that there is a strong and independent element on the Board, which enables the Board to exercise objective judgement on corporate matters independently, in particular, from the management. No individual or small groups of individuals dominate the Board's decision making process. The Independent Directors have also confirmed their independence in accordance with the Code.

Upon taking into account the NC's view, the Board considers all the Independent Directors of the Company to be independent in character and judgment and that there are no relationships which are likely to affect or could appear to affect the Directors' judgement. The Code requires the independence of any Director who has served on the Board for more than nine years to be rigorously reviewed. There are no Independent Directors who have served the Board for more than nine years.

The Independent Directors communicate regularly to discuss issues such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Where necessary, the Company co-ordinates informal meetings for Independent Directors without the presence of the Management to review matters such as Board effectiveness and management's performance.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for Group, regardless of gender.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

	Number of Directors
Core Competencies	
• Accounting or finance	2
• Legal or corporate governance	2
• Relevant industry knowledge or experience	3

The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of the management. For FY2017, the Non-Executive Directors have met in the absence of the management.

<u>Chairman and Chief Executive Officer</u>

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman of the Board and the Executive Director are separate individuals. The Chairman of the Board is Mr Lim Hee Liat. As the Executive Chairman, Mr Lim is responsible, among others, for the overall business strategy and development of the Group, the exercise of control over the quantity and quality aspects, as well as the timely flow of information between the Management and the Board. Mr Lim also sets the agenda for Board meetings and is actively involved in ensuring and promoting compliance with the Group's corporate governance guidelines.

Mr Lim is assisted by the Executive Director, Mr Chia Cher Khiang, who with the management are responsible for the operational, commercial and financial management as well as charting the business development and expansion of the Group.

There is also a balance of power and authority in view that the Board Committees are chaired by the Independent Directors. The Board has appointed Mr Ter Kim Cheu as the Lead Independent Director to be available to shareholders where they have concerns, and to coordinate any meetings among the Independent Directors. The Independent Directors met without the presence of the management or Executive Directors for informal discussion for FY2017.

All major decisions made by the Executive Chairman and Executive Director are reviewed by the AC. The NC reviews their performance and re-appointment annually, whilst the RC reviews their remuneration packages annually. As such, the Board believes that there are adequate safeguards in place to ensure that no one individual represents a considerable concentration of power. The separation of roles and clear division of responsibilities between the Executive Chairman and the Executive Director ensures a balance of power and increased accountability.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises three (3) Directors, two (2) of whom, including the NC Chairman, are Independent Directors. The NC Chairman is also the Lead Independent Director of the Company:

Ter Kim Cheu	(Chairman)
Lim Teck Chai Danny	
Lim Hee Liat	

The primary functions of the NC in accordance with its TORs are as follows, amongst others:

- To make recommendations to the Board on relevant matters relating to (i) the review of board succession plans for Directors, in particular, the Executive Chairman and the Executive Director, (ii) the development of a process of evaluation of the performance of the Board, the Board committees and Directors, (iii) the review of training and professional development programs for the Board and (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable) (including appointments and re-appointments to Board committees).
- To review and determine annually, and as and when circumstances require, if a Director is independent, in accordance with the Code, and any other salient factors.
- To review the composition of the Board annually to ensure that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge.
- Where a Director has multiple board representations, to decide whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration, *inter alia*, the Director's number of listed company board representation and other principal commitments.
- To make recommendations to the Board on the development of a process for evaluation and performance of the Board, its Board committees and Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholder value.
- To implement a process for assessing the effectiveness of the Board as a whole and the Board committees and for assessing the contribution of the Chairman of the Board and each individual Director to the effectiveness of the Board and each Board committee on which he sits.

- To review and approve any employment of all managerial staff and employees who are related to any of the Directors, Substantial Shareholders or the Executive Directors of the Company and the proposed terms of their employment.
- In respect of re-nominations of directors who are retiring by rotation for re-election by shareholders, to have regard to the Director's contribution and performance (e.g. his attendance, preparedness, participation and candour) including, if applicable, as an Independent Director.
- If necessary, to set up internal guidelines to address the competing time commitments that is faced when Directors serve on multiple boards.
- To assume such other duties (if any) that may be assigned to a nominating committee of a Singapore-listed company under the Code.
- To review the statements made in the annual report relating to the Company's policies on selection, nomination and evaluation of Board members in its annual report with a view to achieving clear disclosure of the same.

Process for re-appointment of Directors

As a matter of corporate governance, the Directors submit themselves for re-nomination and re-election at regular intervals. Under the Constitution, each Director shall retire from office at least once every three (3) years and a retiring Director shall be eligible for re-election.

In assessing whether the director should be recommended for re-appointment, the NC would assess the performance of the Director in accordance with the performance criteria set by the Board; review the annual evaluations done by the Board, Board Committees and individual Directors; and assess the current needs of the Board.

Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his re-nomination as a Director of the Company.

After assessing the Directors' contribution and performance, the NC has recommended Mr Chia Cher Khiang, Mr Ter Kim Cheu, Mr Wee Tian Chwee Jeffrey and Mr Lim Teck Chai Danny who are retiring at the Company's forthcoming annual general meeting ("**AGM**") under Regulation 116 of the Company's Constitution to be re-elected as Directors of the Company. Mr Ong Eng Sing who is also subject to retirement under Regulation 116 of the Company's Constitution has indicated his intention not to seek re-election at the forthcoming AGM. Upon his retirement, Mr Ong Eng Sing will cease as a member of the AC and the RC of the Company. Mr Ter Kim Cheu, the Lead Independent Director of the Company, will be appointed as a member of the RC of the Company to replace Mr Ong.

If re-elected as a Director of the Company:

- Mr Chia Cher Khiang will remain as the Executive Director of the Company;
- Mr Ter Kim Cheu will remain as the Lead Independent Director of the Company, the Chairman of the NC and a member of the AC;
- Mr Wee Tian Chwee Jeffrey will remain as an Independent Director of the Company, the Chairman of the AC and a member of the RC; and
- Mr Lim Teck Chai Danny will remain as an Independent Director of the Company, the Chairman of the RC and a member of the NC and the AC.

Mr Ter Kim Cheu, Mr Wee Tian Chwee Jeffrey and Mr Lim Teck Chai Danny will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

Directors' time commitments and multiple directorships

The NC has not set a limit to the number of directorships that a director may hold. The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The considerations in assessing the capacity of the Directors include expected and/or competing time commitments of the Directors; competencies of Directors; size and composition of the Board; and nature and scope of the Group's operations and size.

The NC monitors and determines annually whether Directors who have multiple board representations and other principal commitments are able to give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC is satisfied that in FY2017, sufficient time and attention are being given by the Directors to the affairs of the Company and the Group, despite some of the Directors having multiple board representations.

The NC will assess periodically to ensure that despite the multiple board representations and other principal commitments, the Directors can continue to meet the demands of the Group and are able to discharge their duties adequately.

Selection and appointment of new Directors

The NC, in consultation with the Board, would identify the current needs of the Board in terms of skill/experience/knowledge to complement and strengthen the Board and increase its diversity. In its search and nomination process for new Directors, the NC has at its disposal, external search consultants, personal contacts and recommendations, to shortlist any potential suitable candidates. Some of the selection criteria included integrity, diversity, ability to commit time and attention to the Board. Subsequent to the interview of the shortlisted candidates, NC would recommend the selected candidate to the Board for consideration and approval.

The Board has not appointed any alternate directors, as recommended under Guideline 4.5 of the Code.

Key information on the Directors is set out below:

Name of Directors	Position	Date of first appointment as a Director	Date of last re-appointment as a Director	Present directorships or chairmanships in other listed companies	Directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-appointment at the AGM
Lim Hee Liat	Executive Chairman	23 May 2016	N.A.	None	None	Patron of Taman Jurong Community Club Management Committee	N.A.
Chia Cher Khiang	Executive Director	3 February 2017	N.A.	None	None	Member of the School Advisory Committee of Temasek Secondary School	Retirement (Regulation 116)
Ter Kim Cheu	Lead Independent Director	15 February 2017	N.A.	Hong Leong Finance Limited	Hong Leong Finance Limited	None	Retirement (Regulation 116)
Wee Tian Chwee Jeffrey	Independent Director	15 February 2017	N.A.	None	None	None	Retirement (Regulation 116)
Lim Teck Chai Danny	Independent Director	15 February 2017	N.A.	TEE Land Limited UG Healthcare Corporation Limited Stamford Land Corporation Limited	China Star Food Group Limited Sincap Group Limited Trans-Cab Holdings Ltd. Deskera Holdings Ltd.	Partner of Rajah & Tann Singapore LLP	Retirement (Regulation 116)
Ong Eng Sing	Non-Executive and Non-Independent Director	15 February 2017	N.A.	None	None	Group Deputy CEO and Director of Pokka Group of Companies	Retirement (Regulation 116)

Note:

Details of Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and the Directors' Statement sections of the annual report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC reviews the Board's performance evaluation criteria and proposes to the Board a set of objective performance criteria that allows for comparison with industry peers and assess how long-term shareholder value is enhanced. Based on the recommendations of the NC, the Board has established processes for assessing the effectiveness of the Board as a whole, its Board Committees and the contribution by each individual Director to the effectiveness of the Board.

The performance criteria set to evaluate the effectiveness of the Board as a whole, Board Committees and individual Directors includes (i) size and composition; (ii) access to information; (iii) risk management; (iv) commitment of time; and (v) knowledge and abilities.

In the course of the year, the NC had conducted the assessment via a questionnaire which is completed by each Director for the evaluation of the Board and Board Committees. The Company Secretary compiles Directors' responses into a consolidated summary report which was discussed at the NC meeting with a view to implementing certain recommendations to further enhance the effectiveness of the Board. Each Director also completed a self-assessment form to assess each Director's contributions to the Board's effectiveness.

No external facilitator was used in the evaluation process.

The Executive Chairman would act on the results of the performance evaluation, and, in consultation with the NC, propose where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

The Board as a whole, its Board Committees and each individual Director has met its performance objectives.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its responsibilities, the management provides the Board with Board papers; updates to the Group's operations and the markets in which the Group operates in; budgets; consolidated management accounts (with financial ratio analysis); internal auditors and external auditors' reports. All Board and Board Committee papers are distributed to Directors in advance to allow sufficient time for Directors to prepare for the meetings. All Directors have separate and independent access to the management, including the Company Secretary, at all times.

The Company Secretary and/or his representative attends all scheduled meetings of the Company and prepares the minutes of meetings. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Changes to regulations are closely monitored by the management and where such changes have an important bearing on the Company or the Directors' disclosure obligations, the Directors are briefed during Board meetings.

The Directors and the Chairmen of the respective Board Committees, whether as a group or individually, are able to seek independent professional advice as and when necessary in furtherance of their duties, at the Company's expense. The appointment of such professional advisor is subject to approval by the Board.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises three (3) Directors, two (2) of whom, including the RC Chairman, are Independent Directors:

Lim Teck Chai Danny (Chairman)
Wee Tian Chwee Jeffrey
Ong Eng Sing

The members of the RC are equipped with many years of corporate experience and are knowledgeable in the field of executive compensation. The RC has access to expert professional advice on remuneration matters as and when necessary.

