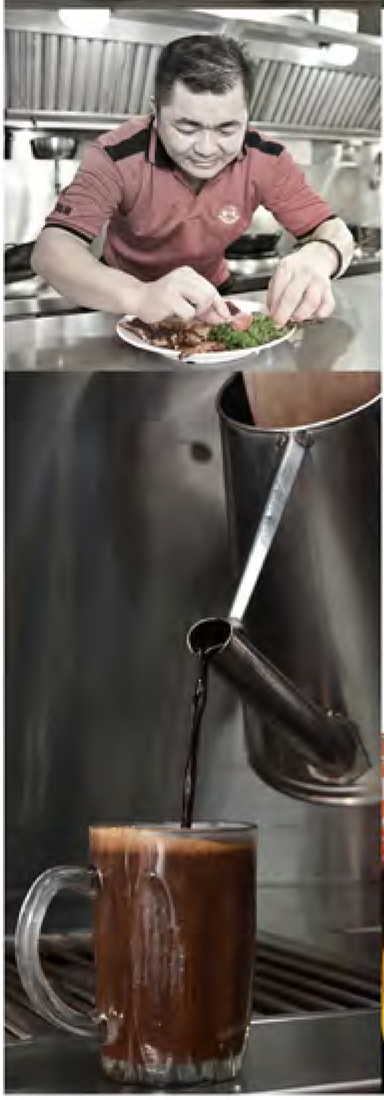


Kimly™
The Flavours of Life

Preserving Our Heritage

Progressing with Time

KIMLY LIMITED | ANNUAL REPORT 2018

CONTENTS

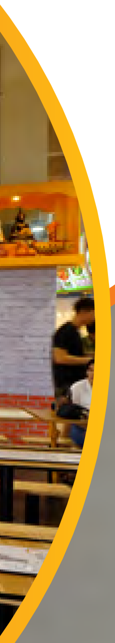
Kimly Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 March 2017. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").

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 Annual Report.

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



金味 Kimly™
The Flavours of Life

Kimly Limited (the "**Company**" or "**Kimly**", and together with its subsidiaries, the "**Group**") is one of the largest traditional coffee shop operators in Singapore with more than 25 years of experience. The Group operates and manages an extensive network of 67 food outlets under -"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.

While keeping to the heritage of a traditional coffee shop that provides affordable food for all, Kimly is also constantly modernising to keep up with the times and changing consumer trends. It has adopted cashless electronic payment systems at its food outlets and moved into the online platform for its Dim Sum and Seafood "Zi Char" products which are available through Deliveroo, Foodpanda, GrabFood and Honestbee.

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

OUR BUSINESSES

Outlet Management Division

Under our Outlet Management Division, the Group operates and manages 60 coffee shops and four industrial canteens under the "**Kimly**" brand and third party brands, and three food courts under the "**foodclique**" brand.

With our proven and established track record as a food outlet operator, we have been able to attract quality and anchor tenants with whom we have forged strong longstanding relationships. As at the date of this report, Kimly maintained a healthy occupancy rate of 98% for a total of over 500 stalls within our managed food outlets.

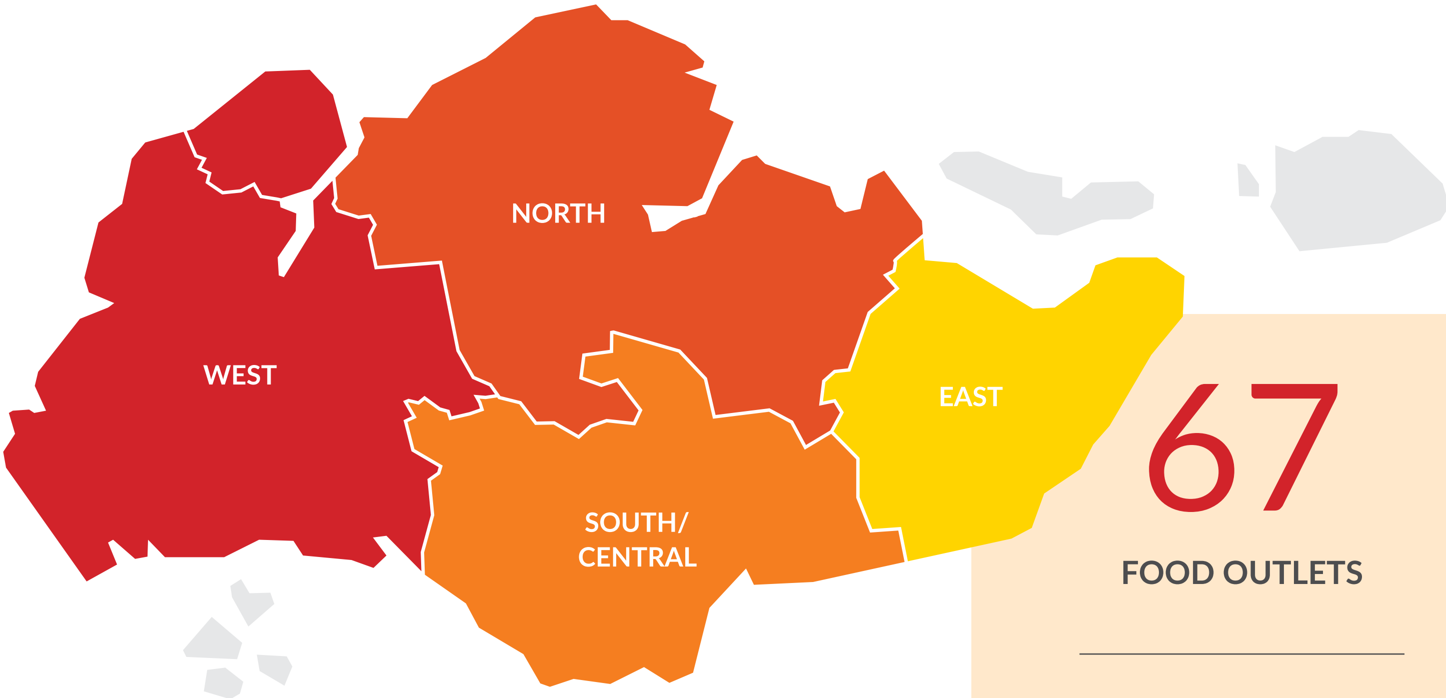
Food Retail Division

Catering to a broad and varied customer base and supported by our Central Kitchen, the Group's 129 stalls, three Tonkichi restaurants and 10 Rive Gauche confectionery shops under our Food Retail portfolio comprises:

28 Mixed Vegetable Rice	18 Rice Garden	03 Teochew Porridge	49 Dim Sum
30 Seafood "Zi Char"	01 Live Seafood Restaurant	03 Tonkichi Restaurants	10 Rive Gauche Confectionery Shops

Our Central Kitchens supply sauces, marinades and semi-finished food products to our Mixed Vegetable Rice, Seafood "Zi Char" and Dim Sum stalls.

OUR NETWORK



67

FOOD OUTLETS

129

FOOD STALLS

Our Extensive Network

The Group has an extensive network of 67 food outlets located across the heartlands of Singapore, with its food stalls serving a variety of dishes catering to consumers' diverse preferences. Approximately 40% of our food stalls are open 24 hours.

WEST	NORTH	SOUTH/CENTRAL	EAST
19 FOOD OUTLETS	17 FOOD OUTLETS	14 FOOD OUTLETS	17 FOOD OUTLETS
39 FOOD STALLS	37 FOOD STALLS	21 FOOD STALLS	32 FOOD STALLS

MESSAGE TO SHAREHOLDERS

"We therefore believe that stepping up investments in IT infrastructure and proprietary software will help to streamline our business and improve productivity."

DEAR SHAREHOLDERS

On behalf of the Board of Directors (the "**Board**"), I am pleased to share our results for financial year ended 30 September 2018 ("**FY2018**"). This is the second year of our reporting as a listed Company, and we have shown a healthy performance with growth over financial year ended 30 September 2017 ("**FY2017**").

Progressing with Time

Against the prevalent competitive food and beverage ("**F&B**") landscape and changing consumer lifestyle needs, the Group is constantly evolving and progressing to stay competitive and yet, not losing sight on preserving our heritage and standing firm on our commitment to deliver value to all our stakeholders. On 18 December 2018, we unveiled a four-pronged growth strategy to re-focus on Kimly's core business and value proposition.

With Singapore's steady economy and growing population, we continue to look for opportunities to further entrench our position as one of the largest traditional coffee shop operators in Singapore. To this end, Kimly was awarded the tender to operate one of the "productive" coffee shops in Singapore. Jointly facilitated by ENTERPRISE Singapore and the Housing and Development Board ("**HDB**"), this was a pilot tender system which awards new leases based on the newly introduced Price Quality Model ("**PQM**") that does not solely focus on price, but also on qualitative initiatives that show how operators innovate and transform traditional coffee shop formats into more efficient ones. The new model is also in line with the recommendations proposed by the government under the Food Services Industry Transformation Map, launched in September 2016.

Operational in 3Q FY2018, the Group's pioneer "productive" coffee shop, located in Bukit Batok, allows Kimly to leverage technology and other innovative features to boost productivity. The 200 seats coffee shop is outfitted with a tray return station and conveyor belts that facilitate the return of trays directly to the dishwashing area. To reward customers for returning their trays, a QR code printer will be activated to print a QR code receipt for each returned tray, for customers to receive a 10 cents rebate for their next purchase at the coffee shop. We are happy to note an increase in the tray return rate at this new coffee shop, which contributes towards the nation's goal of becoming a socially-gracious society.

In addition, there is also a separate conveyor belt that sends freshly prepared "Zi Char" dishes to the serving station, as well as self-service paying kiosks that promote cashless payment to raise operational efficiency.

During the financial year, the Group also commenced operations at a newly assigned coffee shop in Tampines, and added another new coffee shop in Ghim Moh, as well as completed refurbishment works at two coffee shops in Tampines and Jurong. We also ceased the operations of a coffee shop in Woodlands Centre as the precinct was selected for the HDB's Selective En-bloc Redevelopment Scheme and another coffee shop in Choa Chu Kang as the lease has expired and was not renewed. Additionally, we closed two underperforming food outlets in Ang Mo Kio and Jalan Sultan, bringing the total network of food outlets to 67.

In line with the changing trends towards a digital and cashless society, the Group has progressively, over the past couple of years, been rolling out digital forward initiatives. This year, we introduced the NETS QR code payment at Utown food court located at the National University of Singapore and also at the new "productive" coffee shop. The Group will be collaborating with NETS in their Call-for-Collaboration initiative where selected retailers will pilot cashless payment solutions. With this collaboration, we intend to gradually implement cashless payment options at our other food outlets island-wide in a bid to improve operational efficiency.

"The Group will be collaborating with NETS in their Call-for-Collaboration initiative where selected retailers will pilot cashless payment solutions. With this collaboration, we intend to gradually implement cashless payment options at our other food outlets island-wide in a bid to improve operational efficiency."

Another initiative is the online food delivery service where our Dim Sum has been available for online order and delivery since 2016. This year, we have expanded our food offering to include our seafood "Zi Char" dishes which are now available for online order through Deliveroo, Foodpanda, GrabFood and Honestbee.

Another noteworthy milestone in the year was the acquisition of the restaurants and confectionery business, Tonkichi and Rive Gauche Patisserie (the "**Tonkichi**" and "**RG**") from Sapporo Lion (S) Pte. Ltd, a strategic move to expand our product offerings and provide more dining options for our customers in the local market. Tonkichi has been serving authentic Japanese Tonkatsu since 1992 and currently has two outlets located in the heart of Orchard Road, Isetan Scotts and Takashimaya, while RG offers an assortment of creative and classic cakes at nine outlets located island-wide. We opened our first RG outlet, since the acquisition, in December 2018 at Clifford Centre.

Financial Performance

Allow me to first review our financial scorecard. For FY2018, we recorded net attributable profit of S$21.9 million, an increase of 2.1% over the previous year. This was achieved on the back of revenue of S$202.2 million, which grew 5.3% from S$192.1 million, lifted by organic growth from our main divisions, outlet management and food retail, as well as maiden (2.5 months) contributions from two food brands we acquired in July 2018 – Tonkichi and RG.

Our gross profit margin has remained largely unchanged at 19.9% in FY2018 (20.0% in FY2017), reflecting our relentless drive to improve efficiency at all levels of operations.

Our balance sheet remains healthy. The Group generated operating cash flow of S$9.5 million with cash and cash equivalents at the end of the financial year at S$71.7 million. As at date of this report, the Group had utilised S$14.9 million of its IPO net proceeds leaving a balance of S$28.5 million.

Rewarding Shareholders

In appreciation of the unwavering support from our shareholders, the Board is recommending a final one-tier tax-exempt cash dividend of 0.68 Singapore cents per share. Taking into account the interim dividend of 0.28 Singapore cents per share paid in May 2018, total dividend for FY2018 is 0.96 Singapore cents

MESSAGE TO SHAREHOLDERS

Net Attributable Profit (FY2018)

2.1%

S$21.9m

2017: S$21.4m

Revenue Growth (FY2018)

5.3%

S$202.2m

2017: S$192.1m

per share, representing a payout of 50.7% of the Group's net attributable profit for FY2018. This is subject to shareholders' approval at the upcoming annual general meeting ("**AGM**") on 30 January 2019.

Forward Strategy

Nearly two years since our listing on Catalist, we have assessed carefully the operating environment and how Kimly can continue to enhance shareholder value. We believe that the path lies in focusing on our core strengths, and executing four pillars of growth. These are:

1) **Expanding Footprint and Diversifying Product Offerings**

To improve economies of scale, Kimly expects to add three to five new outlets each year to our portfolio of 67 as at the end of FY2018. Furthermore, the Group is poised to secure more outlets through the PQM. While we laud the HDB for this initiative to adopt a more holistic approach to tendering such outlets, we also believe that Kimly is well placed to participate under this new approach in view of our track record, economies of scale, technology innovation and central kitchen capabilities.

We will recognise the full 12 months of revenue contributions from the Tonkichi and RG in FY2019. Plans are underway to build the online business of RG, starting with the launch of RG's newly revamped website in October 2018.

Our research indicates that customers want well-brewed iced coffee and iced tea that not only consistently tastes good, but also offer healthier options with lower sugar or milk content. The Group is in the midst of developing our own brand of Iced Kopi and Iced Teh to be sold at our drinks stalls, and expect to complete this project by March 2019.

2) **Driving Innovation and Streamlining Outlet Operations**

Keeping up with the changing trends towards a digital and cashless society, the Group has been rolling out productive initiatives such as cashless payment options and Point-of-Sale ("**POS**") systems. We also recently introduced an Enterprise Resource Planning software which is being integrated with the POS, starting with the first few outlets. Other innovations include conveyor belts for used crockery as well as partnerships with food delivery service providers – namely Grabfood, Deliveroo, Foodpanda, Honestbee and Oddle – to offer our fare to any location in the country.

3) **Synergising Central Kitchen Operations**

To support the growing number of outlets, we have expanded the Central Kitchen in Woodlands from 20,000 square feet to 36,000 square feet. Our focus is on increasing the bulk procurement, freeze-storage as well as preparation of a wider range of sauces and dim sum items centrally. This will not only ease manpower constraints at the outlets but also open up opportunities for higher sales per outlet as well as increased online delivery.

4) **Supporting Entrepreneurship and Grooming the Next Generation of Business Owners**

Food culture is an inherent part of Singapore lifestyle and Kimly believes that its combined value proposition offers a platform

– network, infrastructure and eco-system for budding F&B entrepreneurs to fulfil their aspirations. In doing so, we hope to increase tenant retention while helping to grow the local food culture. Indeed, several stall owners we have mentored have gone on to become successes in their own right, launching their own brands and opening up multiple stalls at our outlets island-wide.

I am confident that these strategies being executed by the next echelon of managers will chart a strong foundation for Kimly's growth for many years to come.

Giving Heart

Along with our focus to build a sustainable business, we also advocate the spirit of giving and helping those in need. Since 2015, we have been supporting the North West Food Aid Fund and this year, we donated S$18,000 towards the cause that requires at least S$1.0 million annually to assist an average of 1,300 needy households every month.

Another fundraiser that we are proud to be part of was the Pasir Ris-Punggol GRC Community Development and Welfare Fund Fundraising Appreciation Dinner. Aimed at the less privileged families, needy students and those who require financial and social assistance, Kimly contributed S$22,000 towards this cause.

We also partnered Pioneer Citizen's Consultative Committee, for one year, to distribute food and drinks vouchers to needy residents. They will be able to redeem free meals by presenting the meal vouchers at our coffee shops located within Pioneer constituency. Since the commencement of charitable initiative in October 2018, we are delighted to see the warm response from third party food stalls who have come forward to contribute to our efforts. 取之社会，用之社会 which also means "Giving back to society what we take from it" is a cherished virtue that has guided us from the day we started our business.

New Board Appointment

The Board is pleased to welcome Ms Wong Kok Yoong to the Board as an Executive Director. As you may be aware, she has been our CFO since June 2016, and played an important role since our IPO. With her rich experience, I believe that she will contribute much in her new capacity.

In Appreciation

In closing, I would like to thank my fellow directors for their advice and contribution to our growth story. I would also like to express my heartfelt gratitude to our business partners, landlords, food stall operators, associates, customers, suppliers and most importantly our shareholders for believing in us.

Our achievements today would not have been possible without the hard work and commitment of our staff and management team. I would like to sincerely thank them for walking this journey with me to build a growing and sustainable business at Kimly.

MR LIM HEE LIAT
Executive Chairman

“集团坚信加增对信息技术基础设施和专属软件的投资将有助于简化业务并提高生产力。”

致各位股东

我很高兴代表董事会向各位提呈集团截至2018年9月30日的财政年度（以下简称“**2018财年**”）之业绩。这是我们作为上市公司后的第二个财政年度，相较于2017年9月30日的财政年度（以下简称“**2017财年**”）集团表现出良好的业绩增长。

与时俱进

面对餐饮业的激烈竞争，以及不断变化的消费者生活方式和餐饮需求，本集团不断发展，与时俱进以保持竞争力。同时，我们依然保留传统并坚定承诺为所有利益相关者提供价值。我们于2018年12月18日公布了一项四管齐下的增长策略，重新关注金味的核心业务和价值主张。

随着新加坡经济的稳定和人口的增长，我们继续寻找机会进一步巩固我们作为新加坡最大的传统咖啡店运营商之一的地位。为此，金味被授予在新加坡经营一家“高效”咖啡店的招标。新加坡企业发展局和新加坡建屋发展局（以下简称“建屋局”）联合推出一个试点招标系统，根据新推出的价格与素质准则（以下简称“PQM”）颁发新租约，该准则不仅仅关注业者所提呈的租金价格，也关注定性举措，展示运营商如何发挥创意，将传统咖啡店模式转变为更高效的咖啡店模式,新模式也符合政府在2016年9月份推出的餐饮服务业转型蓝图中提出的建议。

本集团位于武吉巴督的首家“高效”咖啡店于2018财年第3季度开始运营，让金味能够利用科技和其他创新功能来提高生产力。这个拥有200个座位的咖啡店具备了托盘回收站和传送带，便于托盘直接返回洗碗区。为了鼓励顾客自行退回托盘，每当顾客将托盘放入托盘传送带时，感应器将会启动二维码打印机打印出一张印有二维码的收据，以便顾客下次在咖啡店消费时获得新币10角的折扣。推出这项计划后，托盘退回率有所上升，我们坚信这将有助于迈进我国创建文明和谐社会的目标。

此外，咖啡店内还设有另一个传送带，可以向服务站送出刚出炉的“煮炒”菜肴，以及自助支付服务亭来推广无现金支付，因而提高运营效率。

这一年，本集团也开始了在淡滨尼和锦茂新的咖啡店面的运作，同时还完成了在淡滨尼和裕廊两家咖啡店的翻新工作。我们也结束了在兀兰的一家咖啡馆的运营，因为该区域被建屋局纳入选择性整体重建计划，蔡厝港的另一家咖啡店也停止了运营，因为租约到期且未更新。另外，我们关闭了宏茂桥和惹兰苏丹路的两个表现欠佳的餐饮店，故咖啡店面总数为67家。

为迈向数码和无现金社会，本集团在过去几年中逐步推出数码化前瞻性计划。今年，我们在位于新加坡国立大学的Utown美食广场以及新的“高效”咖啡店推出了NETS二维码支付。本集团将与NETS合作开展征求合作计划，选定的零售商将通过该计划试行无现金支付解决方案。通过此次合作，我们打算在全岛其他咖啡店逐步实施无现金支付选项，以提高营运效率。

另一项举措是在线食品配送服务，我们的点心自2016年起提供在线订购和送餐。今年，我们扩大了食品供应，包括海鲜“煮炒”菜肴，现可通过Deliveroo，Foodpanda，GrabFood和Honestbee进行在线订购。

“本集团将与NETS合作开展征求合作计划，选定的零售商将通过该计划试行无现金支付解决方案。通过此次合作，我们打算在全岛其他咖啡店逐步实施无现金支付选项，以提高营运效率。”

今年另一个亮点是从Sapporo Lion (S) Pte. Ltd.收购日式餐厅和糕点业务Tonkichi和Rive Gauche Patisserie（以下简称“Tonkichi”和“RG”）。这一项战略举措旨在扩大我们的产品范围，并为本地市场的客户提供更多餐饮选择。Tonkichi自1992年以来一直致力于售卖原汁原味的日式炸猪排，目前在乌节路中心地带的伊势丹，高岛屋和淡槟尼有三家分店，而RG在全岛九个商店提供各种创意和经典蛋糕。自收购以来，我们于2018年12月份在中央商业区里的吉利福中心开设了首家新的RG门店。

财务业绩

请允许我先述评我们的财务表现。我们在2018财年录得净应占利润为2千190万新元，较去年同比增加2.1%。这是于收入2.022亿新元的基础上实现的，与去年的1.921亿新元相比，增长了5.3%，这得益于我们的主要部门，咖啡店管理和食品零售的增长，以及来自即集团于2018年7月份收购的两个食品品牌，Tonkichi和RG的首次（2.5个月）贡献 。

本集团的毛利率在2018财年基本保持不变，为19.9%（2017财年为20.0%），反映了我们坚持不懈地提高各级运营效率的决心和成果。

我们的资产负债表保持健康，本集团于本财年末产生了950万新元的经营现金流，现金及现金等价物为7千170万新元。截至2018年9月30日的财政年度，本集团已使用其首次公开募股净收益1千490万新元，现余额为2千850万新元。

回馈股东

鉴于我们股东的坚定支持，董事会建议最终的一级免税现金股息为每股0.68新分。计入5月份支付的每股0.28新分的2018年中期股息，2018财年的总股息为每股0.96新分，相当于本集团2018财年应占净利润的50.7%。这需要即将在2019年1月30日召开的年度股东大会上获得股东的批准。

给股东的信息

净应占利润（2018财年）

2.1%

2千190万新元

2017: 2千140万新元

收入增长（2018财年）

5.3%

2.022亿新元

2017: 1.921亿新元

前瞻策略

在凯利板上市近两年，我们仔细评估了运营环境以及金味如何继续提升股东价值。我们相信，这条道路的重点在于我们的核心优势，并执行四管齐下策略，分别是：

1)扩大市场和产品多元化

为了提高规模经济效益，我们预计将于2018财年末达到的67家咖啡店面，增加三到五家新的咖啡店面。此外，本集团准备通过PQM获得更多店铺。在赞扬建屋局采取这一更全面的方式来招标店铺的同时，我们也相信，鉴于我们的过往成就，规模经济，技术创新和中央厨房能力，金味有能力参与这一新举措。

我们将录入Tonkichi和RG在2019财年12个月的收入贡献。我们正在计划建立RG的在线业务，首部是从2018年10月份推出RG新改版的网站开始。

我们的评估显示顾客想要精心调制的冰镇咖啡和茶饮，不仅要有一贯的美味，而且还要能提供低糖和低牛奶占比的更健康的选择。本集团正在开发自己的品牌冰镇咖啡和茶饮，将在集团旗下的饮料档口出售，预计在2019年3月份前完成该项目。

2)促进创新并简化运作流程

为了跟上数码化和无现金社会不断变化的趋势，集团一直在推出诸如无现金支付选项和销售网点（以下简称“POS”）系统等一系列有成效的举措。我们最近还推出了一个企业资源规划软件，该软件与POS集成现于几个店面开始试用。其他创新举措还包括用于餐具的传送带以及与食品配送服务提供商（即Grabfood，Deliveroo，Foodpanda，Honestbee和Oddle）的合作伙伴关系，以便将我们的食品提供给国内各个地区。

3)改善中央厨房运作

为了应付店面数量的增长，我们将兀兰的中央厨房从20,000平方英尺扩展到36,000平方英尺。我们着重增加批量采购，冷冻储存以及集中准备更多种类的酱料和点心类产品。这不仅可以节省店面对人力的需求，还可以为每个店面提供更高的销售额以及增加在线订购和送餐。