The responsibilities of the RC in accordance with its TORs include the following, amongst others:

- To review and recommend to the Board, in consultation with the Chairman of the Board, for the endorsement of the entire Board, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and such other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("**Key Management Personnel**");

- To review and recommend to the Board, for the endorsement of the entire Board, specific remuneration packages for each Director and Key Management Personnel;

- To approve performance targets for assessing the performance of each Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board;

- To periodically consider and review remuneration packages in order to maintain attractiveness, to retain and motivate Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company, and to align the level and structure of remuneration with the long-term interests and risk policies of the Company;

- To review the specific remuneration packages of all managerial staff and employees who are related to any of the Directors or substantial shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities and to review and approve any bonuses, pay increases and/or promotions for these managerial staff and employees;

- To cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind (including the review and approval of the design of all share option plans, performance share plans and/or other equity based plans and benefits in kind);

- To review the Company's obligations arising in the event of termination of the Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance;

- In setting remuneration packages, the RC shall take into consideration the following and such other factors as may be specified in the Code from time to time:

    (i) The general principle is that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) Key Management Personnel to successfully manage the Company. However, the Company should avoid paying more than is necessary for this purpose;

(ii) A significant and appropriate proportion of Executive Directors' and Key Management Personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Company. It should take account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing Executive Directors' and Key Management Personnel's performance;

(iii) Long-term incentive schemes, including share schemes, are generally encouraged for Executive Directors and Key Management Personnel. The RC should review whether Executive Directors and Key Management Personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive Directors and Key Management Personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability;

(iv) The remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised;

(v) The Company is encouraged to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company; and

(vi) To assume such other duties (if any) that may be assigned to a remuneration committee of a Singapore-listed company under the Code.

The RC reviews the remuneration framework which covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind. The RC also reviews the Group's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No external remuneration consultant was engaged to advise on remuneration matters for FY2017.

No Director is involved in determining his own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In determining remuneration packages, the RC takes into consideration the prevailing economic situation, the pay and employment conditions within the industry and in comparable companies. The Company submits the quantum of Directors' fees of each year to the shareholders for approval at each AGM.

Non-Executive Directors have no service contracts. The Executive Directors have service contracts and they do not receive Directors' fees. In setting the remuneration packages of the Executive Directors, the Company takes into account the performance of the Group and that of the Executive Directors. The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company avails itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The Company adopted the following share incentive schemes on 15 February 2017 to provide eligible participants (including Executive Directors and Independent Directors) with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty:

1. An employee share options scheme known as the "Kimly Share Option Scheme" ("**ESOS**").

2. A share scheme known as the "Kimly Performance Share Plan" (the "**PSP**");

collectively, the "**Kimly Share Incentive Schemes**",

The Kimly Share Incentive Schemes are administered by the RC. As at to-date, no Option or Awards have been granted under the ESOS or PSP respectively.

Kimly Share Incentive Schemes

Under the rules of the ESOS and PSP, Directors and full-time Group employees who have attained the age of 21 years and hold such rank as may be designated by RC from time to time are eligible to participate in the Kimly Share Incentive Schemes, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditor.

Controlling shareholders or associate of such controlling shareholders who meet the criteria above are eligible to participate in the Kimly Share Incentive Schemes if their participation and the terms of Options or Awards to be granted are approved by independent Shareholders in separate resolutions for each such person and for each such Option or Award.

ESOS

The aggregate number of shares over which RC may grant options under the ESOS, when aggregated with the number of shares over which options or awards are granted under any other share option schemes or share plan of the Company, shall not exceed 15% of the total number of all issued shares (excluding treasury shares) from time to time. In relation to controlling shareholders or associates of controlling shareholders, the aggregate number of shares which may be granted to such persons shall not exceed 25% of the total number of shares available under the ESOS and the aggregate number of shares which may be granted to any individual controlling shareholders or associate of controlling shareholder shall not exceed 10% of the total number of shares available under the ESOS.

The options that are granted under the ESOS may have exercise prices that are, at the RC's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the shares on the Official List of Catalist over the five consecutive Market Days immediately preceding the relevant date of grant of the relevant option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the option. Options granted under the ESOS will expire upon the tenth anniversary of the date of grant of that option.

The ESOS shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

PSP

The aggregate number of shares which may be issued or transferred pursuant to Awards granted under the PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time.

While the RC has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. Subject to the applicable laws, the Company will deliver shares to participants upon vesting of their Awards by way of either (i) an issue of new shares; or (ii) a transfer of shares then held by the Company in treasury. In determining whether to issue new shares to participants upon vesting of their Awards, the Company will take into account factors such as, but not limited to, the number of shares to be delivered, the prevailing market price of the shares and the cost to the Company of issuing new shares or delivering existing shares.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by the Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the PSP, any Awards made to participants prior to such expiry or termination will continue to remain valid.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The remuneration of the Company's Directors and Key Management Personnel has been formulated to attract, retain and motivate these executives to run the Company successfully. The level and structure of remuneration are aligned with the long-term interests and risk policies of the Company.

The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. The remuneration policy is aligned with the interests of the shareholders and promotes long-term success of the Group. No remuneration consultants were engaged by the Company in FY2017.

The annual reviews of compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and Key Management Personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other Key Management Personnel) is reviewed periodically by the RC and the Board.

The Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive and thereby maximise shareholders' value. Directors' fees are recommended by the Board for approval at the Company's AGM.

Executive Directors do not receive Directors' fees but are remunerated as members of the management. Service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses.

The remuneration received by the Executive Directors and Key Management Personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2017. A breakdown of the remuneration of the Directors and the Key Management Personnel (who are not also Directors or the Executive Director) for FY2017 is set out below:

Remuneration of the Directors

Remuneration band and names of Directors	Base/fixed salary)	Variable or performance-related income/bonus[(1)]	Director's fee[(2)]	Total
	%	%	%	%
Between S$750,001 to S$1,000,000				
Lim Hee Liat	39	61	–	100
Between S$250,001 to S$500,000				
Chia Cher Khiang	46	54	–	100
Below S$250,000				
Ter Kim Cheu	–	–	100	100
Wee Tian Chwee Jeffrey	–	–	100	100
Lim Teck Chai Danny	–	–	100	100
Ong Eng Sing	–	–	100	100

(1) The amounts are under the service contracts. Under the service contracts, each of our Executive Directors is also entitled to a performance bonus (the "**Performance Bonus**") in respect of each financial year, which is calculated based on the Group's consolidated profit before tax ("**PBT**") (before deducting for such Performance Bonus). Please refer to pages 164 to 166 of the Company's offer document dated 8 March 2017.

(2) The Directors' fees are subject to the approval of the shareholders at the AGM.

Remuneration of Key Management Personnel[(1)] (who are not also Directors or the Executive Director)

Remuneration band and names of Key Management Personnel (who are not also Directors or the Executive Director)	Base/fixed salary	Variable or performance related income/bonus	Total
	%	%	%
Below S$250,000			
Peh Kim Leong Sunny	100	–	100
Wong Kok Yoong	100	–	100

(1) The Company only has 2 Key Management Personnel who are not a Director or the Executive Director.

The total remuneration paid to or accrued to the 2 Key Management Personnel (who are not Directors or the Executive Director) was S$326,000 for FY2017.

There are no termination, retirement, post-employment benefits that may be granted to the Directors and the Key Management Personnel.

Remuneration of employee related to Director

Name of employee who are family members of a Director	**Base/fixed salary**	**Total**
	%	%
Between S$50,001 and S$100,000		
Lim Hee Thong Peter (Brother of Executive Chairman, Mr Lim Hee Liat)	100	100

Although the Code recommends full disclosure in aggregate to the nearest thousand dollars of the total remuneration paid to each individual Director and the Executive Directors on a named basis, the Board is of the opinion that it is not in the best interests of the Company to disclose the exact details of their remuneration due to the competitiveness of the industry for key talent.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board endeavors to ensure that the annual audited financial statements and quarterly announcements of the Group's results present a balanced and understandable assessment of the Group's performance, position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financials and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

The Board takes steps to ensure compliance with legislative and regulatory requirements.

The management provides the Board with management accounts of the Group's performance, position and prospect on a regular basis, and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Company's position.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The AC of the Company has undertaken the role of overseeing the governance of risks in the Group to ensure that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Company's internal auditors conduct an annual review on the adequacy and effectiveness of the key Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The Company's internal auditors review in respect of revenue and cash management; procurement; tenancy management; IT general controls; financial close process; human resource and payroll was thereafter presented their findings to the AC.

As part of the external audit plan, the external auditors also reviewed and reported certain key accounting controls relating to financial reporting, covering only selected financial cycles and highlight material findings, if any, to the AC. The AC and the Board review the findings of both the internal and external auditors and the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The Board and the AC have received written assurance from the Executive Director and the Chief Financial Officer that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; and

(b) the risk management and internal control systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

The Board and the AC note that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board and the AC wish to highlight that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the reviews conducted by the management, the Board Committees and the internal auditor throughout the financial year, the statutory audit conducted by the external auditor, as well as the assurance from Executive Director and the Chief Financial Officer, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risk, as well as the Group's information technology control and risk management systems were adequate and effective for FY2017.

Financial risks relating to the Group are set out in Note 29 to the financial statements of this annual report on pages 94 to 96.

Audit Committee ("AC")

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises four (4) Directors, three (3) of whom, including the AC Chairman, are Independent Directors:

Wee Tian Chwee Jeffrey (Chairman)
Ter Kim Cheu
Lim Teck Chai Danny
Ong Eng Sing

The majority of the AC, including the chairman, comprise Independent Directors and all members are Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

The AC, *inter alia*, oversees the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the Group.

The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities. The Board is satisfied that the AC Chairman possesses recent and relevant accounting or related financial management expertise and experience.

The AC comprises members who are experienced in finance, legal and business fields.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls.

For the year under review, the AC held three (3) meetings with the management and the external auditors, all of which the internal auditors were present to discuss and review the following matters in accordance with its TORs, amongst others:

- Review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operation, compliance and information technology risks;
- Review the effectiveness and adequacy of the Group's internal audit function;
- Review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- Review the system of internal controls and management of financial risks with the internal auditors and the external auditors;
- Review the co-operation given by the management to the external auditors and internal auditors, where applicable;
- Review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- Review and approve any interested person transactions;
- Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- Review the risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;
- Investigate any matters within its terms of reference;
- Review the policy and arrangements by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and
- Undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time

In performing its functions, the AC:

- met once with the external auditors and internal auditors, without the presence of the Company's management, and reviewed the overall scope of the external audit, the internal audit and the assistance given by the management to the auditors;
- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources and personnel to enable it to discharge its function properly; and
- has full access to and cooperation of the management and full discretion to invite any Director or Key Management Personnel to attend its meetings.

The external and internal auditors have unrestricted access to the AC.

The AC has undertaken a review of the services, scope, independence and objectivity of the external auditors. Messrs Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a public accounting firm registered with the Accounting & Corporate Regulatory Authority and has provided a confirmation of their independence to the AC. Having assessed the external auditors based on factors such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the AC is satisfied that Rule 712 of the Rules of Catalist has been complied with and has recommended to the Board, the nomination of the external auditors for re-appointment at the forthcoming AGM. The Company has also complied with Rule 715 of the Rules of Catalist in relation to its auditing firms.

Independence of Auditors

The AC has undertaken a review of all the non-audit services provided by the external auditors during FY2017. Notwithstanding that the amount of non-audit fees of $260,000 constitutes 51% of the total amount of fees paid to the external auditors for FY2017, the AC is satisfied that the non-audit services would not, in the AC's opinion, affect the independence of the external auditors as included in non-audit fees was S$230,000 fees paid in relation to the IPO of the Company. Such fees are one-off and non-recurring. Details of the fees paid to the external auditors for FY2017 and a breakdown of the fees paid in total for audit and non-audit services respectively are disclosed under Note 8 on page 68 of the Annual Report. The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the external auditors of the Company at the forthcoming AGM.

Whistle Blowing

The Company has in place a whistle-blowing policy endorsed by the AC, by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the AC. The objective for such arrangement is to ensure independent investigation of such matters and the appropriate follow-up action. Details of the Company's whistle-blowing policy can be found on the corporate website at www.kimlygroup.sg.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group's internal audit function is outsourced to RSM Risk Advisory Pte Ltd ("**RSM**"), a professional accounting firm. RSM assists the Group to review the adequacy of internal controls in its financial and operational systems and to provide recommendations to strengthen any weaknesses in its internal controls. RSM reports to the AC on audit matters and reports administratively to the management. The AC also reviews and approves the annual internal audit plans and resources to ensure that RSM has the necessary resources to adequately perform its functions.