4)支持创业并培养下一代餐饮业者

饮食文化是新加坡生活方式的根本，金味认为其综合价值主张提供了一个平台- 网络，基础设施和生态系统 - 让刚崭露头角的餐饮企业家实现他们的抱负。在此过程中，我们希望在帮助发展当地饮食文化的同时提高租户保留率。事实上，我们指导的几个摊主已经凭借自己的力量取得了成功，推出了自己的品牌，并在全岛各地开设了多个摊位。

我相信，这些由下一代管理人员执行的策略将为金味未来多年的发展奠定坚固的基础。

奉献爱心

除了致力于建立可持续发展的业务外，我们还提倡服务精神，挺身帮助弱势群体。自2015年以来，我们一直支持西北食品援助基金。今年，我们向该基金捐赠了18千新元。该基金每年至少需要100万新元来帮济每月平均1千3百个贫困家庭。

我们引以为豪的另一个筹款活动是白沙–榜鹅集选区社区发展和福利基金筹款晚宴。该活动是针对贫困家庭，贫困学生以及需要经济和社会援助的人，金味为此活动捐款22千新元。

我们还与先驱市民咨询委员会合作了一年，向有需要的居民分发食品和饮料券。他们可以通过我们在先驱的咖啡店出示这些优惠券来兑换免费餐点。自我们在2018年10月份展开这项慈善活动以来，我们很高兴看到第三方食品摊位对这项活动的接纳和参与。取之社会，用之社会也意味着"用我们从社会中获取的东西回馈社会"，这是一种值得珍惜的美德，它从我们创业之日起就一直引导着我们。

新董事任职

董事会很高兴欢迎王国蓉女士担任董事会执行董事。诸如各位所知，她自2016年6月份起担任我们的首席财务官，也在我们首次公开募股以来，扮演了重要的角色。凭借着她丰富的经验，我相信她将为她的新职位做出更多贡献。

致谢

最后，我要感谢我的董事们对集团成长轨迹提供的建议和做出的贡献。我还要向我们的商业伙伴，店主，食品摊位经营者，员工，客户，供应商以及最重要的是我们的股东表示衷心的感谢。

如果没有我们的员工和管理团队的辛勤工作和奉献，就没有我们今天的成就。我真诚地感谢他们和我一起走过这段旅程，给金味建立起一个不断进步和可持续发展的业务。

林喜烈先生
执行主席

BOARD OF DIRECTORS

Mr Lim Hee Liat

Executive Chairman

- Member of the Nominating Committee

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 Chia Cher Khiang

Executive Director

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.

Ms Wong Kok Yoong

Finance Director

- Appointed on 29 November 2018

Ms Wong has been appointed as the Finance Director of Kimly with effect from 29 November 2018. She held the position of Group CFO since June 2016, and has been 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 multi-national 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 at Ernst & Young LLP, Singapore when she left in 2013.

Ms Wong graduated with a Bachelor of Accountancy 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.

Mr Ter Kim Cheu

Lead Independent Director

- Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees

Mr Ter Kim Cheu 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. Having retired from the Singapore Legal Service, Mr Ter is now a member of the Strata Titles Boards and Audit Committee 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.

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

- Chairman of the Audit Committee and a member of the Remuneration Committee

Mr Wee Tian Chwee Jeffrey's professional experience includes the audit of diverse companies ranging from small and medium enterprises to Singapore Listed Companies and multinationals. 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

- Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees

Mr Lim Teck Chai Danny has more than 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, Stamford Land Corporation Ltd and Choo Chiang Holdings 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.

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.

MEDIA AND INVESTOR ENGAGEMENT

On 18 December 2018, three members of our management team sat down with the media and investor community to present the Group's Corporate and Business Update.

END OF YEAR: *Ms Wong Kok Yoong, CFO & Finance Director and Mr Tan Chong Sing, Head of Special Projects and HR engage with the media to shed some light on Kimly's achievements in 2018.*

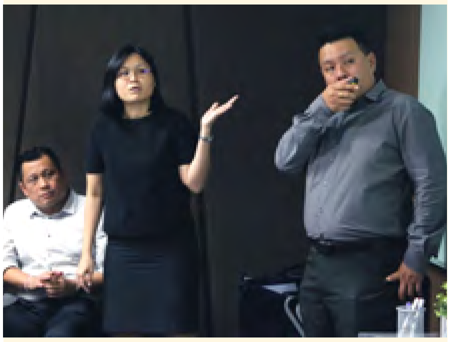
It was a hectic day for Ms Wong, Mr Tan and Mr Yeo, who first held a closed-doors session with members of the media in the morning.

BURNING QUESTIONS: *Mr Ronnie Yeo, Business Development Manager responds to queries from the journalists.*

In the afternoon, it was time to meet investors and analysts in a conference room at Samsung Hub.

FULL HOUSE: *The conference room was fully packed with almost 40 investors and analysts attending.*

The management team took turns engaging with participants in a discussion about Kimly's core business and plans for the future.



TIME TO INVEST: *Ms Wong, Mr Tan and Mr Yeo go through Kimly's performance in 2018 and its outlook for 2019.*

The turnout exceeded our expectations and highlights the investor community's growing interest in Kimly

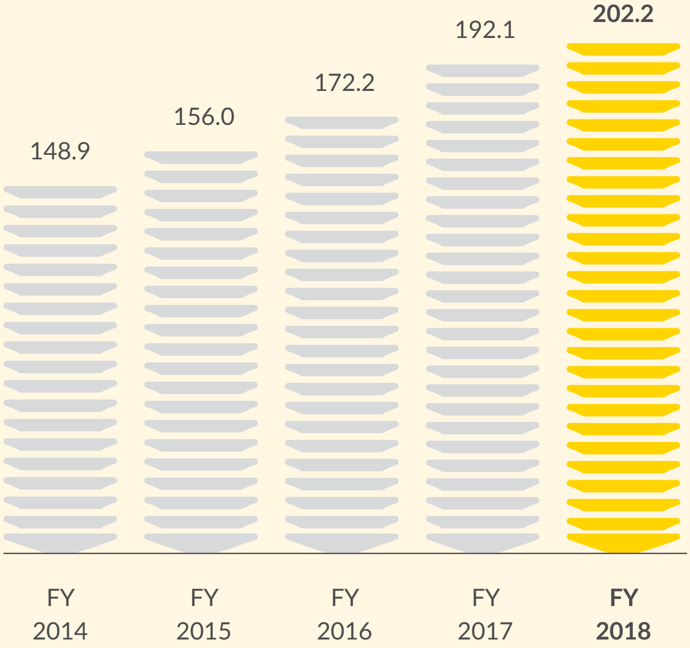
DIGGING DEEPER: *Investors and analysts had ample time to have all their questions answered after the presentation.*

In a nearly three-hour long session, Ms Wong, Mr Tan and Mr Yeo engaged with investors and analysts to discuss Kimly's forward-looking strategies for 2019 and beyond.

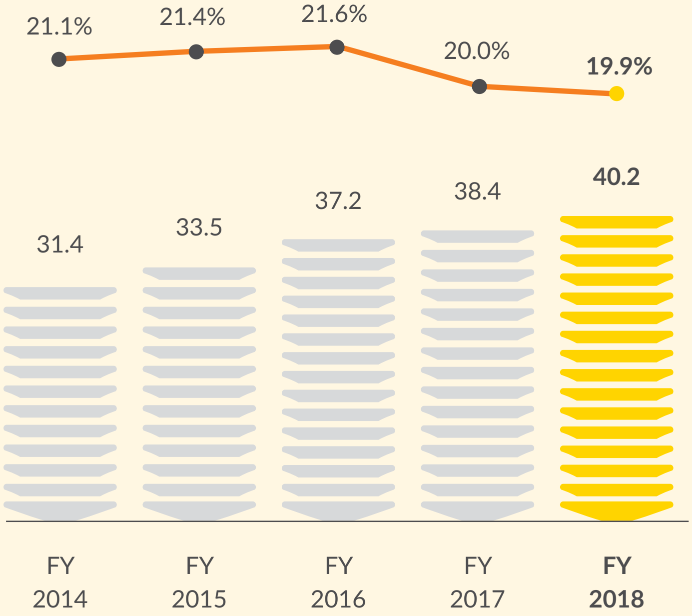
QUESTIONS ANSWERED: *Mr Tan does his best to answer all questions and help the investor community better understand Kimly's business.*

FINANCIAL HIGHLIGHTS

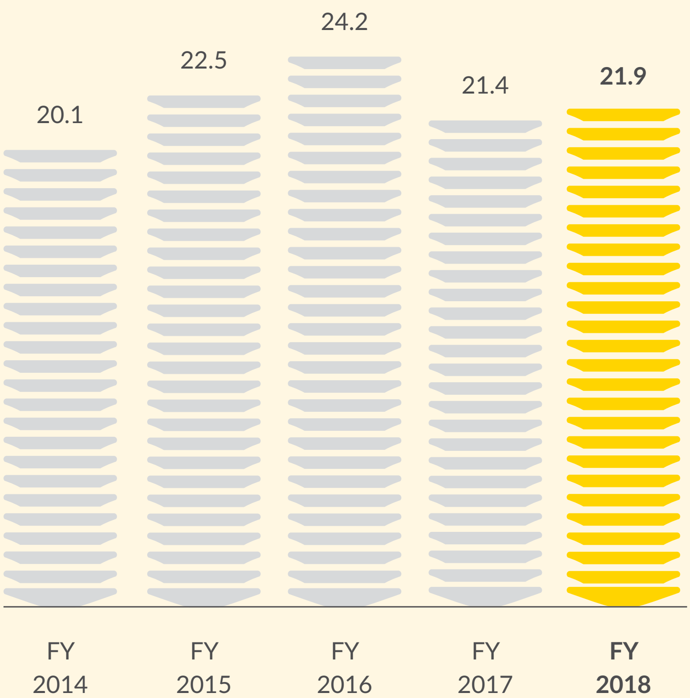
Revenue (S$'M)



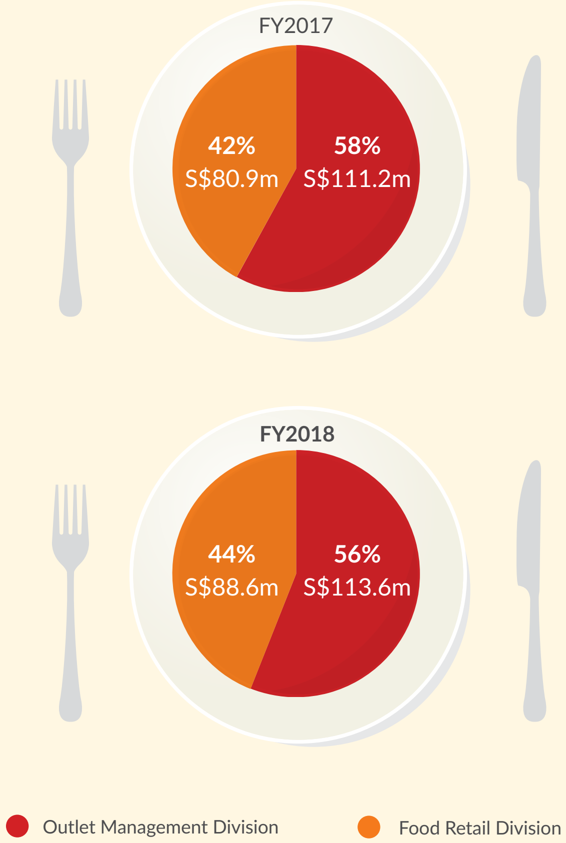
Gross Profit (S$'M) & Gross Profit Margin (%)



Profit for the year (S$'M)



Revenue Breakdown by Business Segment



FINANCIAL REVIEW

Review of the Group's Financial Performance

Revenue

The Group achieved record revenue of S$202.2 million in FY2018 compared to S$192.1 million in FY2017. The increase of S$10.1 million was mainly due to two factors. First, higher contributions of S$2.4 million from the Outlet Management Division following the commencement of operations of new coffee shops and drinks stalls in the later half of FY2017. These new outlets gave rise to an increase in income from the sub-leasing of stalls and the provision of related cleaning and utilities services. Second, higher contributions of S$7.7 million from the Food Retail Division, driven by the new food stalls as well as *Tonkichi* and *Rive Gauche*, being the restaurants and confectionery businesses that the Group acquired in July 2018.