The AC is satisfied that RSM is able to discharge its duties effectively as RSM:

- is adequately qualified, given that the partner and manager assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors;

- is adequately resourced with a team of 4 members assigned to the Company's internal audit, led by Tay Woon Teck who has 28 relevant years of diverse areas, for e.g., food and beverage, manufacturing, oil and gas, renewable energy, telecommunications etc audit experience; and

- has the appropriate standing in the Company, given, *inter alia*, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

(D) COMMUNICATION WITH SHAREHOLDERS

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company recognizes the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company strongly encourages shareholder participation during the AGM which will be held in a convenient location in Singapore. Shareholders are able to proactively engage the Board and the management on the Group's business activities, financial performance and other business related matters.

A shareholder who is not a "relevant intermediary" is entitled to appoint not more than two proxies during his absence, to attend and vote in his stead at general meetings. Shareholders who are "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund, are entitled to appoint more than two proxies to attend and vote at general meetings.

Shareholders are encouraged to attend the AGM to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and goals of the Group. All shareholders of the Company receive a copy of the Annual Report, the notice of AGM and circular and notice pertaining to any extraordinary general meetings of the Company.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Quarterly results are published through the SGXNET, news releases and the Company's website. All information of the Company's new initiatives will first be disseminated via SGXNET followed by a news release, which is also available on the corporate website at www.kimlygroup.sg.

The Company held numerous investor briefings during FY2017 to meet with institutional and retail investors.

The Company does not practise selective disclosure. Price sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period and are available on the Company's website. All shareholders of the Company receive the annual report and notice of AGM. The notice of AGM is also advertised in the newspapers.

The Company does not have a fixed dividend policy. However, the Directors intend to recommend and distribute dividends of not less than 50.0% of the Group's net profit attributable to Shareholders as stated in the Offer Document. The Company may declare an annual dividend with the approval of the shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Board. The Board may also declare an interim dividend without the approval of the shareholders. For FY2017, the Company had paid an interim dividend of 0.28 Singapore cent and is recommending a final dividend of 0.68 Singapore cent to be approved at the forthcoming AGM. The total amount of dividends declared in respect of FY2017 is approximately S$11.1 million which represents 51.8% of the Group's net profit attributable to shareholders in FY2017.

Conduct of Shareholder Meetings

Principle 16: Company should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company welcomes the views and/or comments of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. The chairmen of the AC, the NC and the RC of the Company will be present at the general meetings to answer questions from the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company does not implement absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary, with the assistance of his representative, prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the management. These minutes are available to shareholders upon their request.

Each resolution at shareholders' meetings is put to vote by poll. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are immediately presented and announced after each meeting.

(E) DEALINGS IN SECURITIES

The Company has issued a guideline on share dealings to its Directors and officers (including employees with access to price sensitive information on the Company's shares) of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on such dealings.

In line with Rule 1204(19) of the Rules of Catalist, the Company issues a notification to its Directors and officers of the Company informing them that they should not deal in the securities of the Company during the periods commencing one month before the announcement of the Company's full-year results and two weeks before the Company's quarterly results until after the announcement. They are also discouraged from dealing in the Company's shares on short term considerations.

The Board confirms that for FY2017, the Company has complied with Rule 1204(19) of the Rules of Catalist.

(F) INTERESTED PERSON TRANSACTIONS

In connection with the IPO, the Group had obtained a general mandate from Shareholders for IPTs disclosed in pages 147 to 153 of the Offer Document.

The aggregate value of the interested person transactions carried out during FY2017 is as follows:

Name of Interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under the Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	S$'000	S$'000
Foodwerks Hub Pte. Ltd. Rental of industrial canteen	–	1,440

The Industrial Canteen is owned by Foodwerks Hub Pte. Ltd., an associate of Mr. Lim Hee Liat, the Executive Chairman and controlling shareholder of the Company. Please refer to announcement made by the Company on 14 June 2017.

The amounts owing by the Group to Mr. Lim Hee Liat and Mr. Vincent Chia as at 30 September 2017 amounted to S$3,919,000 and S$146,000 respectively.

(G) USE OF IPO PROCEEDS

As at the date of this annual report, the status on the use of the IPO net proceeds is as follows:

	Amount allocated as stated in the offer document	Amount utilized	Balance of net proceeds
	S$'000	S$'000	S$'000
Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	(396)	29,967
Refurbishment and renovation of existing food outlets	3,000	(225)	2,775
Headquarters/Central Kitchen upgrading	5,000	(486)	4,514
Productivity initiatives/IT	2,000	(349)	1,651
Listing expenses	3,087	(3,087)	–
Total	**43,450**	**(4,543)**	**38,907**

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's Offer Document.

(H) MATERIAL CONTRACTS

Except as disclosed in Note 10 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of each Director or controlling shareholder (including the Executive Director), either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

(I) NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Rules of Catalist, non-sponsor fees paid to the Company's sponsor PrimePartners Corporate Finance Pte. Ltd for FY2017 amounted to S$390,000 for acting as the issue manager pursuant to the Company's IPO.

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Kimly Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2017.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Lim Hee Liat	
Chia Cher Khiang	(appointed on 3 February 2017)
Ter Kim Cheu	(appointed on 15 February 2017)
Wee Tian Chwee Jeffrey	(appointed on 15 February 2017)
Lim Teck Chai Danny	(appointed on 15 February 2017)
Ong Eng Sing	(appointed on 15 February 2017)

3. Arrangements to enable directors to acquire shares or debentures

Except as described in paragraph five below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At 21 October 2017**	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At 21 October 2017**
Ordinary shares of the Company						
Lim Hee Liat	1	489,915,165	489,915,165	–	–	–
Chia Cher Khiang	537,533	14,513,391	14,513,391	–	2,960,000	2,960,000
Ong Eng Sing	–	5,140,000	5,140,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Lim Hee Liat is deemed to have an interest in the shares of all the subsidiaries to the extent held by the Company.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Share options and awards

On 15 February 2017, the Company adopted the Kimly Employee Share Option Scheme and Kimly Performance Share Plan for the granting of non-transferable share options and awards, respectively. These options and awards are settled by the physical delivery of the ordinary shares of the Company to eligible participants (including Executive Directors and Independent Directors).

The Kimly Employee Share Option Scheme and Kimly Performance Share Plan are administrated by the Remuneration Committee of the Company.

Since the commencement of the Kimly Employee Share Option Scheme and Kimly Performance Share Plan till the end of the financial year, no share options and awards have been granted.

6. Audit committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Lim Hee Liat
Director

Chia Cher Khiang
Director

Singapore
28 December 2017

Independent Auditor's Report

To the Members of Kimly Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kimly Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 September 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to the matter below. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Completeness of revenue

For the financial year ended 30 September 2017, the Group's revenue from sale of cooked food, beverages and tobacco products amounted to $157,873,000, which accounted for 82% of the Group's revenue. Revenue from the sale of cooked food, beverages and tobacco products is recognised based on actual cash receipts from customers, and is transacted via a large volume of low-value cash transactions. For these reasons and because cash is susceptible to theft and pilferage, we have focused on the completeness of cash and the corresponding completeness of revenue recognised as a key audit matter.

As part of our audit, we evaluated the design and tested the operating effectiveness of internal controls surrounding cash sales to assess if sales are appropriately recorded. This included reviewing management's assessment of monthly outlet operating margins for completeness of revenue recorded, testing of the physical safeguards over cash on hand, and the recognition of revenue based on cash receipts. We also performed sales cut-off procedures through cash cut-off testing to evaluate the completeness of revenue recorded for all outlets as at 30 September 2017. On a sample basis, for selected outlets, we have conducted surprise cash counts and observed the daily cash counts performed by management. We also attended and observed management's year-end cash counts at selected outlets. Furthermore, we assessed the adequacy of the disclosures related to total revenue and cash on hand in Note 4 and Note 19 respectively.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Swee Ho.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 December 2017

Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2017

(Amounts in Singapore Dollars)

	Note	2017	2016
		$'000	$'000
Revenue	4	192,121	172,226
Cost of sales		(153,672)	(135,021)
Gross profit		38,449	37,205
Other item of income			
Interest income from short-term deposits		108	–
Other operating income	5	3,027	3,566
Other items of expense			
Selling and distribution expenses		(3,205)	(2,829)
Administrative expenses		(13,041)	(11,859)
Finance costs	6	(407)	(2)
Other operating expenses	7	(414)	(499)
Profit before tax	8	24,517	25,582
Income tax expense	11	(3,088)	(1,365)
Profit for the year, representing total comprehensive income for the year		21,429	24,217
Attributable to:			
Owners of the Company		21,429	12,174
Non-controlling interests		–	12,043
		21,429	24,217
Earnings per share (cents per share)			
- Basic and diluted	12	2.01	2.48

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 30 September 2017

(Amounts in Singapore Dollars)

	Note	Group 2017	Group 2016	Company 2017	Company 2016
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	13	8,541	4,087	–	–
Intangible assets	14	1,305	311	–	–
Investment in subsidiaries	15	–	–	238,997	122,478
Deferred tax assets	16	333	–	–	–
Other receivables	17	4,563	4,062	–	–
		14,742	8,460	238,997	122,478
Current assets					
Trade and other receivables	17	4,974	2,926	5,756	–
Inventories	18	1,113	1,239	–	–
Prepayments		291	1,317	10	–
Cash and cash equivalents	19	85,079	29,446	45,690	–
		91,457	34,928	51,456	–
Total assets		106,199	43,388	290,453	122,478
Current liabilities					
Trade and other payables	20	20,620	16,185	336	386
Other liabilities	21	7,151	6,318	926	469
Obligations under finance leases	22	–	25	–	–
Provision for taxation		3,126	1,174	–	–
Provision for restoration costs	23	180	160	–	–
		31,077	23,862	1,262	855
Net current assets/(liabilities)		60,380	11,066	50,194	(855)
Non-current liabilities					
Deferred tax liabilities	16	357	–	–	–
Other payables	20	594	915	–	–
Provision for restoration costs	23	510	290	–	–
		1,461	1,205	–	–
Total liabilities		32,538	25,067	1,262	855
Net assets		73,661	18,321	289,191	121,623
Equity attributable to owners of the Company					
Share capital	24	287,141	122,478	287,141	122,478
Other reserves	25	(120,123)	(120,123)	–	–
Premium paid on acquisition of non-controlling interests		(113,030)	–	–	–
Retained earnings		19,673	7,762	2,050	(855)
		73,661	10,117	289,191	121,623
Non-controlling interests		–	8,204	–	–
Total equity		73,661	18,321	289,191	121,623
Total equity and liabilities		106,199	43,388	290,453	122,478

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 September 2017

(Amounts in Singapore Dollars)

	Note	Share capital (Note 24)	Other reserves (Note 25)	Premium paid on acquisition of non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company						
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 1 October 2016		122,478	(120,123)	–	7,762	10,117	8,204	18,321
Profit for the year, representing total comprehensive income for the year		–	–	–	21,429	21,429	–	21,429
<u>Contributions by and distributions to owners</u>								
Issuance of new shares pursuant to IPO		43,450	–	–	–	43,450	–	43,450
Conversion of convertible loans into 25,000,000 shares		5,168	–	–	–	5,168	–	5,168
Capitalisation of listing expenses		(1,584)	–	–	–	(1,584)	–	(1,584)
Conditional dividends declared to the then-existing shareholders of subsidiaries	31	–	–	(4,715)	(6,285)	(11,000)	–	(11,000)
Issuance of shares for acquisition of operating leases		1,110	–	–	–	1,110	–	1,110
Dividends on ordinary shares	31	–	–	–	(3,233)	(3,233)	–	(3,233)
Total contributions by and distributions to owners		48,144	–	(4,715)	(9,518)	33,911	–	33,911
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of non-controlling interests in subsidiaries satisfied through issuance of 466,074,567 shares, representing total changes in ownership interests in subsidiaries (Note 15)		116,519	–	(108,315)	–	8,204	(8,204)	–
Closing balance as at 30 September 2017		287,141	(120,123)	(113,030)	19,673	73,661	–	73,661

Statements of Changes in Equity

For the financial year ended 30 September 2017

(Amounts in Singapore Dollars)

		Attributable to owners of the Company					
	Note	**Share capital (Note 24)**	**Other reserves (Note 25)**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
At 1 October 2015		122,478	(120,640)	10,652	12,490	10,147	22,637
Profit for the year, representing total comprehensive income for the year		–	–	12,174	12,174	12,043	24,217
Contributions by and distributions to owners							
Share capital contribution to subsidiaries accounted for on a common control basis		–	49	–	49	51	100
Capitalisation of shareholders loan waived by the then-existing shareholders of a subsidiary		–	468	–	468	572	1,040
Dividends declared to the then-existing shareholders of subsidiaries	31	–	–	(15,064)	(15,064)	(14,609)	(29,673)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	517	(15,064)	(14,547)	(13,986)	(28,533)
Closing balance at 30 September 2016		122,478	(120,123)	7,762	10,117	8,204	18,321

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 September 2017

(Amounts in Singapore Dollars)

	Note	Share capital	Retained earnings	Total
		$'000	$'000	$'000
Company				
At 23 May 2016 (date of incorporation)		122,478	–	122,478
Loss for the period, representing total comprehensive income for the period		–	(855)	(855)
At 30 September 2016 and 1 October 2016		122,478	(855)	121,623
Profit for the year, representing total comprehensive income for the year		–	6,138	6,138
Contributions by and distributions to owners				
Issuance of new shares pursuant to IPO		43,450	–	43,450
Conversion of convertible loans into 25,000,000 shares		5,168	–	5,168
Capitalisation of listing expenses		(1,584)	–	(1,584)
Issuance of shares for acquisition of operating leases		1,110	–	1,110
Dividends on ordinary shares	31	–	(3,233)	(3,233)
Total contributions by and distributions to owners		48,144	(3,233)	44,911
Changes in ownership interests in subsidiaries				
Acquisition of non-controlling interests in subsidiaries satisfied through issuance of 466,074,567 shares, representing total changes in ownership interests in subsidiaries	15	116,519	–	116,519
At 30 September 2017		287,141	2,050	289,191

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 September 2017

(Amounts in Singapore Dollars)

	Note	2017	2016
		$'000	$'000
Operating activities			
Profit before tax		24,517	25,582
Adjustments for:			
Finance costs	6	407	2
Interest income on short-term deposits		(108)	–
Fair value loss on derivative liability	7	63	–
Depreciation of property, plant and equipment	13	1,948	1,442
Amortisation of intangible assets	14	349	499
Listing expenses		1,012	868
Total adjustments		3,671	2,811
Operating cash flows before changes in working capital		28,188	28,393
Changes in working capital			
Increase in trade and other receivables		(2,589)	(346)
Decrease/(increase) in inventories		126	(153)
Decrease/(increase) in prepayments		1,026	(1,115)
Increase in trade and other payables		2,517	1,647
Increase in other liabilities		823	1,187
Total changes in working capital		1,903	1,220
Cash flows from operations		30,091	29,613
Interest received		22	–
Income taxes paid		(1,112)	(1,239)
Net cash flows from operating activities		29,001	28,374
Investing activities			
Purchase of property, plant and equipment	A	(4,366)	(1,697)
Purchase of intangible assets	B	–	–
Net cash flows used in investing activities		(4,366)	(1,697)
Financing activities			
Increase in amount due to the then-existing shareholders of subsidiaries (non-trade)		–	3,334
Withdrawal of pledged deposit		–	30
Share capital contribution to subsidiaries accounted for on a common control basis		–	100
Repayment of obligations under finance leases		(26)	(49)
Dividends paid to the then-existing shareholders of subsidiaries	31	(11,000)	(29,673)
Dividends paid on ordinary shares	31	(3,233)	–
Proceeds from convertible loans	6	5,000	–
Gross proceeds from issuance of new shares pursuant to IPO	24	43,450	–
Listing expenses paid		(3,193)	(271)
Net cash flows generated from/(used in) financing activities		30,998	(26,529)
Net increase in cash and cash equivalents		55,633	148
Cash and cash equivalents at 1 October		29,446	29,298
Cash and cash equivalents at 30 September	19	85,079	29,446

Consolidated Statement of Cash Flows

For the financial year ended 30 September 2017

Notes to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2017	2016
		$'000	$'000
Current year additions to property, plant and equipment	13	6,402	1,747
Less:			
Provision for restoration costs	23	(240)	(50)
Included in other payables		(1,796)	–
Net cash outflow for purchase of property, plant and equipment		4,366	1,697

B. Intangible assets

	Note	2017	2016
		$'000	$'000
Current year additions to intangible assets	14	1,343	–
Less:			
Included in other payables		(398)	–
Satisfied through issuance of shares		(945)	–
Net cash outflow for purchase of intangible assets		–	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 30 September 2017

1. Corporate information

1.1 *The Company*

Kimly Limited (the "Company") was incorporated on 23 May 2016 under the Companies Act and domiciled in Singapore. On 3 February 2017, the Company was converted into a public company limited by shares and changed its name from Kimly Pte. Ltd. to Kimly Limited. The Company is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 March 2017.

The registered office and principal place of business of the Company is located at 13 Woodlands Link, Singapore 738725.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

1.2 *The Restructuring Exercise*

Transfer of businesses and entities under common control

The Group undertook the following transactions as part of a corporate reorganisation implemented in preparation for its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Restructuring Exercise"):

(a) *Acquisition of Businesses*

Pursuant to a restructuring agreement dated 1 October 2016 (the "Restructuring Agreement"), certain subsidiaries of the Group (the "Relevant Business Purchasers") acquired the assets, businesses and undertakings (the "Relevant Business Assets") of various entities (the "Relevant Business Vendors") owned by the Relevant Kimly Shareholders (the "Businesses Acquisition"). Such assets, businesses and undertakings include drinks stall business, mixed vegetable rice business, seafood "zi char" business, and dim sum business. In accordance with the Restructuring Agreement, the consideration for the transfer of the Relevant Business Assets from the Relevant Business Vendors to the Relevant Business Purchasers was satisfied by the issuance of Shares in the Company to the Relevant Shareholder (the "Consideration Shares"). The consideration for the Business Acquisition was determined based on a "willing buyer willing seller" basis, taking into account the adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") for the period from 1 October 2015 to 30 September 2016 of the Relevant Business Assets acquired.

(b) *Acquisition of Subsidiaries*

Pursuant to the Restructuring Agreement, the Company, Kimly Makan Place Pte. Ltd., Kimly MVR Pte. Ltd., Kimly Dim Sum Pte. Ltd. and Kimly Seafood Pte. Ltd. (collectively, the "Relevant Share Purchasers") acquired all of the issued and paid-up ordinary shares (the "Relevant Sale Shares") of certain subsidiaries (the "Relevant Subsidiaries") from the respective shareholders of the Relevant Subsidiaries (the "Relevant Share Vendors") (the "Subsidiaries Acquisition"). In accordance with the Restructuring Agreement, the consideration for the transfer of the Relevant Sale Shares from the Relevant Share Vendors to the Relevant Share Purchasers was satisfied by the issuance of Consideration Shares in the Company to the Relevant Share Vendors. The consideration for the Subsidiaries Acquisition was determined based on a "willing buyer willing seller" basis, taking into account the adjusted EBITDA for the period from 1 October 2015 to 30 September 2016 of the Relevant Subsidiaries acquired (save for Kimly Food Holdings Pte. Ltd. which was based on revalued net asset value).

Prior to the Restructuring Exercise and during the financial year ended 30 September 2016, the Relevant Business Assets and the Relevant Subsidiaries were controlled by Mr. Lim Hee Liat (the "Controlling Shareholder").

1. Corporate information (cont'd)

1.2 ***The Restructuring Exercise (cont'd)***

The above Restructuring Exercise is considered to be a business combination involving entities or businesses under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of these businesses and entities transferred have been included in the consolidated financial statements at their carrying amounts. Although the Restructuring Exercise occurred on 1 October 2016, the consolidated financial statements present the financial position and financial performance as if the businesses had always been consolidated since the beginning of the earliest period presented.

2. Summary of significant accounting policies

2.1 ***Basis of preparation***

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000") except when otherwise indicated.

Convergence with International Financial Reporting Standards

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group is currently assessing the impact of adopting the new financial reporting framework, and will adopt the new financial reporting framework on 1 October 2018.

2.2 ***Changes in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (December 2016)	
- Amendments to FRS 112 *Clarifications of the Scope of the Standard*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115: *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

Except for FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

<u>FRS 116 *Leases*</u>

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation ("EBITDA") and gearing ratio.

2.4 ***Basis of consolidation and business combinations***

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(c) *Business combinations involving businesses or entities under common control*

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

- Assets, liabilities, reserves, revenue and expenses of consolidated business or entities are reflected at their existing amounts;

- The retained earnings recognised in the consolidated financial statements are the retained earnings of the combining entities or businesses immediately before the combination; and

- No additional goodwill is recognised as a result of the combination.

The statement of comprehensive income reflects the results of the combining entities or businesses for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Functional and foreign currency*

(a) *Transactions and balances*

The Group's financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency.

(b) *Transaction and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold building	30 years
Electrical and renovations	3 years
Equipment and fittings	3 – 5 years
Motor vehicles	5 – 6 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Lease assignment fees

Intangible assets relate to lease assignment fees paid to the previous tenants of the Group's leased premises when the leases were transferred to the Group. These lease assignment fees were amortised on a straight-line basis over the remaining lease period of between 3 to 8 years.

Computer software

Computer software are initially capitalised at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Cost associated with maintaining the computer software are recognised as an expense when they incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the useful life of 3 years.

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.11 ***Financial instruments (cont'd)***

(b) *Financial liabilities (cont'd)*

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.13 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (cont'd)

2.14 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 ***Government grants***

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented under other operating income.

2.17 ***Borrowing costs***

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 ***Convertible loans***

Convertible loans are separated into liability and equity components based on terms of the contract.

On issuance of the convertible loans, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption in accordance with the accounting policy set out in Note 2.11(b).

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on the allocation of proceeds to the liability and equity components when the convertible loans are initially recognised.

2. Summary of significant accounting policies (cont'd)

2.19 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) *Employee share award plan*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2.20 *Leases*

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.20 ***Leases (cont'd)***

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Revenue from sale of cooked food, beverages and tobacco products*

Revenue from sale of cooked food, beverages and tobacco products is recognised upon delivery and acceptance by customers, net of goods and services tax.

(b) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

(c) *Provision of cleaning and utilities services*

Revenue from provision of cleaning and utilities services to the tenants are recognised upon the completion of the services rendered.

(d) *Outlet management fee*

Revenue from the rendering of outlet management services is recognised on a straight-line basis over the terms of the service agreements upon rendering of services. Additional revenue from incentives when performance indicators are met is recognised in the period in which they are earned and when the amount can be measured reliably.

2.22 ***Taxes***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.22 ***Taxes (cont'd)***

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business consolidation and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.22 ***Taxes (cont'd)***

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.23 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, which has the most significant effect on the amounts recognised in the financial statements:

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at the end of the reporting period was $3,126,000 (2016: $1,174,000) and $357,000 (2016: nil) respectively.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in the future to recover these deferred tax assets. Significant management judgement and estimation are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, including expectations for future sales as well as future overall market and economic conditions.

The carrying amount of the Group's deferred tax assets as at the end of the reporting period was $333,000 (2016: nil).