Cost of Sales

In tandem with the higher revenue, cost of sales increased by S$8.4 million to S$162.0 million in FY2018. The increase was mainly due to three factors. Employee benefits expenses (for Central Kitchen and outlet/stall staff) rose by S$2.5 million as more staff were added for coffee shops and food stalls which commenced operations in FY2018 as well as the newly acquired *Tonkichi* and *RG* businesses. Along the same vein, operating lease expenses increased by S$4.0 million. Moreover, cost of goods rose by S$1.1 million in line with higher revenue. Cost of sales as a percentage of total revenue remained constant at 80.1% in FY2018 compared to 80.0% in FY2017.

Gross Profit

With the higher revenue, gross profit rose 4.5% or $1.7 million to S$40.2 million in FY2018. Gross profit margin steadily maintained at 19.9% compared to 20.0% in FY2017.

Operating Expenses

Selling and distribution expenses rose by S$0.8 million due mainly to higher online food delivery fees, pest control services, and cleaning and packaging materials expenses, in line with the higher revenue.

Administrative expenses increased from S$13.0 million in FY2017 to S$14.0 million in FY2018 due to higher employee benefits expenses by S$1.0 million arising from increases in headcount and salaries, incentive bonuses for executive directors, higher depreciation of property, plant and equipment by S$0.6 million in line with the increase in property, plant and equipment, and higher professional fees of S$0.4 million. The overall increase was offset by the absence of one-off listing expenses of S$1.0 million incurred in FY2017.

Net Profit

In view of the above, the Group recorded a healthy net profit attributable to owners of the Company of S$21.9 million, an increase of 2.1% compared to S$21.4 million in FY2017.

> "Higher contributions of S$7.7 million from the Food Retail Division, driven by the new food stalls as well as *Tonkichi* and *Rive Gauche*."

Review of the Group's Financial Position

The Group's financial position as at 30 September 2018 was healthy, with a cash position of S$71.7 million.

The Group's total assets rose to S$115.8 million as at 30 September 2018 from S$106.2 million a year earlier.

Non-Current Assets

The Group's non-current assets increased by S$9.7 million on the back of higher intangible assets of S$3.3 million, additions in property, plant and equipment of S$4.5 million and increase in other receivables (non-current) of S$3.5 million. These were offset by depreciation, write-off of property, plant and equipment and amortisation of intangible assets of S$2.5 million, S$0.2 million and S$0.3 million, respectively. Intangible assets increased mainly due to the brand value arising from the acquisition of *Tonkichi* and *RG* businesses of S$0.9 million, increase in lease assignment fees of S$2.3 million paid to a previous tenant of the Group's leased premise when the lease was transferred to the Group during 3Q FY2018, as well as additions to computer software of S$0.1 million.

The additions of property, plant and equipment of S$4.5 million attributable to (i) construction in-progress in respect of an extension of the Group's four storey annex factory building, (ii) additions of motor vehicles, (iii) additions to renovations and equipment with the opening of our new coffeeshops and food stalls in FY2018, (iv) provision for restoration costs, and (v) additions arising from acquisition of Tonkichi and RG businesses of S$0.7 million.

Other receivables (non-current) comprised (i) the refundable deposits relating to rental deposits placed with lessors for the

FINANCIAL REVIEW

leases of coffee shops, restaurants and confectionery shops which are due to expire in more than one year and recoverable upon termination or expiration of the leases, amounting to S$5.3 million, (ii) the non-current portion of staff loans amounting to $0.2 million as at 30 September 2018 (30 September 2017: S$4.5 million and S$0.1 million respectively), and (iii) the consideration receivable of S$2.6 million pursuant to the rescission of the acquisition of Asian Story Corporation Pte. Ltd.

Current Assets

Current assets increased by S$1.3 million due mainly to an increase in trade and other receivables of S$14.3 million and higher prepayments for purchase of equipment of S$0.5 million. This was partially offset by a decline in cash and cash equivalents and inventories by S$13.4 million and S$0.1 million respectively.

The decrease in cash and cash equivalents was mainly due to additions of property, plant and equipment and intangible assets of S$6.9 million; payments related to the acquisition of the Tonkichi and RG businesses of S$1.8 million, payment of dividends of S$11.1 million; and purchase of treasury shares of S$0.8 million, offset by the cash generated from operating activities of S$7.2 million.

Current Liabilities

Total liabilities as at 30 September 2018 stood at S$32.2 million, little changed from S$32.5 million a year earlier.

Current liabilities decreased by S$0.8 million as trade and other payables declined by S$1.2 million due to a decrease in payable for the purchase of property, plant and equipment and intangible assets of S$0.9 million. This was mitigated by an increase in tax payable of S$0.3 million and a provision of restoration cost of S$0.1 million.

Non-Current Liabilities

The Group's non-current liabilities increased by S$0.4 million due to an increase of S$0.2 million in the non-current portion of rental deposits from tenants, and a provision of restoration costs of S$0.1 million.

Statement of Cash Flow

The Group generated net cash of S$7.2 million from operations in FY2018. This came from operating cash flows before changes in working capital of S$27.7 million and interest income of S$0.7 million, offset by net working capital outflows of S$18.2 million and income tax paid of S$2.9 million. The net working capital outflows were due to an increase of S$17.8 million in trade and other receivables; a rise of S$0.5 million in prepayments; a decrease of S$0.1 million in trade and other payables, partially offset by a decrease of S$0.2 million in inventories.

The Group's net cash flows used in investing activities amounted to S$8.7 million, mainly due to net cash outflow of S$1.8 million for the acquisition of the *Tonkichi* and *RG* businesses, and purchase of property, plant and equipment and intangible assets of S$4.3 million and S$2.5 million, respectively.

Net cash flows from financing activities of S$12.0 million during FY2018 were maining attributable to payment of dividends of S$11.1 million, and purchase of treasury shares of S$0.8 million.

As a result, net cash and cash equivalents decreased by S$13.4 million in FY2018.

CORPORATE INFORMATION

Registered Office

13 Woodlands Link
Singapore 738725
Tel: (65) 6289 1605
Fax: (65) 6280 1605

Website

www.kimlygroup.sg

Board of Directors

Mr Lim Hee Liat
Executive Chairman

Mr Chia Cher Khiang
Executive Director

Ms Wong Kok Yoong
Finance Director

Mr Ter Kim Cheu
Lead Independent Director

Mr Wee Tian Chwee Jeffrey
Independent Director

Mr Lim Teck Chai Danny
Independent Director

Audit Committee

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

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: Tan Swee Ho
(since financial year ended 30 September 2016)

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))

SUSTAINABILTY REPORT

CONTENTS

EXECUTIVE CHAIRMAN'S MESSAGE

Dear Stakeholders,

We are very pleased to present the inaugural Sustainability Report of Kimly Limited ("Kimly").

Kimly's core vision is to be the preferred coffee shop operator by food stall operators and customers. In order to achieve this, Kimly endeavours to develop a sustainable food value chain that pays particular attention to four key areas, namely Food Health & Safety for our customers, Occupational Health & Safety for our staff, Protecting the Environment, and Creating Employment and Job Opportunities for local communities.

Kimly is committed to upholding high food quality and safety standards. To achieve and maintain such standards, we implement stringent supplier selection and strict food safety control measures in all stages of our operations, from food storage to preparation, and to food stalls management. We endeavour to serve wholesome food products to our customers.

The Group has implemented detailed operating procedures to ensure employee health and safety. We commit to protect our employees from safety hazards and strive for zero safety incidents in our operations.

Kimly endeavours to develop a sustainable foodservice business operation. We have implemented measures to reduce the environmental impacts of our daily operations. We will continue to invest in increasing the efficiency of our kitchen and food stall equipment to achieve our environmental sustainability goals.

Kimly is a strong advocate of giving back to the society. As we expand and grow, we hope to be able to create more job opportunities for middle-aged locals in the areas of food retail and coffee shop management.

Kimly values the opinions of its stakeholders. Through active engagements with stakeholders, we have developed a deeper understanding of the concerns of our customers, suppliers, vendors, employees, shareholders and regulators. The Group takes into account the concerns of the abovementioned stakeholders when it plans for the future.

The Group is committed to consciously seek sustainable ways to operate our business and will continue to place emphasis on good sustainability practices.

Sincerely,
MR LIM HEE LIAT
Executive Chairman

KIMLY'S SUSTAINABILITY STORY

Sustainability Philosophy in Foodservice

At Kimly, we endeavour to benefit the economy, environment and society through the development of a sustainable food value chain.

Sustainable Food Value Chain[1]

We adopt a holistic and responsible approach to sustainable development and simultaneously consider the short-term and long-term economic, environmental and social impacts of the decisions we make. In order to operate in line with our sustainability philosophy, sustainability agenda is taken into consideration in the setting of key performance indicators ("**KPIs**") and management incentives. By offering healthier and safe food options at reasonable prices, we have been able to ensure that our customers can consume nutritious meals which are affordable at our various neighbourhood coffee shops. We have started to offer brown rice at our Mixed Vegetable Rice stalls. We have conducted calorie count for the food served at our food courts in the universities, and displayed Health Promotion Board's ("**HPB**") healthier choice logo on food which contains less than 500 calories per serving.

[1] Sustainable Food Value Chains Knowledge Platform. Retrieved from: http://www.fao.org/sustainable-food-value-chains/what-is-it/en/

KIMLY'S SUSTAINABILITY STORY

Due to the perishable nature of our raw materials, our central kitchen makes daily deliveries to our food stalls so that the food prepared at our food stalls are always fresh and safe for our customers.

Apart from ensuring no hygiene lapses in the areas of food storage and food preparation, we source our ingredients from licenced, AVA-approved suppliers and adopt a First-Expired-First-Out System to ensure quality and freshness of our ingredients.

In addition to our focus on food health and safety and occupational health and safety matters, Kimly continues to actively pursue environmental-friendly ways in its daily operations through equipment upgrading and pollution prevention to achieve resource efficiency. We are also actively contributing to the society by creating employment and job opportunities for the local communities where we operate in.

We have also continuously expanded our presence in the various neighbourhoods of Singapore thus creating more job opportunities for potential hawkers and workers. The manpower requirement at each new coffee shop is about 8 to 10 employees and another 6 to 8 if we provide the cleaning services in-house.

Sustainability Targets

The Group recognises the importance of food health and safety compliance at our food stalls and will continue to strive for a zero-incident rate.

We believe that employees are the organisation's greatest assets. The Group is committed to nurture and groom all employees and stretch them to their fullest. We will continue to provide opportunities for our staff to upgrade their current skillsets or pick up new skills.

Environmentally, we are committed to reducing our carbon footprint as far as possible. We are currently exploring the use of more eco-friendly-materials for packaging and using energy and water saving equipment in our coffee shops.

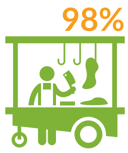
Active involvement in charities and implementation of socially responsible practices at home and overseas enabled us to achieve greater customer loyalty and community support. We aim to collaborate more strategically with various stakeholders such as non-profit organisations and academic institutions to bridge the gap between the Group and the local communities.

Daily deliveries from
central kitchen to food stalls

Fresh and safe food
for customers

No hygiene lapses in food
storage and food prepartion

Ingredients from licenced,
AVA-approved suppliers



98% occupancy rate at
Kimly's 500 food stalls

Noteworthy Achievements

The Group's continual success for the past 28 years enabled us to continue to enhance enterprise value for shareholders and provide better options for our customers.

Kimly enjoys the distinction of being one of the largest traditional coffee shop operators in Singapore. It enjoys a 98% occupancy rate at its 500 food stalls in Singapore. Kimly is also a well-established food stall operator, operating one of the largest chains of Dim Sum, "Zi Char" and Mixed Vegetable Rice stalls in Singapore. The food stalls operated by Kimly are supported by well-equipped central kitchens.

ORGANISATION PROFILE

Company Name: Kimly Group Limited

Company Headquarters: Singapore

Founded: 1990; listed on Catalist of Singapore Exchange Securities Trading Limited ("SGX") in March 2017

Kimly Limited is one of the largest traditional coffee shop operators in Singapore that has been in operations since 1990. It has 2 business divisions, namely Outlet Management and Food Retail.

Outlet Management

Kimly's outlet management division engages in the sale of food, beverages, and tobacco products; leasing of food outlet premises to tenants; and provision of cleaning and utilities services to tenants, as well as management services to third party coffee shops. The Group operates and manages 60 coffee shops and four industrial canteens under the "Kimly" brand and third party brands, and three food courts under the "foodclique" brand.

Food Retail

The food retail division is involved in the retailing of cooked food directly to consumers through the Group operated 28 Mixed Vegetable Rice stalls, 18 Rice Garden stalls, three Teochew Porridge stalls, 49 Dim Sum stalls, 30 Seafood "Zi Char" stalls and one Live Seafood restaurant. The Group operates 3 central kitchens that supplies sauces, marinades and semi-finished food products to its 129 food stalls, which enables it to have better control over its business processes and generate cost savings. The Group's acquisition of Tonkichi and Rive Gauche Patisserie businesses in July 2018 further expanded Kimly's product offerings to provide more dining options for customers in the local market.