4. Revenue

	Group	
	2017	**2016**
	$'000	$'000
Sale of cooked food, beverages and tobacco products	157,873	147,421
Fixed rental income from lease of premises to tenants	23,900	17,709
Contingent rental income from lease of premises to tenants	507	601
Provision of cleaning and utilities services	8,840	6,271
Outlet management fee	1,001	224
	192,121	172,226

5. Other operating income

	Group	
	2017	2016
	$'000	$'000
Government grants:		
- Productivity and Innovation Credit	47	87
- Special Employment Credit	1,073	915
- Wage Credit Scheme	405	1,064
- Temporary Employment Credit	200	182
Management fee income	–	34
Sponsorships	881	1,011
Others	421	273
	3,027	3,566

Productivity and Innovation Credit

The Productivity and Innovation Credit ("PIC") was introduced by the Government as part of the 2013 Budget Initiatives. This bonus was part of a 3-year Transitional Support Package to encourage productivity and innovation activities amongst businesses in Singapore. Businesses that spend a minimum of $5,000 in qualifying PIC investments in a Year of Assessment ("YA") will receive a dollar-for-dollar matching cash bonus. The bonus is up to $15,000 from YA2013 to 2015.

Special Employment Credit

The Special Employment Credit was introduced as a 2011 Budget Initiative to support employers as well as to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers.

Wage Credit Scheme

The Wage Credit Scheme was introduced as a 2013 Budget Initiative to help businesses which may face rising wage costs in a tight labour market. Under this scheme, the Singapore Government will co-fund 40% of wage increases given to the Group's Singaporean employees earning a gross monthly wage of $4,000 and below in the years 2013 to 2015.

Temporary Employment Credit

The Temporary Employment Credit ("TEC") was introduced by the Government as part of the 2014 Budget Initiatives to help alleviate the rise in business costs due to the increase in Medisave contribution rates in January 2015. It also provides additional support to help employers adjust to cost increases associated with the CPF changes which took effect in 2016. The TEC will apply for 3 years, from 2015 to 2017.

Sponsorships

Income from sponsorships refer to marketing incentives received from suppliers over the sponsorship period.

6. Finance costs

	Group	
	2017	**2016**
	$'000	$'000
Interest expense on:		
- Obligation under finance leases	1	2
- Convertible loans	10	–
	11	2
Amortisation of liability component of convertible loans	105	–
Interest expense arising from the discount implicit in non-current receivables	291	–
	407	2

Convertible loans

During the financial year ended 30 September 2017, the Company issued convertible loans at the principal sum of $5,000,000. According to the Convertible Loan Agreements dated 29 December 2016, the Pre-Invitation Investors, Vanda 1 Investments Pte. Ltd. and ICH Gemini Asia Growth Fund Pte. Ltd., shall be entitled to convert the Convertible Loans to 25,000,000 shares, (the "Conversion Shares"). The number of Conversion Shares was determined by dividing the outstanding investment by the lesser of a price equal to (i) 80% of the Invitation Price at $0.25 per Share or (b) the Valuation Cap. The Valuation Cap is defined as ten times (10.0x) the Group's audited consolidated net profit after tax for the most recent completed financial year prior to the Invitation divided by the total number of issued Shares in the Company on the date of the conversion notice (but excluding the Shares to be converted under the convertible loan agreements with the Pre-Invitation Shareholders).

Convertible loans are separated into liability and equity components based on terms of the contract. On initial recognition, the carrying amount of the convertible loans are separated into liability and equity amounting to $3,812,000 and $1,187,500 respectively. In March 2017, the Convertible loans have been fully converted into conversion shares with proceeds of $5,000,000, accrued interest of $10,000, amortisation of liability component of $105,000, fair value loss on derivative liability of $63,000, and subsequent conversion of the convertible loans into 25,000,000 ordinary shares of the Company amounting to $5,168,000 at 80% of the Invitation Price, $0.25, for each share.

7. Other operating expenses

		Group	
	Note	**2017**	**2016**
		$'000	$'000
Amortisation of intangible assets	14	349	499
Fair value loss on derivative liability		63	–
Others		2	–
		414	499

8. Profit before tax

The following expense items have been included in arriving at profit before tax:

		Group	
	Note	2017	2016
		$'000	$'000
Audit fees to auditors of the Company*		250	440
Non-audit fees:			
- Auditor of the Company		260	–
- Other members firms of EY Global		4	88
- Other auditors		38	–
Depreciation of property, plant and equipment	13	1,948	1,442
Employee benefits expense	9	50,234	43,216
Directors' fees		150	150
Operating lease expenses	26(b)	32,735	25,326
Cleaning charges		2,922	2,731
Utility charges		7,127	6,940
Packaging materials and other expendables		2,245	2,161
Repair and maintenance		2,018	2,543
Listing expenses		1,012	868
Legal and other professional fees		736	45

* In addition to the fees disclosed, the Group paid $230,000 (2016: nil) to the Auditors of the Company relating to the Initial Public Offering exercise of the Company during the year. This is included in non-audit fees of $260,000.

9. Employee benefits

	Group	
	2017	2016
	$'000	$'000
Employee benefits expense (including Executive Directors):		
- Salaries, bonuses and other costs	45,512	39,248
- Central Provident Fund contributions	3,057	2,749
- Other short-term benefits	1,665	1,219
	50,234	43,216

Other short-term benefits include staff allowances, housing benefits, training and other employee benefits.

10. Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2017	**2016**
	$'000	$'000
Cleaning services paid to director-related companies	–	406
Utilities charges paid to director-related companies	–	908
Rental paid to director-related companies	7,880	3,183
Purchase of beverages from a director-related company	588	–
Management fee income from director-related companies	–	34

(b) *Commitments with related parties*

The Group has entered into commercial leases with related parties in respect of retail outlet premises and all the leases do not contain an escalation clause. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating leases with related parties at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Not later than one year	8,150	7,790
Later than one year but not later than five years	16,571	23,371
	24,721	31,161

(c) *Compensation of key management personnel*

	Group	
	2017	**2016**
	$'000	$'000
Salaries, bonuses and other costs	1,519	629
Central Provident Fund contributions	50	45
	1,569	674
Comprise amounts paid to:		
Directors of the Company	1,243	521
Other key management personnel	326	153
	1,569	674

11. Income tax expense

(a) ***Major components of income tax expense***

The major components of income tax expense for the years ended 30 September 2017 and 2016 are:

	Group	
	2017	**2016**
	$'000	$'000
Current income tax		
- Current income taxation, representing total income tax expense recognised in profit or loss	3,040	1,365
- Under provision in respect of previous years	24	–
	3,064	1,365
Deferred income tax		
- amortisation and reversal of temporary differences	24	–
Income tax expense recognised in profit or loss	3,088	1,365

(b) ***Relationship between tax expense and accounting profit***

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September 2017 and 2016 is as follows:

	Group	
	2017	**2016**
	$'000	$'000
Profit before tax	24,517	25,582
Tax at corporate tax rate of 17%	4,168	4,349
Adjustments:		
- Non-deductible expenses	702	289
- Income not subject to taxation	(54)	(19)
- Effect of partial tax exemption and tax relief	(1,911)	(3,311)
- Benefits from previously unrecognised tax losses	–	(16)
- Deferred tax assets not recognised	6	–
- Under provision in respect of previous years	24	–
- Others	153	73
Income tax expense recognised in profit or loss	3,088	1,365

12. Earnings per share

As approved by shareholders of the Company in an extraordinary general meeting held on 15 February 2017, every one share in the capital of the Company was sub-divided into 27 shares (the "Share Split").

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to the owners of the Company by the number of ordinary shares, as adjusted for the Share Split.

12. Earnings per share (cont'd)

	Group	
	2017	2016
Profit for the year attributable to owners of the Company ($'000)	21,429	12,174
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,064,411	489,912
Basic and diluted earnings per share (cents)	2.01	2.48

The diluted earnings per share are the same as the basic earnings per share as there were no outstanding convertible securities for the financial years ended 30 September 2017 and 2016.

13. Property, plant and equipment

	Leasehold building	Electrical and renovations	Equipment and fittings	Motor vehicles	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 October 2015	1,907	5,715	6,539	1,046	186	15,393
Additions	–	320	879	157	391	1,747
Transfer in/(out)	–	281	29	–	(310)	–
Disposals	–	–	(4)	–	–	(4)
At 30 September 2016 and 1 October 2016	1,907	6,316	7,443	1,203	267	17,136
Additions	59	1,396	1,904	250	2,793	6,402
Transfer in/(out)	2,099	–	–	–	(2,099)	–
Written off	–	(2,836)	(3,472)	(19)	–	(6,327)
At 30 September 2017	4,065	4,876	5,875	1,434	961	17,211
Accumulated depreciation						
At 1 October 2015	572	5,003	5,596	440	–	11,611
Depreciation charge for the year	64	527	640	211	–	1,442
Disposals	–	–	(4)	–	–	(4)
At 30 September 2016 and 1 October 2016	636	5,530	6,232	651	–	13,049
Depreciation charge for the year	73	730	924	221	–	1,948
Written off	–	(2,836)	(3,472)	(19)	–	(6,327)
At 30 September 2017	709	3,424	3,684	853	–	8,670
Net carrying amount						
At 30 September 2016	1,271	786	1,211	552	267	4,087
At 30 September 2017	3,356	1,452	2,191	581	961	8,541

13. Property, plant and equipment (cont'd)

Restoration costs

Included in the Group's carrying amount of electrical and renovations is $690,000 (2016: $450,000) of provision for restoration costs.

14. Intangible assets

	Lease assignment fees	Computer software	Total
	$'000	$'000	$'000
Group			
Cost			
At 1 October 2015, 30 September 2016 and 1 October 2016	9,695	–	9,695
Additions	945	398	1,343
At 30 September 2017	10,640	398	11,038
Accumulated amortisation			
At 1 October 2015	8,885	–	8,885
Charge for the year	499	–	499
At 30 September 2016 and 1 October 2016	9,384	–	9,384
Charge for the year	341	8	349
At 30 September 2017	9,725	8	9,733
Net carrying amount			
At 30 September 2016	311	–	311
At 30 September 2017	915	390	1,305

The amortisation of intangible assets is included in the "Other operating expense" in the consolidated statement of comprehensive income.

15. Investments in subsidiaries

	Company	
	2017	**2016**
	$'000	$'000
Unquoted equity shares, at cost	122,478	122,478
Issuance of shares for acquisition of non-controlling interests in subsidiaries	116,519	–
	238,997	122,478

15. Investments in subsidiaries (cont'd)

Composition of the Group

The Group has the following investments in subsidiaries as at the financial years ended 30 September:

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2017	**2016**
Held by the Company:				
Kimly Food Holdings Pte. Ltd. (c) (d)	Singapore	Provision of management services	100.00	51.00
Chodee Food Holdings Pte. Ltd. (c) (d)	Singapore	Provision of management services	100.00	80.00
LHL Group Pte. Ltd. (c) (d)	Singapore	Provision of management services	100.00	75.00
Chodee (2011) Pte. Ltd. (b) (d) (e)	Singapore	Provision of management services	–	80.00
233 Yishun Kopi Point Pte. Ltd. (a) (b) (d) (e)	Singapore	Sale of food products	–	30.00
408 AMK Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
722 AMK Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
826 Tampines Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
AMK 202 Food House Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	52.75
AMK 347 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
AMK 408 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
AMK 722 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
BB150 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
Beverage Place Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
BL Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	55.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest 2017	2016
Held by the Company: (cont'd)				
Boon Lay 18 Food Square Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Bukit Batok 371 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	57.50
Canteen One Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	60.00
CCK 302 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
CDP Beverage Pte. Ltd. (a) (b) (d) (e)	Singapore	Operating of coffee shop	–	50.00
CDP Serangoon Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Choh Dee Place (202) Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	52.80
Clementi 345 Kopi Point Pte. Ltd. (a) (b) (d) (e)	Singapore	Sale of food products	–	15.00
Clementi 450 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Coffee Delight Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	53.00
Gombak 347 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Hong Kah 496 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	55.00
Hougang 327 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	56.00
Hougang 684 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	55.00
Hougang Park Ave Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
J41 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	65.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2017	**2016**
Held by the Company: (cont'd)				
JK 41 Food Canteen Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Jurong 303 Kopi Point Pte. Ltd. (a) (b) (d) (e)	Singapore	Sale of food products	–	40.00
Jurong 501 Kopi Point Pte. Ltd. (a) (b) (d) (e)	Singapore	Sale of food products	–	46.25
Jurong East 346 Kopi Point Pte. Ltd. (a) (b) (d) (e)	Singapore	Sale of food products	–	22.50
Jurong Gateway Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	60.00
M131 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	55.00
Marsling 211 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	75.00
Pasir Ris 444 Kopi Point Pte. Ltd. (a) (b) (d) (e)	Singapore	Sale of food products	–	25.00
Reservoir 121 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	55.00
Serangoon 147 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	57.00
Serangoon 237 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	80.00
Serangoon 237 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	100.00
Serangoon 304 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
SG70 Food House Pte. Ltd. (a) (b) (d) (e)	Singapore	Operating of coffee shop	–	50.00
SIM Beverage Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2017	2016
Held by the Company: (cont'd)				
Tampines 138 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Tampines 824 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	60.00
TP826 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
TP827 Kopi Point Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	55.00
Ubi 33 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Unicafe Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Upper Changi 57 Kopi Point Pte. Ltd. (a) (b) (d) (e)	Singapore	Sale of food products	–	17.50
Utown Beverage Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Victoria Food Place Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Yishun 101 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	51.00
Yishun 418 Kopi Point Pte. Ltd. (a) (b) (d) (e)	Singapore	Operating of coffee shop	–	15.00
Yishun 925 Food House Pte. Ltd. (b) (d) (e)	Singapore	Operating of coffee shop	–	52.50
266 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
A202 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
A347 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
A408 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	58.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest 2017	Proportion (%) of ownership interest 2016
Held by the Company: (cont'd)				
AMK347 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
B150 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
B163 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
B221 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
B280 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
B280 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
B371 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
B514A Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	58.00
BB347 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
BK1 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
C29 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
C302 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
C325 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
C325 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
C345 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
Chodee (AMK) Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	55.00
Chodee (Bedok) Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	55.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest 2017	Proportion (%) of ownership interest 2016
Held by the Company: (cont'd)				
Chodee (Bishan) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee (Boon Lay) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee (Hougang) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee (Jurong) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee (Pioneer) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee (Tampines) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	59.00
Chodee (Toa Payoh) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee (Victoria) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee (Woodland) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee (Yishun) Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee Delights Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee Dian Xin Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee Express Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
Chodee Snacks Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	55.00
CK11 Kimly Pte. Ltd. [(a) (b) (d) (e)]	Singapore	Sale of food products	–	50.00
CS 51 Kimly Pte. Ltd. [(b) (d) (e)]	Singapore	Sale of food products	–	51.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2017	2016
Held by the Company: (cont'd)				
E2A Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
G163 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	58.00
GS163 CA Food Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
H327 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
H684 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
H684 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
HG327 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
HK496 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
HK501 CA Food Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
J26 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
J500 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
J501 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	58.00
J651 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
JE346 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	58.00
JE346 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
JK41 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	58.00
JW501 CA Food Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
K346A Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
KC346A Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest 2017	2016
Held by the Company: (cont'd)				
Kimly Live Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	59.00
M211 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
N57 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
P444 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
P444 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
P651 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
S147 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
S147 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
S261 Kimly Pte. Ltd. (a) (b) (d) (e)	Singapore	Sale of food products	–	50.00
S304 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	58.00
S476 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
SG237 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
SK266 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
T184 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
T742A Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
TP742 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
TP824 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
TW827 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
UB33 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest 2017	2016
Held by the Company: (cont'd)				
V143 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
W1A Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
W306A Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	58.00
WL17 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
Y101 Kimly Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
Y418 Kimly Seafood Pte. Ltd. (b) (d) (e)	Singapore	Sale of food products	–	51.00
Held through Kimly Food Holdings Pte. Ltd.				
Kimly Makan Place Pte. Ltd. (d)	Singapore	Operating of coffee shop	100.00	100.00
Kimly MVR Pte. Ltd. (d)	Singapore	Sale of food products	100.00	100.00
Kimly Seafood Pte. Ltd. (d)	Singapore	Sale of food products	100.00	100.00
Held through Chodee Food Holdings Pte. Ltd.				
Kimly Dim Sum Pte. Ltd. (d)	Singapore	Sale of food products	100.00	100.00
Held through Kimly Makan Place Pte. Ltd.				
881 Hougang Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	50.00
147 Serangoon Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	30.00
BN123 Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	35.00
Causeway Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	32.50
Chai Chee 29 Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	39.00
Choh Dee Place (163A) Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	50.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest 2017	2016
Held through Kimly Makan Place Pte. Ltd. (cont'd)				
Choh Dee Place (346A) Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	50.00
Gourmet Express Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	50.00
Jurong West 651 Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	50.00
Park (E) Crescent Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	40.00
Park Reservoir Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	35.00
PP146 Food House Pte. Ltd. (c) (d)	Singapore	Operating of coffee shop	100.00	60.00
Sengkang 266 Food House Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	40.00
Tampines West Food Court Pte. Ltd. (a) (c) (d)	Singapore	Operating of coffee shop	100.00	45.00
CDP Kimly Pte. Ltd. (d)	Singapore	Operating of coffee shop	100.00	100.00
Yong Yun Pte. Ltd. (d)	Singapore	Operating of coffee shop	100.00	100.00
Foodclique (Capeview) Pte. Ltd. (d)	Singapore	Operating of coffee shop	100.00	100.00
Foodclique Pte. Ltd. (d)	Singapore	Operating of coffee shop	100.00	100.00
Held through Kimly MVR Pte. Ltd.				
Kimly MVR Central Pte. Ltd. (d)	Singapore	Sale of food products	100.00	100.00
Kimly MVR East Pte. Ltd. (d)	Singapore	Sale of food products	100.00	100.00
Kimly MVR West Pte. Ltd. (d)	Singapore	Sale of food products	100.00	100.00
Kimly Food Products Pte. Ltd. (c) (d)	Singapore	Central food processing centre	100.00	51.00

15. Investments in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2017	**2016**
Held through Kimly Seafood Pte. Ltd.				
Kimly Seafood Central Pte. Ltd. [(d)]	Singapore	Sale of food products	100.00	100.00
Kimly Seafood East Pte. Ltd. [(d)]	Singapore	Sale of food products	100.00	100.00
Kimly Seafood West Pte. Ltd. [(d)]	Singapore	Sale of food products	100.00	100.00
Held through Kimly Dim Sum Pte. Ltd.				
Kimly Dim Sum East Pte. Ltd. [(d)]	Singapore	Sale of food products	100.00	100.00
Kimly Dim Sum West Pte. Ltd. [(d)]	Singapore	Sale of food products	100.00	100.00
Kimly Food Manufacturing Pte. Ltd. [(c) (d)]	Singapore	Central food processing centre	100.00	55.00

(a) These entities are treated as subsidiaries on the basis that the Group controls the relevant activities of these entities as agreed between the shareholders of the respective entities.

(b) The Group acquired the Relevant Business Assets of these entities pursuant to the Restructuring Exercise as described in Note 1.2(a).

(c) The Group acquired the Relevant Sale Shares of these entities pursuant to the Restructuring Exercise as described in Note 1.2(b).

(d) Audited by Ernst & Young LLP, Singapore

(e) These entities transferred the Relevant Business Assets to the Relevant Business Purchasers pursuant to the Restructuring Exercise as mentioned in Note 1.2(a). These entities have ceased business operations and are in the process of deregistration.

15. Investments in subsidiaries (cont'd)

Acquisition of ownership interest in subsidiaries, without change of control

On 1 October 2016, the Group acquired the Relevant Business Assets and Relevant Sale Shares of its subsidiaries pursuant to the Restructuring Exercise as described in Note 1.2. The Group also acquired all of the issued and paid-up ordinary shares of its subsidiaries from non-controlling interests, which was satisfied through the issuance of 466,074,567 shares. The difference between the fair value of the consideration shares and the carrying value of the additional interest acquired from the non-controlling interests has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in its subsidiaries on the equity attributable to owners of the Company:

	2017
	$'000
Consideration shares issued for the acquisition of non-controlling interests	116,519
Decrease in equity attributable to non-controlling interests	(8,204)
Increase in equity attributable to owners of the Company	108,315

16. Deferred tax

Deferred tax as at 30 September relates to the following:

	Consolidated statement of financial position		**Consolidated statement of comprehensive income**	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(324)	–	324	–
Difference in amortisation of intangible assets	(33)	–	33	–
	(357)	–	357	–
Deferred tax assets:				
Provisions	87	–	(87)	–
Unutilised tax losses	75	–	(75)	–
Unutilised capital allowances	171	–	(171)	–
	333	–	(333)	–
Deferred tax expense			24	–

At the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $33,000 (2016: $187,000) and $24,000 (2016: nil) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authority and compliance with the relevant provisions of Singapore tax legislation.

Tax consequences of proposed dividends

There are no income tax consequences (2016: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

17. Trade and other receivables

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Trade and other receivables (current)					
Trade receivables		740	284	–	–
Other receivables		1,360	1,320	156	–
- Loans to employees		232	239	–	–
- Deposits		2,642	1,083	–	–
Loans to subsidiaries		–	–	4,300	–
Amount due from a subsidiary (trade)		–	–	1,300	–
		4,974	2,926	5,756	–
Other receivables (non-current)					
Loans to employee		111	484	–	–
Deposits		4,452	3,578	–	–
		4,563	4,062	–	–
Total trade and other receivables (current and non-current)		9,537	6,988	5,756	–
Add:					
Cash and cash equivalents	19	85,079	29,446	45,690	–
Total loans and receivables		94,616	36,434	51,446	–

Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Loans to subsidiaries/Amount due from a subsidiary (trade)

Loans to subsidiaries/amount due from a subsidiary (trade) are unsecured, non-interest bearing and are to be settled in cash.

Other receivables

Loans to employees are unsecured, interest-free and are to be settled in cash.

Deposits placed with lessors are unsecured and non-interest bearing. These deposits are refundable upon termination of the leases.

17. Trade and other receivables (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $334,000 (2016: $237,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	**2016**
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	233	121
30 to 60 days	75	40
61 to 90 days	–	30
91 to 120 days	26	46
	334	237

18. Inventories

	Group	
	2017	**2016**
	$'000	$'000
Consolidated statement of financial position:		
Raw materials and consumables, at cost	1,113	1,239
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	65,883	60,596

During the financial year ended 30 September 2017 and 2016, there has been no inventory written off or allowance for inventory obsolescence.

19. Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	40,026	29,446	668	–
Short-term deposits	45,053	–	45,022	–
	85,079	29,446	45,690	–

Cash at banks do not earn interest. Short-term deposits are made for varying periods of between one to three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposits rates. The weighted average effective interest rates as at 30 September 2017 for the Group and the Company were 0.75%. Cash and short-term deposits are denominated in SGD.

There are no cash and cash equivalents denominated in foreign currencies as at 30 September 2017 and 2016.

20. Trade and other payables

	Note	Group 2017	Group 2016	Company 2017	Company 2016
		$'000	$'000	$'000	$'000
Trade and other payables (current)					
Trade payables		6,753	6,620	–	–
Other payables		3,192	647	–	386
GST payable		1,757	976	–	–
Deposits from tenants		1,401	425	–	–
Amounts due to the then-existing shareholders of subsidiaries (non-trade)		7,517	7,517	–	–
Amount due to a subsidiary (non-trade)		–	–	336	–
		20,620	16,185	336	386
Other payables (non-current)					
Deposits from tenants		562	915	–	–
Other payables		32	–	–	–
		594	915	–	–
Total trade and other payables		21,214	17,100	336	386
Add:					
Accrued operating expenses	21	7,148	6,275	926	469
Obligations under finance leases		–	25	–	–
Less:					
GST payable		(1,757)	(976)	–	–
Total financial liabilities carried at amortised cost		26,605	22,424	1,262	855

Trade and other payables are denominated in Singapore dollars at 30 September.