The Group completed the construction of a new annex building in the fourth quarter of the financial year ended 30 September 2017, the final phase of upgrading of the existing Central Kitchen is to be completed by 2HFY2019. The new facilities are equipped with new equipment, machinery and software that will help increase operational efficiencies.

Please refer to the other sections of the Annual Report for our financial performance in FY2018.

3 central kitchens that supplies sauces, marinades and semi-finished food products to its 129 food stalls.

ETHICS AND INTEGRITY

Code of Conduct

Kimly places a strong emphasis on ethics and compliance in its daily operations and interaction with suppliers. On a Group level, we practise a Suppliers Code of Conduct ("**Code**") which applies to all current and future suppliers. All key suppliers are required to comply with the Code. By complying with the Code, Suppliers commit that all their business dealings are handled with integrity, transparency and honesty.

No form of fraud, corruption, bribery, extortion or other behaviour involving improper benefits will be tolerated. Any situation that has actual, perceived or potential conflicts of interest must be disclosed to the Group.

In the course of conducting our business, the Group recognises that there will be occasions when it is appropriate, out of courtesy and relationship building, to give or receive small gifts of nominal value or provide and receive modest business entertainment to or from our business associates. However, the Group is committed to conducting all business without undue influence. The Code requires us to exercise good judgement and practice moderation in giving and receiving business gifts and entertainment. Suppliers must not enter into transactions with our employees that create a conflict of interest.

Suppliers must respect the Group's intellectual property, trade secrets and all other confidential, proprietary or sensitive information, and may not use or disclose any such information except in accordance with the terms of their contract with the Group, and for the benefit of the Group.

It is the responsibility of the supplier to ensure its employees and representatives understand and comply with this Code. Failure to adhere to the Code may be grounds for the Group to terminate the supplier relationship, depending on the circumstances and the seriousness of the violation. All reported instances of breaches and non-compliance will be investigated fairly and thoroughly.

Whistle-blowing Policy

The Company has in place a whistle-blowing policy endorsed by the Audit Committee ("**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.

Anti-corruption

GRI 205-1, 205-2, 205-3

Integrity, responsibility and accountability are the core principles of Kimly. There is an Employee Code of Conduct in place that reiterates Kimly's firm position against corruption and bribery and provides a framework for all staff to adhere to in their dealings with customers, business partners and other colleagues. Our stand against corruption and bribery is also clearly communicated to all our business partners before they commence dealings with our Group. Under our Code, suppliers are expected to comply with applicable anti-corruption laws and regulations.

In FY2018, there were no reported cases of corruption.

Dealing in Securities

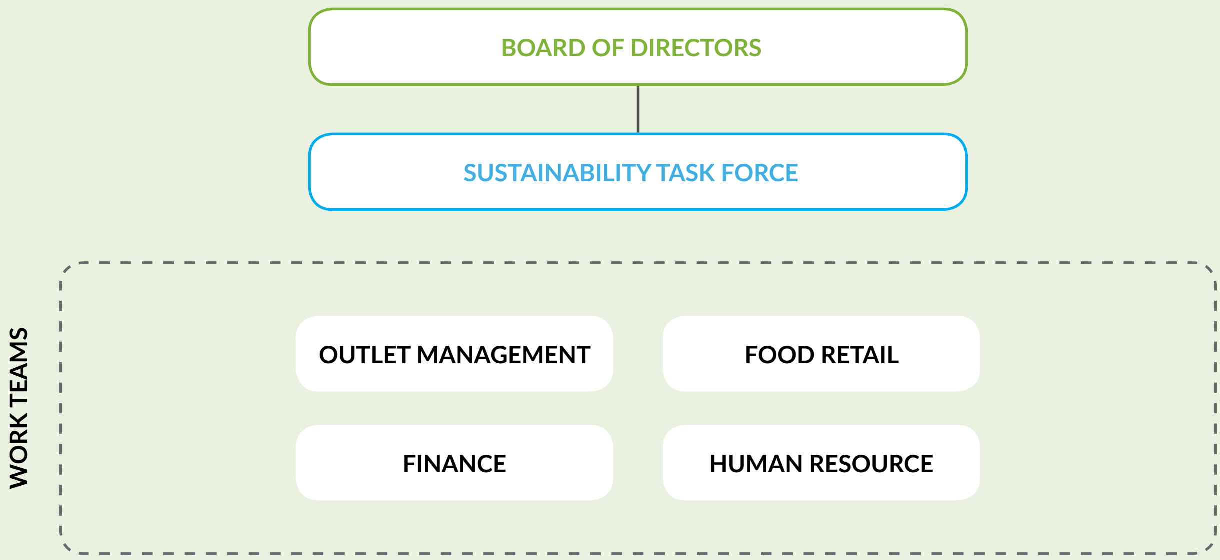
The Company has issued a guideline on share dealings to its Directors and officers (including employees with access to price sensitive information on the Company's shares) of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider 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 release of the announcement. They are also discouraged from dealing in the Company's shares on short term considerations.

The Board confirms that for FY2018, the Company, its Directors and Officers have complied with Rule 1204(19) of the Rules of Catalist.

GOVERNANCE AND STATEMENT OF THE BOARD

Established to drive Kimly's sustainability efforts, the Board oversees the Group's sustainability reporting framework by monitoring the environment, social and governance issues that impact the Group's sustainability of its business the Group's Sustainability Taskforce comprising key management personnel and representatives from various business units is responsible for formulating the sustainability framework, spearheading initiatives and monitoring its sustainability performance. The Taskforce is chaired by the Head of Outlet Operations and reports to the Board of Directors.



The Taskforce reviews the Group's sustainability objectives, challenges, targets and progress to align with strategic direction of the Group, and supervises the work teams in implementing and tracking sustainability data and progress. The Board oversees the process to engage stakeholders and identify material topics. The Board has considered sustainability issues as part of our strategic formulation, approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored.

The Group also adopts a precautionary approach in strategic decision making and daily operations by implementing a risk management framework. Please refer to the 'Corporate Governance Report' in the Annual Report for more details.

STAKEHOLDER ENGAGEMENT

The Group understands sustainable growth is dependent on meeting and exceeding the expectations of our key stakeholders. We determine the material topics based on the principle of materiality to stakeholders.

We value involvement of all of our stakeholder groups and use a variety of channels to engage with them as well as collect their feedback. We identify stakeholders as groups that have an impact, or have the potential to be impacted by our business, as well as those external organisations that have proficiency in areas that we consider material. The feedback we receive from our stakeholders helps us determine our material topics and identify our focus areas.

The following table summarises our key stakeholders, engagement platforms and their key concerns.

Stakeholders	Engagement Platforms	Areas of Concern	Section Reference
Customers	• Customer surveys/reviews • Advertisements/media Campaigns	• Food Safety & Hygiene • Variety of food • Customer Service and Food Quality	• Food Health and Safety • Customer Safety
Employees	• Regular dialogues • Team bonding events • Service appraisal & staff recognition	• Remuneration and benefits • Training and development • Health and safety • Career & Development Opportunities • Customer Relationship Management skills	• Our People
Stallholders	• Daily interactions • Regular feedback sessions	• Food court environment and maintenance • Sustaining customer brand loyalty	• Occupational Health and Safety • Food Health and Safety
Suppliers	• Supplier evaluation • Supplier management	• Positive supplier relationship management	• Food Health and Safety • Code of Conduct
Community	• Corporate social responsibility programmes • Sponsorships • Corporate Donations	• Community engagement services	• Contributions to Our Community
Government and Regulators	• Industry seminars • Focus group discussions	• Food safety compliance with National Environmental Agency ("NEA") and Agri-Food and Veterinary Authority of Singapore ("AVA") • Economic performance	• Food Health and Safety • Environment Compliance • Annual Report
Shareholders and Investors	• SGX announcements • Annual reports • Quarterly reports and updates • Annual General Meetings • Sustainability Reports	• Economic performance • Anti-corruption policy • Business Performance plans • Capital management strategy	• Anti-Corruption • Annual Report

REPORTING PRACTICE

Our first sustainability report is produced in accordance to the GRI standards "Core" option covering our Group's performance from 1 October 2017 to 30 September 2018.

The GRI standards represent the global best practices for reporting on economic, environmental and social topics.

The report also incorporates primary components of report content as set out by the "Comply or Explain" requirements on sustainability reporting by the Rules of Catalist.

GRI does not require external assurance and this year the Group has chosen not to obtain external assurance. Nevertheless, the Group's Sustainability Taskforce will subsequently review the option for external assurance of its sustainability report.

This report supplements the Group's 2018 Annual Report and is available online at: www.kimlygroup.sg. Detailed section reference with GRI Standards is found at GRI Standards Content Index section of this report.

The Group's material topics are identified based on their impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

Material Topics	Boundaries
ECONOMIC	
Anti-corruption Indirect Economic Impacts	The Group
ENVIRONMENTAL	
Materials Energy Emission Water Effluents and Waste Environmental Compliance Supplier Environmental Assessment	The Group
SOCIAL	
Employment Occupational Health and Safety Training and Education Diversity and Equal Opportunity Non-Discrimination Child Labour Local Community Customer Health and Safety	The Group

OUR CUSTOMERS

As a reputable food service provider, ensuring customer health and safety has been, and will always be our topmost priority. The Group is extremely stringent in our food safety standards and practices, and we strictly comply with local food safety regulations. We strive to have a zero-incident rate by always prioritising cleanliness and food hygiene in our daily operations.

Food Health and Safety

GRI 416-1, 416-2

Kimly has always believed in serving our customers healthy, safe and tasty food choices. As a renowned and trustworthy food service provider, achieving and maintaining high quality and safety standards along our food value chain is essential in delivering quality prepared food that is safe for consumption. As such, the Group is judicious in our selection of suppliers and food vendors.

Supplier Selection

Product quality and reliability of suppliers' services such as timeliness of delivery are extremely essential factors of consideration in our supplier selection to assure the freshness, quality and safety of our ingredients. Another supplier assessment criteria is the total cost of ownership which includes unit price, payment terms, rebates offered and other qualitative costs to ensure the economic sustainability of our food value chain.

Procurement Process

Our procurement process covers the following areas:

1. Inventory Control
2. Storage of goods
3. Vendors feedback
4. Receiving of goods
5. Products purchased from approved suppliers' list
6. Month-end inventory report

The Group only procures from approved suppliers that produce, package, store and deliver products in accordance with good manufacturing practices prevailing in their respective industries. To ensure freshness of our food, we prioritise local suppliers with at least an AVA "B" Grade. Suppliers are expected to provide goods and services that consistently meet our required specifications, especially for product quality and timeliness of product delivery.

In order to offer our customers healthier food choices, we went the extra mile to procure primarily from suppliers of Healthier Ingredients. Our main supplier for vegetable oil and rice participates in Health Promotion Board's Healthier Ingredient Development Scheme ("**HDIS**") and is one of the suppliers of Healthier Ingredients. The Group has also made brown rice as an available option at our Mixed Vegetable Rice Stalls to better serve customers who are on a wholegrain diet.

Food Storage

Other than ensuring food quality and safety at the procurement stage, the Group also implements comprehensive food storage policies to keep our food products fresh and wholesome. Our central kitchen adopts a minimum inventory policy, and most of the semi-finished food products are prepared and sent to our food stalls daily via chilled delivery trucks to maximise freshness of the food products.

In addition, ingredients at our food stalls are kept in chillers and freezers and the temperatures are monitored daily. Expiry dates on the food and ingredient packaging have to be checked before use. This ensures that the storage conditions are optimised to maintain the freshness of the ingredients stored.

Food Preparation

In the stage of food preparation, Kimly adopts very stringent food hygiene practices and guidelines. Daily inspections are conducted on all food handlers to monitor their physical state and personal hygiene. The food manufacturing division and areas such as food delivery vehicles and food storage areas are also inspected daily for cleanliness and neatness. Food handlers who return from medical leave have to be checked by the supervisor to ensure that all symptoms are cleared before they commence work. All employees involved in food preparation are required to comply with these practices. Employees who are involved in handling food are required to attend and pass the Basic Food Hygiene Course.

Food Stalls Management

Kimly ensures that all food stall owners are aware of the importance of health and safety compliance before a stall is leased out to them. This ensures consistent food safety awareness and practices across all levels of the Group.