Trade and other payables are unsecured and non-interest bearing. Trade payables are repayable on demand while other payables are generally on 30 days' terms.

Deposits from tenants are unsecured and non-interest bearing. These deposits are repayable upon termination or on expiration of the leases.

Related party balances

Amounts due to the then-existing shareholders of subsidiaries/amount due to a subsidiary are unsecured, interest-free, repayable on demand and are to be settled in cash.

21. Other liabilities

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Accrued operating expenses	7,148	6,275	926	469
Deferred revenue	3	43	–	–
	7,151	6,318	926	469

Deferred revenue relates to advance sponsorship income for marketing incentives received from suppliers which are recognised as income over the sponsorship period.

22. Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The discount rate implicit in the leases ranges from nil (2016: 4.70% to 5.92%) per annum. These obligations are denominated in Singapore dollars.

23. Provisions

	Group	
	2017	2016
	$'000	$'000
Provision for restoration costs:		
At 1 October	450	400
Additions	240	50
At 30 September	690	450
Current	180	160
Non-current	510	290
	690	450

Provision for restoration costs relates to the estimated costs to reinstate the Group's leased premises to their original state upon expiry of the leases.

24. Share capital

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At 23 May 2016 (date of incorporation) / 1 October	489,912	122,478	489,912[(1)]	122,478[(1)]
Issuance of shares pursuant to the Restructuring Exercise [(2)]	466,075	116,519	–	–
Conversion of convertible loans [(3)]	25,000	5,168	–	–
Issuance of shares pursuant to the initial public offering [(4)]	173,800	43,450	–	–
Shares issuance expense [(5)]	–	(1,584)	–	–
Issuance of shares for acquisition of operating leases	3,000	1,110	–	–
At 30 September	1,157,787	287,141	489,912	122,478

(1) Share capital refers to shares issued to the Controlling Shareholder pursuant to the Restructuring Exercise as described in Note 1.2 as adjusted for the Share Split, which is deemed to have taken place since the beginning of the earliest period presented.

(2) Pursuant to the Restructuring Exercise as detailed in Note 1.2, 466,074,567 shares as adjusted for the Share Split, amounting to $116,519,000 were issued as consideration for the acquisition of equity interests in subsidiaries from their respective non-controlling shareholders.

(3) Conversion of convertible loans into 25,000,000 ordinary shares of the Company amounting to $5,168,000 at 80% of the Invitation Price for each Share, as detailed in Note 6.

(4) The Company issued 173,800,000 shares at $0.25 per share as part of its listing on the Catalist Board of the SGX-ST on 20 March 2017.

(5) Listing expenses incurred pursuant to the Company's listing on the Catalist Board of the SGX-ST amounted to $3,464,000, of which $1,584,000 has been capitalised against share capital, while the remaining amount of $1,880,000 has been included in "Other operating expenses" in the consolidated statement of comprehensive income.

25. Other reserves

	Group	
	2017	2016
	$'000	$'000
Merger reserve	(120,591)	(120,591)
Deemed contribution from shareholders of subsidiary under common control	468	468
	(120,123)	(120,123)

Merger reserve

This represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interests method, as described in Note 2.4 of the financial statements.

25. Other reserves (cont'd)

Deemed contribution from shareholders of subsidiary under common control

During the financial year ended 30 September 2014, the shareholders of one of the Group's subsidiaries had provided loans amounting to $1,560,000 for payment of the subsidiary's lease assignment fees and working capital needs. During the financial years ended 30 September 2015 and 2016, the subsidiary had made partial repayments amounting to $520,000 to the shareholders. On 30 September 2016, the remaining amount owing to the Controlling Shareholder of $468,000 was waived by the Controlling Shareholder.

26. Commitments

(a) ***Capital commitment***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Capital commitment in respect of leasehold properties	–	1,800

(b) ***Operating lease commitments - as lessee***

The Group has entered into commercial leases in respect of its retail outlet and operating premises. There is no contingent rent provision included in the contracts. Certain of the leases contain escalation clauses. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 September 2017 amounted to $32,735,000 (2016: $25,326,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Not later than one year	28,199	27,265
Later than one year but not later than five years	35,532	40,268
Later than five years	–	1,341
	63,731	68,874

26. Commitments (cont'd)

(c) ***Operating lease commitments - as lessor***

The Group has entered into commercial lease agreements on its coffee shop premises. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Not later than one year	22,055	20,303
Later than one year but not later than five years	8,354	11,099
	30,409	31,402

(d) ***Finance lease commitments***

	2017		2016	
	Minimum lease payments	**Present value of payments (Note 20)**	**Minimum lease payments**	**Present value of payments (Note 20)**
	$'000	$'000	$'000	$'000
Not later than one year	–	–	26	25
Later than one year but not later than five years	–	–	–	–
Total minimum lease payments	–	–	26	25
Less: Amounts representing finance charges	–	–	(1)	–
Present value of minimum lease payments	–	–	25	25

27. Fair value of assets and liabilities

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

27. Fair value of assets and liabilities (cont'd)

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. Fair value of non-current loans to employees and deposits from tenants are not materially different from their carrying amounts. The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

At the reporting period, the Group does not have any financial instruments carried at fair value.

28. Segment information

Business segments

For management's purpose, the Group is organised into three operating business segments, namely:

(a) Outlet management

Coffeeshop operations are involved in the leasing of food outlet premises to tenants as the master leaseholder, the sale of food, beverages and tobacco products, the provision of cleaning and utilities services to tenants, and the provision of management services to third party coffee shops.

(b) Food retail

Food operations are primarily involved in retailing of cooked food directly to consumers through the stalls operated by the Group such as Mixed Vegetable Rice stalls, Rice Garden stalls, Dim Sum stalls, Zi Char (Seafood) stalls, Teochew Porridge stalls, and Live Seafood Restaurant.

(c) Others

Others segment includes the provision of strategic management and human resource services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Non-cash items are not material to the financial statements and have not been separately presented.

Geographical information

The Group operates mainly in Singapore with revenue generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

Information about major customers

There is no single major customer that contributed more than 5% of the Group's total revenue. The revenue is spread over a broad base of customers.

28. Segment information (cont'd)

	Outlet management	Food retail	Others	Adjustments and eliminations	Note	Group
	$'000	$'000	$'000	$'000		$'000
2017						
Revenue						
Revenue from external customers	111,175	80,946	–	–		192,121
Inter-segment revenue	12,743	17,253	2,259	(32,255)	A	–
Total revenue	123,918	98,199	2,259	(32,255)		192,121
Results:						
Interest income	–	–	108	–		108
Interest expense	–	–	11	–		11
Discounting impact of non-current refundable deposits	291	–	–	–		291
Depreciation of property, plant and equipment	1,349	382	217	–		1,948
Employee benefits expense	22,569	23,910	3,755	–		50,234
Operating lease expenses	31,658	992	85	–		32,735
Amortisation of intangible assets	342	3	4	–		349
Segment profit/(loss)	11,805	18,003	(5,291)	–		24,517
Assets:						
Segment assets	33,519	16,436	56,244	–		106,199
Segment liabilities	17,447	8,640	6,451	–		32,538
2016						
Revenue						
Revenue from external customers	97,550	74,676	–	–		172,226
Inter-segment revenue	7,680	13,137	505	(21,322)	A	–
Total revenue	105,230	87,813	505	(21,322)		172,226
Results:						
Interest expense	–	2	–	–		2
Depreciation of property, plant and equipment	909	331	202	–		1,442
Employee benefits expense	19,050	18,491	5,675	–		43,216
Operating lease expenses	22,140	3,093	184	–		25,417
Amortisation of intangible assets	499	–	–	–		499
Segment profit/(loss)	10,928	15,450	(796)	–		25,582
Assets:						
Segment assets	24,393	10,845	8,150	–		43,388
Segment liabilities	14,104	6,818	4,145	–		25,067

Note

A Inter-segment revenues and income are eliminated on consolidation.

29. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The credit risk with respect to trade receivables is limited as the Group's revenue from sale of good and beverages are transacted on cash terms. For other financial assets (including cash and cash equivalents), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

Credit risk concentration profile

At the end of the reporting period, the Group has no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits are placed with reputable financial institutions with high credit ratings and no history of default. They are neither past due nor impaired.

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

29. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2017				
Financial assets:				
Trade and other receivables	4,974	4,546	17	9,537
Cash and short-term deposits	85,079	–	–	85,079
Total undiscounted financial assets	90,053	4,546	17	94,616
Financial liabilities:				
Trade and other payables	18,863	594	–	19,457
Accrued operating expenses	7,148	–	–	7,148
Total undiscounted financial liabilities	26,011	594	–	26,605
Total net undiscounted financial assets	64,042	3,952	17	68,011
2016				
Financial assets:				
Trade and other receivables	2,926	4,088	189	7,203
Cash and short-term deposits	29,446	–	–	29,446
Total undiscounted financial assets	32,372	4,088	189	36,649
Financial liabilities:				
Trade and other payables	15,209	915	–	16,124
Accrued operating expenses	6,275	–	–	6,275
Obligations under finance leases	26	–	–	26
Total undiscounted financial liabilities	21,510	915	–	22,425
Total net undiscounted financial assets	10,862	3,173	189	14,224

29. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	**1 year or less**
	$'000
2017	
Financial assets:	
Trade and other receivables	5,756
Cash and short-term deposits	45,690
Total undiscounted financial assets	51,446
Financial liabilities:	
Trade and other payables	336
Accrued operating expenses	926
Total undiscounted financial liabilities	1,262
Total net undiscounted financial assets	50,184
2016	
Financial liabilities:	
Trade and other payables	386
Accrued operating expenses	469
Total undiscounted financial liabilities	855
Total net undiscounted financial liabilities	(855)

30. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. No changes were made in the objectives, policies or processes during the years ended 30 September 2017 and 2016.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, reserve and retained earnings.

		Group	
	Note	**2017**	**2016**
		$'000	$'000
Obligations under finance leases	22	–	25
Trade and other payables	20	21,214	17,100
Accrued operating expenses	21	7,148	6,275
Less: Cash and cash equivalents	19	(85,079)	(29,446)
Net cash		(56,717)	(6,046)
Equity attributable to owners of the Company, representing total capital		73,661	10,117
Gearing ratio		NA *	NA *

N.A* Not applicable as the Company is in a net cash position.

31. Dividends

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Declared and paid during the financial year:				
Dividends on ordinary shares:				
- Interim exempt (one-tier) dividend for 2017: 0.28 cent (2016: nil) per share	3,233	–	3,233	–
Dividends paid to the then-existing shareholders of subsidiaries	11,000	29,673	–	–
	14,233	29,673	3,233	–
Proposed but not recognised as a liability as at 30 September:				
Dividends on ordinary shares, subject to shareholders' approval at the AGM:				
- Final exempt (one-tier) dividend for 2017: 0.68 cent (2016: nil) per share	7,873	–	7,873	–

32. Comparative figures

Group

The consolidated financial statements of the Group for the year ended 30 September 2016 has been prepared based on the pooling of interests method as if the Group, who is ultimately controlled by a common shareholder both before and after the Restructuring Exercise, has been in existence prior to the Restructuring Exercise.

Company

In 2016, the financial statements of the Company cover the financial period from 23 May 2016 (date of incorporation) to 30 September 2016.

In 2017, the financial statements of the Company cover the financial year ended 30 September 2017.

33. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2017 were authorised for issue in accordance with a resolution of the directors on 28 December 2017.