In addition, each food stall is monitored by Assistant Executive Chefs who ensure that the food products sent from our central kitchen are properly handled according to the Standard Operating Procedures ("**SOPs**") implemented by the Executive Chefs.

We have assembled a quality and compliance assurance team ("**QC Team**") comprising executive chefs of each food division. The QC Team is headed by the Head of Outlet Operations. The QC Team periodically conducts surprise visits at each food outlet and food stall. Photographs of non-compliance with regulations are taken and notes are documented by our administration team. Immediate rectification actions are required to be taken and these actions will be monitored, recorded and verified by Head of Outlet Operations before closing the case. This ensures food vendors' compliance with SOPs in areas of food storage and supplier management.

Following NEA's step up on checks on food establishments, demerit points were issued to some outlets due to isolated incidences of hygiene lapses in FY2018. We have since taken necessary actions and strengthened the enforcement of proper hygiene checks and practices in our food outlets to prevent recurrence of such incidences.

Out of the 129 food stalls we operate, 24 have achieved the "A" grading and 101 have achieved the "B" grading, 4 are new and have yet to receive their grading reports.

Customer Safety

GRI 416-1

Other than ensuring food safety, Kimly is committed to providing a safe environment for our customers when they dine at our food outlets. We implement measures to ensure the protection of our customers from safety hazards. Slippery floor warning signs are placed prominently at areas where floors are more susceptible to water spillage, and when floors are mopped. We take extra care in the selection of non-slip floor tiles in all our food outlets. There is also a dedicated team of general washers who are scheduled to visit each of our food outlets at least once a month to scrub the floor and remove excessive dirt and oil.

Daily checks are conducted to ensure that there are no pests breeding in food storage/consumption/preparation areas or contaminations that may encourage pest breeding.

OUR PEOPLE

The Group ensures that all floor staff in the various coffee shops are equipped with the relevant skills when it comes to food handling and occupational safety. Before they can be registered as qualified food handlers, all our employees working at our drink and food stalls are required to attend and pass the Basic Food Hygiene course. During the current financial year, there have been no instances of safety lapses in the Group's coffee shops and outlets.

The Group also adopts policies and practices in accordance with the Tripartite Guidelines in promoting fair and responsible employment practices. The Group abides by the principles of fair employment and adopts the recommended good practices:

- Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- Treat employees fairly and with respect, and implement progressive human resource management systems.
- Provide employees with equal opportunity for training and development based on their strengths and needs to help them achieve their full potential.
- Reward employees fairly based on their ability, performance, contribution and experience.
- Abide by prevailing labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

Occupational Health and Safety

GRI 403-2, 403-3

The Group has implemented detailed operating procedures to ensure the safety and health of its employees.

The Group has provided guidelines to all employees on how to handle various workplace incidents. In the event that an employee suffers an injury, he/she will receive prompt medical attention and the incident will be reported immediately to the Executive Director. The head of the department will then raise a Corrective Preventive Action Report which details the nature of the incident and mitigating measures to prevent recurrence of such incidents in the future.

In addition, to ensure that our staffs' gear and attire are in good condition, Kimly provides a replacement gear/attire for our central kitchen staff every 6 months. Daily checks are conducted on premises, and key areas such as ventilation, lighting, storage space and kitchen space are inspected.

The Group provides workmen compensation insurance to cover work-related injuries sustained by employees during their working hours. There is also a separate medical insurance for our foreign employees to cover their non-work-related medical treatment outside working hours.

In keeping with our development of a sustainable food value chain in the social dimension, the Group also requires our suppliers to provide a safe and healthy working environment for their employees. Suppliers are encouraged to implement policies that promote the general health of employees and prevent work-related injuries and illness.

In FY2018, there were 6 minor workplace safety related incidents. We endeavour to achieve zero workplace safety incidents in FY2019.

Employee Diversity

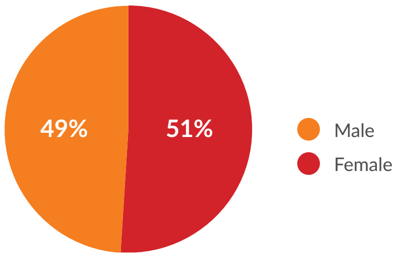
GRI 405-1, 405-2

The Group is committed to ensuring that all staff are treated with dignity and respect regardless of rank. As at 30 September 2018, Kimly had a total strength of 2,252 employees. Other than a well-balanced gender ratio, the Group has a diversified workforce consisting of employees from different countries such as China, Malaysia, Vietnam and Indonesia. We value the experience and knowledge of our senior staff as well as the passion and adaptability of the younger staff.

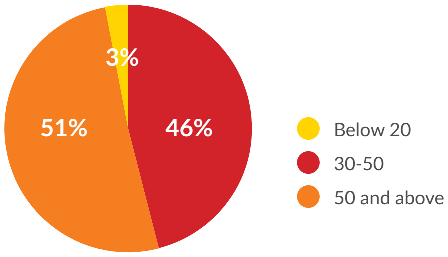
FY2018

2,252 **Employees**

Employees by Gender



Employees by Age



Kimly treats all staff equally regardless of age, race or gender and gives them opportunities to develop their full potential. We have a group-wide Non-Discrimination Policy, and any staff who feels unfairly discriminated against can freely inform our Human Resources Department. All correspondences will be kept in strictest confidence.

The Group rewards employees based on a series of attributes that include performance, competence and experience. Staff remuneration is determined based on employees' performance, expected roles and responsibilities, and the Group's financial performance. We conduct annual appraisals for all employees using a holistic set of criteria such as team spirit, interpersonal skills and creativity.

In order to develop the social aspect of our sustainable food value chain, we call for our suppliers to implement fair employment practices and policies to protect employee rights. By complying with our Code, suppliers shall apply fair standards in their treatment of all employees. This requires suppliers to not subject any employee to discrimination based on race, national origin, ethnicity, religion, gender, age, marital status, sexual orientation, disability, or any other reason. As a result, positive social impacts will arise along our supply value chain, which brings us one step closer to achieve a sustainable food value chain.

Employee Benefits

GRI 401-2, 401-3

All employees are entitled to a range of benefits that promote staff well-being and productivity, including medical insurance and parental leave. The Group ensures that its staff are engaged and rewarded with competitive benefits that are in line with industry standards.

Kimly makes an effort to ensure that all staff remain engaged and motivated in their jobs. Some staff retention strategies adopted by Kimly include providing them with School Textbook subsidies where $200 is given to each qualified employee annually to help them defray their children's education expenses. In addition, staff receive monthly transport and meal allowance to help them better manage the rising costs of living.

Training and Education

GRI 404-1, 404-2, 404-3

The Group recognises that our employees are our vital asset we provide them with continuous training and development to help them upgrade themselves. All staff will be given the necessary training to equip them with the right skillsets and knowledge to effectively perform their jobs. In compliance with NEA requirements, we send all food handlers for food hygiene courses.

PROTECTING THE ENVIRONMENT

Kimly endeavours to be a socially responsible corporation by adopting sustainable business practices. We regularly monitor the environmental impacts of our various operations and have implemented measures and policies to minimise energy and water consumption, and ensure proper effluents and waste management.

Energy and Emissions Management

GRI 302-1, 302-3, 302-4, 302-5, 305-2, 305-4, 305-5

The Group endeavours to maximise our energy conservation efforts to reduce our carbon footprint and develop the environmental sustainability of our business. We aim to achieve significant results in energy conservation by optimising our equipment capacity.

Install LED lights
Florescent lights in coffee shops have been replaced with more energy-efficient LED Lights

Install Speed Control Inverters on Kitchen Exhaust Fans
Build a demand-controlled kitchen ventilation system which increases its energy efficiency during peak and off-peak hours

Install Heat Pump in Central Kitchen's Dishwasher
Using surrounding heat to heat water and emitting cool air as a by-product, the heat pump supplies warm water to the dishwasher.

Install Gas-Fired Steam Generators
Four gas-fired steam generators were installed at the Dim Sum Central Kitchen. The water tanks are smaller than those of conventional cabinet steamers, thus requiring less heat to generate steam and reducing our gas usage by 25%-30%.

In FY2018, 14,400,000 kWh of energy was consumed, and the overall energy intensity stood at 574 kWh/m^2. The Group will continue to implement energy conservation measures and upgrade our equipment to further increase the energy-efficiency of our operations.

Water Conservation

GRI 303-1, 303-3

The Group endeavours to reduce the water footprint of our daily operations. As such, we have implemented changes such as installing a dishwasher at all drink stalls to wash glasses and cups more efficiently. The dishwasher also comes with a filtration system and water collection tank to further reduce water consumption.

In FY2018, our total water consumption stood at approximately 1,200,000 m^3. We will continue to improve our water conservation efforts and increase the water efficiency of our equipment in the future to reduce total water consumption.

Effluents and Waste Management

GRI 301-2, 306-1, 306-2

The Group segregates paper cartons and aluminium from the rest of the waste generated for recycling and strives to find new uses for these materials. Empty aluminium drink cans are recycled and empty bottles are reused to store various sauces.

Recyclable delivery food grade boxes are used to deliver semi-finished food products from the central kitchen to our food stalls throughout Singapore. These boxes can be used multiple times and thus can reduce the amount of packaging materials needed.

We encourage our food stalls to collect used cooking oils in separate containers for collection by licensed collectors, where the oil is processed and used to make industrial soaps and detergents.

We endeavour to reduce the amount of waste and effluents produced from our daily operations through implementing recycling measures and encouraging vendors and customers to use less plastic bags, containers and utensils.

Environmental Compliance

GRI 307-1, 308-1, 308-2

The Group strictly complies with local environmental laws and regulations. In addition, by adhering to our Code, suppliers are required to comply strictly with local environmental laws and practices, such as those pertaining to waste disposal, air emissions and pollution. Suppliers must strive to minimize the impact of their operations on the environment.

In FY2018, there were no reported cases of environmental non-compliance in the Group and among our suppliers.

CONTRIBUTIONS TO OUR COMMUNITY

Kimly is committed to contributing to the local communities in areas where we operate. We have invested in technological advancements and actively engaged with local communities to improve their lives and overall well-being.

Pioneering Innovation

GRI 203-2

Kimly has continuously leveraged on the use of technology in our daily operations, and we have increased investments in our IT infrastructure and proprietary software to improve our operational efficiency and margins.

In FY2014, we implemented a $23,000 automatic conveyor belt system for the returning of plates and trays at the food court in SIM University. We also partnered with Singapore Institute of Technology in FY2018 to develop our own proprietary applications to facilitate cross-functional collaborations within the organisation. These investments are critical in building the foundation that will improve the Group's competitive position and support our long-term growth objectives.

We have extended our food products for online order and food delivery since FY2017 to provide convenience for our customers. Our Dim Sum products can also be found on many delivery service platforms.

Furthermore, the Group is also looking at technology adoption to manage inventory levels at the food stalls. This is to enable better matching of stock holdings at the food stall with anticipated demands and improved freshness of food products. We are also looking to progressively implement cashless electronic payment systems at food outlets.

In FY2018, we opened the first "Productive" coffee shop within our Group. We have introduced an interactive tray return system where our customers are encouraged to return their own trays after their meals. There is an on-screen display to thank our customers for making the extra effort to return their tray and help lighten the workload of our cleaners, as a form of encouragement, the sensors on the conveyor belt will trigger the system to print a QR coded receipt for the customer to enjoy a $0.10 off their next purchase at any drink and food stalls. We are pleased to see a warm response from our customers to the tray return system. We have also introduced various industry-first initiatives to help us improve the efficiency of our operation.

Creating Employment and Job Opportunities

GRI 203-2, 413-1

As we expand our operations in various localities, we endeavour to provide employment opportunities for the local communities we operate in. We actively hire locals to take up the various job positions that come with the opening of a coffee shop. For our coffee shops in Singapore, 63% of the employees are either Singaporeans or Permanent Residents. We are also a strong advocate of hiring matured workers, with 51% of our workforce aged 50 and above.

We create business opportunities and a source of revenue for the third party food stall owners who operate in our coffee shops. Many have been hawkers for most of their lives and were able to provide for their families and support their children's' education through their business.

Preserving Our Hawker Culture

GRI 413-1

Coffee shops are community dining halls, and hold a special place in the hearts of many Singaporeans. The Group constantly engages the grassroots organisations ("**GROs**") to see how the coffee shops can be designed and operated such that residents can have their meals comfortably. For instance, the Group has displayed large banners at coffee shops to remind diners to lower their speaking volume after 10pm out of consideration for the well-being of the occupants living upstairs. Furthermore, the Group also tries to refrain from rolling out beer promotions in coffee shops where there is a high volume of beer drinkers. Recently, the Group has also stopped broadcasting live football matches in the wee hours of the morning so as to minimise disturbances to residents.

Barrier-free access has always been one of the key design considerations when we plan our food outlet upgrading. The access between the food stall counters and the first row of tables are kept barrier-free, and tables and chairs are anchored onto the dining floor to prevent unintentional encroachment onto the walkway.

Kimly believes in preserving the hawker culture. We groom aspiring new hawkers by sharing with them our knowledge and advice on how to manage a hawker business successfully, thereby shortening the learning curve for them. We have worked with many hawkers who have progressed to operate multiple food stalls all over Singapore and achieve a flourishing hawker business. These successes will benefit Singapore's hawker trade greatly and help Singapore preserve its rich hawker heritage.

Corporate Social Responsibility

GRI 413-1

The Group ensures that our operational decisions are compliant with local laws and regulations. If we are unsure of the legal implications arising from a particular business decision, external legal counsel will be consulted.

The Group has donated a purpose-built van for the transportation of the home-bound elderly residents of Jurong to attend their medical appointments, which are often missed due to their lack of mobility. This service is well received and we are glad that it has helped improved the level of care and prognosis of elderly residents living with chronic illnesses as their medical appointments will not be hindered due to mobility issues.

Every Chinese New Year, the Group will invite 400 seniors to join the Annual Chinese New Year Appreciation Lunch. Our employees and business associates typically volunteer as servers and the chefs from the Seafood "Zi Char" Division will usually assist in the menu preparation.

As part of our CSR initiatives, our Group has partnered NTUC Foodfare's Rice Garden in their Business Partnership Program since 2015. We now manage a substantial number of Rice Garden food stalls in our chain of food outlets. Through this program, we have been able to provide highly affordable nutritious meals to many Singaporeans, especially those from lower income families.

Socioeconomic Compliance

GRI 406-1, 408-1, 419-1

The Group strictly complies with all applicable national, state or local laws and regulations, including those related to labour and employment, child labour, non-discrimination, occupational health and safety and the environment. In addition, as an environmentally responsible organisation, Kimly does not procure banned food items in Singapore or use ingredients made from endangered species in our recipes.

Besides ensuring the socioeconomic compliance of the Group, we also expect socioeconomic compliance along our food value chain. By complying with the Code, suppliers undertake that they will comply with all applicable national, state or local laws and regulations in the social and economic area, including but not limited to those relating to labour and employment, immigration, health and safety and the environment. Suppliers will comply with all national laws on wages and working hours as well as international standards regarding child labour and minimum age.

In FY2018, there were no reported cases of socioeconomic non-compliance in the Group.

SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	Reporting Practice Stakeholder Engagement
2	Policies, Practices and Performance	Executive Chairman's Message Kimly's Sustainability Story
3	Board Statement	Governance and Statement of the Board
4	Targets	Kimly's Sustainability Story
5	Framework	Reporting Practice

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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 FY2018 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. The Board noted the revised Code of Corporate Governance issued on 6 August 2018 ("**Revised Code**"), which is only effective from the Company's financial year commencing 1 October 2019, and will endeavor to comply with the Revised Code once it is effective.

(A) BOARD MATTERS

Board's Conduct of its Affairs

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.

CORPORATE GOVERNANCE REPORT

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 oversees the Group's sustainability reporting framework by monitoring the environment, social and governance issues that impact the Group's sustainability of its business. The Group's inaugural sustainability report for FY2018 can be found under pages 20 to 40 of the Annual Report.

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 during FY2018 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	5	5	4*	4*	1	1	1*	1*
Chia Cher Khiang	5	5	4*	4*	1*	1*	1*	1*
Wong Kok Yoong^	5*	5*	4*	4*	1*	1*	1*	1*
Ter Kim Cheu	5	5	4	4	1	1	1	1
Wee Tian Chwee Jeffrey	5	5	4	4	1*	1*	1	1
Lim Teck Chai Danny	5	5	4	4	1	1	1	1

Note:

(*) Attended as invitees.

(^) Ms Wong Kok Yoong was appointed as Finance Director on 29 November 2018. Ms Wong attended the Board and Board Committees meetings as an invitee before her appointment as Finance Director.

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 person 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.

CORPORATE GOVERNANCE REPORT

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, as well as required by the Rules of Catalist.

Existing Directors are encouraged to undergo continual professional development during the term of their appointment. Courses attended by the Directors in FY2018 included Audit Committee Seminar 2018; Harnessing the full potential of Internal Audit; Corporate Governance Code Briefing; ACRA-SGX-SID Audit Committee Seminar 2018; KPMG-Enterprise Risk Management: A Comprehensive Approach To Managing Risk in a Volatile Business Environment; Innovation in the Marketplace: Emerging Trends and Insights; Ethical Standards and Culture: The Role of the Board; and 5th Annual Sustainability Forum for City Developments Limited and Hong Leong Group – Unlocking the Business Value of Sustainability.

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 three (3) are Executive Directors and three (3) are Non-Executive and Independent Directors. The list of Directors is as follows:

Executive Directors

Lim Hee Liat	(Executive Chairman)
Chia Cher Khiang	(Executive Director)
Wong Kok Yoong	(Finance Director) (Appointed on 29 November 2018)

Non-Executive Directors

Ter Kim Cheu	(Lead Independent Director)
Wee Tian Chwee Jeffrey	(Independent Director)
Lim Teck Chai Danny	(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, Guideline 2.2 of the Code is met as the Independent Directors 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 three (3) are Executive Directors and three (3) are Independent Directors, is appropriate and effective, taking into account the nature and scope of the Group's operations and the requirements of its business.

Collectively, 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 confirmed the independence of the three (3) Independent Directors and is satisfied 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.

The NC also assessed and concluded that Mr Lim Teck Chai Danny, who is a partner of Rajah and Tann Singapore LLP ("**Rajah & Tann**"), is independent notwithstanding the relationship between the Company and Rajah & Tann which provides corporate secretarial services on a retainer basis and certain legal services to the Company. The total fees including ad-hoc services payable from the Company to Rajah & Tann for FY2018 did not exceed the threshold limit of S$200,000 under Guideline 2.3(d) of the Code.

Upon taking into account the NC's assessment, 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	3
• Legal or corporate governance	2
• Relevant industry knowledge or experience	2

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 FY2018, the Non-Executive Directors have met in the absence of the Management.

Chairman and Chief Executive Officer

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 Chief Executive Officer (or equivalent) 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.

The Chief Executive Officer (or equivalent) being 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 have met without the presence of the Management or Executive Directors for informal discussion for FY2018.

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 Mr Lim Hee Liat and the Mr Chia Cher Khiang 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 Chief Executive Officer (or equivalent), (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 Lim Hee Liat and Mr Lim Teck Chai Danny who are retiring by rotation under Regulation 112 of the Constitution at the Company's forthcoming AGM, to be re-elected as Directors of the Company. The NC has also recommended Ms Wong Kok Yoong who is retiring under Regulation 116 of the Constitution at the Company's forthcoming AGM, to be re-elected as a Director of the Company. Mr Lim Hee Liat is the controlling shareholder of the Company. Save as disclosed, Mr Lim Teck Chai Danny and Ms Wong Kok Yoong does not have any relationships including immediate family relationships with the other Directors, the Company or it's 10% Shareholders.

If re-elected as a Director of the Company:

- Mr Lim Hee Liat will remain as the Executive Chairman of the Company;
- Mr Lim Teck Chai Danny will remain as an Independent Director of the Company, the Chairman of the RC and a member of the AC and the NC; and
- Ms Wong Kok Yoong will remain as the Finance Director of the Company.

Mr Lim Teck Chai Danny will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

The requirements under Rule 720(5) of the Rules of Catalist are stipulated in the table below:

Name of person	Lim Hee Liat	Lim Teck Chai Danny	Wong Kok Yoong
Date of Appointment	23 May 2016	15 February 2017	29 November 2018
Date of last re-appointment (if applicable)	N.A	23 January 2018	N.A
Age	52	45	42
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Mr Lim Hee Liat's contribution and performance, the NC has recommended that he be re-elected as Director of the Company.	After assessing Mr Lim Teck Chai Danny's contribution and performance, the NC has recommended that he be re-elected as Director of the Company.	The Board having considered the Nominating Committee's recommendations, the qualifications and working experience of Ms Wong, is of the view that she has the requisite experience and capabilities as an Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Overall business strategy and development of the Group	N.A	Executive. To facilitate Board's duties
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Independent Director	Finance Director
Professional qualifications	Nil	Bachelor of Law (Honours) degree from the National University of Singapore and a Master of Science (Applied Finance) degree from the Nanyang Technological University	A member of The Malaysian Institute of Certified Public Accountants

Name of person	Lim Hee Liat	Lim Teck Chai Danny	Wong Kok Yoong
Working experience and occupation(s) during the past 10 years	More than 25 years of experience in the coffee shop and F&B industry	Joined Rajah & Tann Singapore LLP upon graduation in May 1998 and has since been practicing and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has experience in acquisitions, investments, takeovers, initial public offerings and restructurings, and his clients include multinational corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others	June 2016 to present – Chief Financial Officer, Kimly Limited December 2015 to May 2016 – Regional Financial Controller, Connell Bros. Holding (Singapore) Pte. Ltd. November 2013 to November 2015 – Regional Head, Financial Planning & Analysis, Maybank Investment Banking Group September 2005 to October 2013 – Senior Manager, Ernst & Young LLP (Singapore)
Shareholding interest in the listed issuer and its subsidiaries	Please refer to Directors' Statement, Directors' interests in shares or debentures on pg 73 of the annual report	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer (Yes/No)	Yes	Yes	Yes

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Name of person	Lim Hee Liat	Lim Teck Chai Danny	Wong Kok Yoong
Other Principal Commitments* Including Directorships# * " Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) Past (for the last 5 years)	Nil	TEE Land Limited – Appointed as Independent Director on 15 May 2013 UG Healthcare Corporation Ltd – Appointed as Independent Director on 21 August 2014 Stamford Land Corporation Limited – Appointed as Independent Director on 31 May 2017 Choo Chiang Holdings Ltd. – Appointed as Independent Director on 20 August 2018 Domestic Employees Welfare Fund (DEWF) – Appointed as trustee on 23 September 2018	Nil
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

Name of person	Lim Hee Liat	Lim Teck Chai Danny	Wong Kok Yoong
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

Name of person	Lim Hee Liat	Lim Teck Chai Danny	Wong Kok Yoong
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

Name of person	Lim Hee Liat	Lim Teck Chai Danny	Wong Kok Yoong
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Save relating to ongoing investigations involving Kimly Limited as announced, no.	Save relating to ongoing investigations involving Kimly Limited as announced, no.	Save relating to ongoing investigations involving Kimly Limited as announced, no.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

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Name of person	Lim Hee Liat	Lim Teck Chai Danny	Wong Kok Yoong
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	As disclosed in the Company's announcement dated 29 November 2018, the Company has received a letter dated 22 November 2018 from the Commercial Affairs Department ("CAD") and the Monetary Authority of Singapore (collectively "Authorities") requesting for the provision of certain documents and equipment, among others, IT equipment used by Mr Lim Hee Liat. Mr Lim Hee Liat has also received similar request from the Authorities in connection with an investigation into a possible offence under Section 199 of the SFA, and has been interviewed by and surrendered his travel document to CAD. On 4 December 2018, the Company announced that Mr Lim Hee Liat attended at CAD and was released on bail after being arrested for having been concerned, or reasonably suspected of being involved in, an offence under Section 199 of the Securities and Futures Act. Mr Lim Hee Liat continues to assist in investigations, and no formal charges have been made against him by the Authorities.	No	No

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Name of person	Lim Hee Liat	Lim Teck Chai Danny	Wong Kok Yoong
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)	This relates to re-appointment of Director.	This relates to re-appointment of Director.	This relates to re-appointment of Director.
If yes, please provide details of prior experience.	N.A	N.A	N.A
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A	N.A	Ms Wong Kok Yoong will undertake future training in due course.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A	N.A	N.A

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; capacity, complexity and expectations of the other listed directorships and principle commitments held 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 FY2018, 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 could consider, personal contacts, candidates proposed by the Directors, key management personnel or substantial shareholders or engaging external search consultants, to shortlist any potential suitable candidates. Some of the selection criteria could include 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	Retirement (Regulation 112)
Chia Cher Khiang	Executive Director	3 February 2017	23 January 2018	None	None	Member of the School Advisory Committee of Temasek Secondary School	N.A.
Wong Kok Yoong	Finance Director	29 November 2018	N.A	None	None	None	Retirement (Regulation 116)
Ter Kim Cheu	Lead Independent Director	15 February 2017	23 January 2018	Hong Leong Finance Limited	Hong Leong Finance Limited	None	N.A.
Wee Tian Chwee Jeffrey	Independent Director	15 February 2017	23 January 2018	None	None	None	N.A.
Lim Teck Chai Danny	Independent Director	15 February 2017	23 January 2018	TEE Land Limited UG Healthcare Corporation Limited Stamford Land Corporation Limited Choo Chiang Holdings Ltd.	China Star Food Group Limited Sincap Group Limited Trans-Cab Holdings Ltd Deskera Holdings Ltd	Partner of Rajah & Tann Singapore LLP	Retirement (Regulation 112)

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, Corporate Governance Report 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. The NC did not propose any changes to the performance criteria for FY2018 as compared to the previous financial year as the economic climate, Board composition, the Group's principal business activities remained the same since FY2017.