Statistics of Shareholdings

As at 11 December 2017

SHARE CAPITAL

Number of Ordinary Shares in Issue (excluding treasury shares and subsidiary holdings)	:	1,157,786,732
Number of treasury shares held	:	–
Number of subsidiary holdings	:	–
Class of Shares	:	Ordinary
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	–	–	–	–
100 - 1,000	130	6.21	104,400	0.01
1,001 - 10,000	961	45.89	5,336,400	0.46
10,001 - 1,000,000	952	45.46	73,933,652	6.39
1,000,001 AND ABOVE	51	2.44	1,078,412,280	93.14
TOTAL	**2,094**	**100.00**	**1,157,786,732**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LIM HEE LIAT	489,915,165	42.31
2	PEH OON KEE	99,309,105	8.58
3	NG LAY BENG	65,472,966	5.66
4	NG THIAN HOO	47,956,724	4.14
5	NG HAN KEOW	47,306,862	4.09
6	ANG TIAN CHUA	43,818,518	3.78
7	VANDA 1 INVESTMENTS PTE LTD	42,700,000	3.69
8	NG KAH KENG	33,944,917	2.93
9	KOH PECK CHONG (XU BOCONG)	30,501,333	2.63
10	RAFFLES NOMINEES (PTE) LIMITED	16,875,200	1.46
11	CHIA CHER KHIANG (XIE SHUQIANG)	14,513,391	1.25
12	ANG KOK HUI	13,476,524	1.16
13	PEH KIM LEONG SUNNY (BAI JINLONG)	10,905,948	0.94
14	UOB KAY HIAN PRIVATE LIMITED	10,323,700	0.89
15	HONG LEONG FINANCE NOMINEES PTE LTD	9,577,500	0.83
16	REEVES TNG HUNG KWEE (REEVES TANG HANGUI)	8,899,411	0.77
17	OW SOON POOH	8,023,950	0.69
18	WONG HONG KOON	7,621,960	0.66
19	ANG LAY HIONG (HONG LIXIANG)	7,266,191	0.63
20	DBS NOMINEES (PRIVATE) LIMITED	5,509,161	0.48
	TOTAL	**1,013,918,526**	**87.57**

Statistics of Shareholdings

As at 11 December 2017

SUBSTANTIAL SHAREHOLDERS
As recorded in the Register of Substantial Shareholders

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Lim Hee Liat	489,915,165	42.31	–	–
Peh Oon Kee	99,309,105	8.58	–	–
Ng Lay Beng	65,472,966	5.66	11,700,000*	1.01

Note:

* This represents Mr Ng Lay Beng's direct interest of 7,200,000 shares held in the name of Hong Leong Finance Nominees Pte Ltd and 4,500,000 shares held in the name of DBS Vickers Secs (S) Pte Ltd.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 11 December 2017, 32.70% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Tuesday, 23 January 2018 at 3.00 p.m. for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 September 2017 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt One-Tier Final Dividend of 0.68 cent per ordinary share for the financial year ended 30 September 2017 (2016: Nil). **(Resolution 2)**

3. To re-elect Mr Chia Cher Khiang, being a Director who retires by rotation pursuant to Regulation 116 of the Constitution of the Company. [See Explanatory Notes (i) and (vi)] **(Resolution 3)**

4. To re-elect Mr Ter Kim Cheu, being a Director who retires by rotation pursuant to Regulation 116 of the Constitution of the Company. [See Explanatory Notes (ii) and (vi)] **(Resolution 4)**

5. To re-elect Mr Wee Tian Chwee Jeffrey, being a Director who retires by rotation pursuant to Regulation 116 of the Constitution of the Company. [See Explanatory Notes (iii) and (vi)] **(Resolution 5)**

6. To re-elect Mr Lim Teck Chai Danny, being a Director who retires pursuant to Regulation 116 of the Constitution of the Company. [See Explanatory Notes (iv) and (vi)] **(Resolution 6)**

7. To note the retirement of Mr Ong Eng Sing as a Director who retires by rotation pursuant to Regulation 116 of the Constitution of the Company, and who will not be seeking re-election. [See Explanatory Note (v)]

8. To approve the payment of Directors' fees of S$150,000 for the financial year ended 30 September 2017. **(Resolution 7)**

9. To approve the payment of Directors' fees of S$150,000 for the financial year ending 30 September 2018, to be paid quarterly in arrears. (2017: S$150,000) **(Resolution 8)**

10. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**

11. To transact any other routine business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

12. **SHARE ISSUE MANDATE**

    THAT authority be hereby given to the Directors of the Company pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**") and notwithstanding the provisions of the Constitution of the Company, to:

    (a) (i) issue shares in the capital of the Company ("**Shares**"), whether by way of rights, bonus or otherwise; and/or

    (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; and/or

(iii) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution is in force,

PROVIDED THAT:

(i) the aggregate number of Shares issued pursuant to this resolution (including Shares issued in pursuance to any Instruments made or granted pursuant to this resolution), does not exceed one hundred per cent. (100%) of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company shall be calculated based on the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company at the time of the passing of this resolution, after adjusting for:

(A) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution; and

(B) any subsequent bonus issue or consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Companies Act, the Rules of Catalist (including supplemental measures hereto) for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (vii)] **(Resolution 10)**

13. **AUTHORITY TO OFFER AND GRANT OPTIONS AND ALLOT AND ISSUE SHARES UNDER THE KIMLY EMPLOYEE SHARE OPTION SCHEME**

THAT the Directors of the Company be hereby authorised to:

(a) offer and grant options ("**Options**") in accordance with the provisions of the Kimly Employee Share Option Scheme (the "**Scheme**") and pursuant to Section 161 of the Companies Act:

(i) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to the vesting of the Options under the Scheme; and

(ii) (nothwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to any Options granted by the Directors in accordance with the Scheme awarded while the authority conferred by this resolution was in force, and

(b) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Options granted under the Scheme,

PROVIDED THAT the aggregate number of Shares to be issued or transferred pursuant to the Options under the Scheme on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares on the day preceding that date.
[See Explanatory Note (viii)] **(Resolution 11)**

14. **AUTHORITY TO OFFER AND GRANT AWARDS AND ALLOT AND ISSUE SHARES UNDER THE KIMLY PERFORMANCE SHARE PLAN**

THAT the Directors of the Company be hereby authorised to:

(a) offer and grant awards ("**Awards**") in accordance with the provisions of the Kimly Performance Share Plan (the "**Share Plan**") and pursuant to Section 161 of the Companies Act:

(i) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to the vesting of the Awards under the Share Plan; and

(ii) (nothwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to any Awards granted by the Directors in accordance with the Share Plan awarded while the authority conferred by this resolution was in force, and

(b) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Awards granted under the Share Plan,

PROVIDED THAT the aggregate number of Shares to be issued or transferred pursuant to the Awards under the Share Plan on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares on the day preceding that date.
[See Explanatory Note (ix)] **(Resolution 12)**

By Order of the Board

Loh Lee Eng
Joint Company Secretary

Singapore, 8 January 2018

Notes:

1. A member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 13 Woodlands Link, Singapore 738725, not less than 72 hours before the time appointed for holding the Annual General Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

EXPLANATORY NOTES:

(i) **Resolution 3** is to re-elect Mr Chia Cher Khiang as a Director of the Company. Mr Chia, upon re-election, will remain as an Executive Director of the Company.

(ii) **Resolution 4** is to re-elect Mr Ter Kim Cheu as an Independent Director of the Company. Mr Ter, upon re-election, will remain as the Lead Independent Director, the Chairman of the Nominating Committee and a member of the Audit Committee of the Company. Mr Ter Kim Cheu will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

(iii) **Resolution 5** is to re-elect Mr Wee Tian Chwee Jeffrey as an Independent Director of the Company. Mr Wee, upon re-election, will remain as an Independent Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr Wee Tian Chwee Jeffrey will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

(iv) **Resolution 6** is to re-elect Mr Lim Teck Chai Danny as an Independent Director of the Company. Mr Lim, upon re-election, will remain as an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee of the Company. Mr Lim Teck Chai Danny will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

(v) Upon his retirement, Mr Ong Eng Sing will cease as a member of the Audit Committee and the Remuneration Committee of the Company. Mr Ter Kim Cheu, the Lead Independent Director, will be appointed as a member of the Remuneration Committee of the Company to replace Mr Ong.

(vi) Please refer to the section “Board of Directors” in the annual report for the financial year ended 30 September 2017 for information on the Directors which are put up for re-election.

(vii) **Resolution 10** proposed in item 12. above, if passed, is to empower the Directors to allot and issue Shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of Shares to be issued pursuant to resolution 10 (including Shares to be issued in pursuance of Instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company, with a sub-limit of fifty per cent. (50%) for Shares issued other than on a pro rata basis (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company will be calculated based on the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company at the time of the passing of resolution 10, after adjusting for (A) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution 10, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist of the SGX-ST; and (B) any subsequent bonus issue or consolidation or subdivision of Shares.

(viii) **Resolution 11** proposed in item 13. above, if passed, is to authorise the Directors to (a) offer and grant Options in accordance with the provisions of the Scheme and pursuant to Section 161 of the Companies Act; and (b) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Options granted under the Scheme, provided always that the aggregate number of Shares to be issued or transferred pursuant to the Options under the Scheme on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares on the day preceding that date.

(ix) **Resolution 12** proposed in item 14. above, if passed, is to authorise the Directors to (a) offer and grant Awards in accordance with the provisions of the Share Plan and pursuant to Section 161 of the Companies Act; and (b) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Awards granted under the Share Plan, provided always that the aggregate number of Shares to be issued or transferred pursuant to the Awards under the Share Plan on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares on the day preceding that date.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

KIMLY LIMITED
(Incorporated in Singapore)
(Registration No. 201613903R)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________ (Name) ______________________ (NRIC/ Passport Number/ Company Regn. No.)

of ____ (Address)

being a member/members of KIMLY LIMITED (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or failing him/her (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Tuesday, 23 January 2018 at 3.00 p.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of the AGM in accordance with my/our directions as indicated hereunder. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the AGM or at any adjournment thereof.

No.	Resolutions relating to:	For	Against
	ROUTINE BUSINESS		
1	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 30 September 2017 **(Resolution 1)**		
2	Approval of Tax Exempt One-Tier Final Dividend **(Resolution 2)**		
3	Re-election of Mr Chia Cher Khiang as a Director **(Resolution 3)**		
4	Re-election of Mr Ter Kim Cheu as a Director **(Resolution 4)**		
5	Re-election of Mr Wee Tian Chwee Jeffrey as a Director **(Resolution 5)**		
6	Re-election of Mr Lim Teck Chai Danny as a Director **(Resolution 6)**		
7	Approval of Directors' fees of S$150,000 for the financial year ended 30 September 2017 **(Resolution 7)**		
8	Approval of Directors' fees of S$150,000 for the financial year ending 30 September 2018, to be paid quarterly in arrears **(Resolution 8)**		
9	Re-appointment of Messrs Ernst & Young LLP as Auditors **(Resolution 9)**		
10	Any other business		
	SPECIAL BUSINESS		
11	Approval of the Share Issue Mandate **(Resolution 10)**		
12	Authority for Directors to offer and grant options and to allot and issue new shares under the Kimly Employee Share Option Scheme **(Resolution 11)**		
13	Authority for Directors to offer and grant awards and to allot and issue new shares under the Kimly Performance Share Plan **(Resolution 12)**		

* If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ______________ 2018

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 13 Woodlands Link, Singapore 738725 not less than 72 hours before the time set for the meeting.

4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

6. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who hold shares under the Supplementary Retirement Scheme ("SRS Investor") (as may applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as his proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.

   * A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 January 2018.

The Flavours of Life

KIMLY LIMITED
(Company Registration No.: 201613903R)
(Incorporated in the Republic of Singapore on 23 May 2016)

13 Woodlands Link
Singapore 738725
www.kimlygroup.sg