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. Each Director also completed a self-assessment form to assess each Director's contributions to the Board's effectiveness. 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.

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 and/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 suffcient 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 entirely Independent Directors:

Lim Teck Chai Danny	(Chairman)
Wee Tian Chwee Jeffrey	
Ter Kim Cheu	(Appointed as a member on 23 January 2018)

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, 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.

  (iii) 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;

  (iv) 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;

  (v) 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;

  (vi) 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

  (vii) 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 FY2018. 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.

Independent 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 currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and Key Management Personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate. 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 options 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 subsidiary holdings as defined in the Rules of Catalist and treasury shares) from time to time. In relation to controlling shareholders or associate 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 subsidiary holdings as defined in the Rules of Catalist and 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 FY2018.

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 annually by the RC and the Board.

CORPORATE GOVERNANCE REPORT

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. Please refer to pages 164 to 166 of the Offer Documents for further details.

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 FY2018. A breakdown of the remuneration of the Directors and the Key Management Personnel (who are not also Directors or the Chief Executive Officer (or equivalent)) for FY2018 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 fees[2]	Total
	%	%	%	%
Between S$750,001 to S$1,000,000				
Lim Hee Liat	41.7	58.3	–	100
Between S$500,001 to S$750,000				
Chia Cher Khiang	52.2	47.8	–	100
Between S$250,000 to S$500,000				
Wong Kok Yoong[3]	83.8	16.2	–	100
Below S$250,000				
Ter Kim Cheu	–	–	100	100
Wee Tian Chwee Jeffrey	–	–	100	100
Lim Teck Chai Danny	–	–	100	100

(1) The amounts are under the service contracts. Under the service contracts, Mr Lim Hee Liat and Mr Chia Cher Khiang are also entitled to fixed bonus and 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 for more information.

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

(3) Ms Wong Kok Yoong was appointed as the Finance Director of the Company on 29 November 2018.

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

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

(1) The Company only has 1 Key Management Personnel who is not a Director or the Chief Executive Officer (or equivalent).

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

(^) Mr Lim Hee Thong has resigned in October 2018

Although the Code recommends full disclosure in aggregate to the nearest thousand dollars of the total remuneration paid to each individual Director, the Executive Directors and the Key Management Personnel on a named basis as well as the aggregate remuneration paid to the top five key management personnel (who are not Directors or the Chief Executive Officer), 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 financial statements 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 Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

Management is responsible to the Board for the design, implementation, and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

The Company's internal auditors conduct an annual review of the key Group's material internal controls. 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 Chief Executive Officer (or equivalent) and the Chief Financial Officer/ Finance Director that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2018 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. In this regard, 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.

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2018.

The bases for the Board's view are as follows:

(a) assurance has been received from the Chief Executive Officer (or equivalent) and the Chief Financial Officer/Finance Director;

(b) an internal audit has been done by the internal auditors and significant matters highlighted to the AC and Key Management Personnel were appropriately addressed;

(c) Key Management Personnel regularly evaluates, monitors and reports to the AC on material risks;

(d) discussions were held between the AC and auditors in the absence of the Key Management Personnel to review and address any potential concerns; and

(e) the Group has put in place whistle-blowing procedures by which employees may report and raise any concerns on possible wrongdoings in good faith and in confidence. All concerns can be reported to the AC directly. AC will assess whether action or review is required.

The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.

Financial risks relating to the Group are set out in Note 29 to the financial statements of this annual report on pages 127 to 129.

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 entirely Independent Directors:

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

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 four (4) 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 for FY2018;

- 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

There was no non-audit services provided by the external auditors during FY2018.

Details of the fees paid to the external auditors for FY2018 are disclosed under Note 8 on page 104 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 which 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 is satisfied that RSM has adequate resources, has appropriate standing within the Group and is staffed with audit professionals with relevant qualifications and experience.

An annual review of the outsourced internal audit function is carried out. The AC ensures, among others, the adequacy and effectiveness of the internal audit function by examining the internal audit firm's performance, resources, its audit plans and scope of work and that the internal audit function is carried out according to standards set by international recognized professional bodies.

In furtherance of the Company's efforts to raise the standards of corporate governance and compliance, the Company has also engaged RSM to assist in the review and enhancement of the Group's merger and acquisition's internal controls and governance process.

(D) COMMUNICATION WITH SHAREHOLDER

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 has in place an investor relation policy, to promote regular, effective and fair communication. The Company held numerous investor briefings during FY2018 to meet with institutional and retail investors. The Company has engaged an external investor relations firm, WeR1 Consultants Pte Ltd to assist the Company in its investor relations initiatives.

The Company does not practice selective disclosure. Price sensitive information is publicly released and financial statements and annual reports are announced or issued within the mandatory period and are available on the Company's website. 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 FY2018, the Company had paid an interim dividend of 0.28 Singapore cents and is recommending a final dividend of 0.68 Singapore cents to be approved at the forthcoming AGM. The total amount of dividends declared in respect of FY2018 is approximately S$11.1 million which represents 50.7% of the Group's net profit attributable to shareholders in FY2018.

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 financial statements and two weeks before the Company's quarterly financial statements until after the announcement. They are also discouraged from dealing in the Company's shares on short term considerations.

The Board confirms that for FY2018, the Company, its Directors and Officers 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 interested person transactions ("**IPT**") disclosed in pages 147 to 153 of the Offer Document. The general mandate for IPT has been renewed at the Extraordinary General Meeting held on 23 January 2018.

The amounts owing by the Group to Mr. Lim Hee Liat and Mr. Chia Cher Khiang as at 30 September 2018 amounted to S$3,919,000 and S$146,000 respectively. Save as disclosed, there were no IPTs exceeding S$100,000 for FY2018.

(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 offer document	Amount utilised	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	(5,577)	24,786
Balance Consideration pursuant to Rescission^	–	(2,600)	(2,600)
Refurbishment and renovation of existing food outlets	3,000	(770)	2,230
Headquarters/Central Kitchen upgrading	5,000	(1,692)	3,308
Productivity initiatives/IT	2,000	(1,176)	824
Listing expenses	3,087	(3,087)	–
Total	**43,450**	**(14,902)**	**28,548**

^ On 29 November 2018, the Company has rescinded *ab initio* its acquisition of Asian Story Corporation Pte. Ltd. ("ASC") ("**Rescission**"). Pursuant to the Rescission, out of the S$16.0 million consideration previously paid to the vendor for the acquisition of ASC, S$13.4 million has been repaid by the vendor and the Balance Consideration of S$2.6 million is to be repaid over 3 years from 29 November 2018.

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

No non-sponsor fees were paid to the Company's sponsor PrimePartners Corporate Finance Pte. Ltd. for FY2018.

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 2018.

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 2018 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
Ter Kim Cheu
Wee Tian Chwee Jeffrey
Lim Teck Chai Danny
Wong Kok Yoong

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	At the end of financial year	At 21 October 2018	At the beginning of financial year	At the end of financial year	At 21 October 2018
Ordinary shares of the Company						
Lim Hee Liat	489,915,165	449,915,165	449,915,165	–	40,000,000*	40,000,000
Chia Cher Khiang	14,513,391	14,513,391	14,513,391	2,960,000	2,960,000^	2,960,000

* This represents Mr Lim Hee Liat's direct interest held in the name of Raffles Nominees (Pte) Limited.

^ Mr Chia Cher Khiang is deemed to have an interest in the shares which his spouse holds or has an interest in.

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 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 Corporate Governance Report.

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
9 January 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Kimly Limited
For the financial year ended 30 September 2018

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 2018, 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 2018 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 each 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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial statements.

Completeness of revenue

For the financial year ended 30 September 2018, the Group's revenue from sale of food, beverages and tobacco products amounted to $165,293,000, which accounted for 82% of the Group's revenue. Revenue from the sale of 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. Given the large volume of cash transactions and as cash is susceptible to theft and pilferage, we have focused on the completeness of cash and the corresponding revenue as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

To the members of Kimly Limited
For the financial year ended 30 September 2018

Key audit matters (cont'd)

Completeness of revenue (cont'd)

As part of our audit, we evaluated the design and tested the operating effectiveness of key 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 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 2018. During the financial year ended 30 September 2018, on a sample basis, for selected outlets, we 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.

Recoverability of consideration receivable pursuant to Rescission

As stated in Note 17, at 30 September 2018, the Company has $16,000,000 of receivable due from the Vendor of Asian Story Corporation Pte. Ltd. ("ASC") pursuant to the Deed of Rescission entered into between the Company and the Vendor on mutually agreed terms to rescind the acquisition of ASC on 29 November 2018 (the "Rescission").

Subsequent to the Rescission, the Vendor has repaid $13,400,000 of the consideration to the Company as of 8 January 2019, with the balance of $2,600,000 (the "Balance Consideration") due on 29 November 2020 and 29 November 2021 in instalments of $1,300,000 each year. The Balance Consideration is secured by a share charge over certain quoted equity securities (the "Securities") held by the Vendor aggregating to $1,905,000 based on quoted prices as at 31 December 2018. Given the magnitude of the Balance Consideration and the estimation uncertainty due to possible fluctuation of the market value of the Securities, we identified the recoverability of this consideration receivable to be a key audit matter.

As part of our audit, we read the Deed of Rescission and related documents to obtain an understanding of the key terms of the transaction and repayments. We ascertained the ownership and total market value as at 31 December 2018 against the Vendor's account statement held with The Central Depository. We also verified the cash repayments made by the Vendor to-date. In addition, we have considered recoverability of the carrying value of the unsecured portion of the Balance Consideration, taking into account a reasonably possible fluctuation in market value of the Securities. Furthermore, we assessed the adequacy of the disclosures related to key estimation uncertainty and consideration receivable pursuant to Rescission in Note 3.2 and Note 17 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Kimly Limited
For the financial year ended 30 September 2018

Responsibilities of management and directors for the financial statements (cont'd)

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Kimly Limited
For the financial year ended 30 September 2018

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

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
9 January 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2018

(Amounts in Singapore Dollars)

	Note	2018 $'000	2017 $'000
Revenue	4	202,213	192,121
Cost of sales		(162,026)	(153,672)
Gross profit		40,187	38,449
Other item of income			
Interest income from short-term deposits		645	108
Other operating income	5	2,972	3,027
Other items of expense			
Selling and distribution expenses		(4,022)	(3,205)
Administrative expenses		(13,973)	(13,041)
Finance costs	6	(156)	(407)
Other operating expenses	7	(584)	(414)
Profit before tax	8	25,069	24,517
Income tax expense	11	(3,186)	(3,088)
Profit for the year, representing total comprehensive income for the year and attributable to owners of the Company		21,883	21,429
Earnings per share (cents per share)			
– Basic and diluted	12	1.89	2.01

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

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2018

(Amounts in Singapore Dollars)

		Group		Company	
	Note	2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	13	10,326	8,541	–	–
Intangible assets	14	4,297	1,305	–	–
Investment in subsidiaries	15	–	–	238,997	238,997
Deferred tax assets	16	292	333	–	–
Other receivables	17	8,110	4,563	2,600	–
		23,025	14,742	241,597	238,997
Current assets					
Trade and other receivables	17	19,281	4,974	23,703	5,756
Inventories	18	1,015	1,113	–	–
Prepayments		778	291	10	10
Cash and cash equivalents	19	71,669	85,079	38,473	45,690
		92,743	91,457	62,186	51,456
Total assets		115,768	106,199	303,783	290,453
Current liabilities					
Trade and other payables	20	19,418	20,620	6,608	336
Other liabilities	21	7,126	7,151	984	926
Obligation under finance lease	22	26	–	–	–
Provision for restoration costs	23	272	180	–	–
Provision for taxation		3,473	3,126	10	–
		30,315	31,077	7,602	1,262
Net current assets		62,428	60,380	54,584	50,194
Non-current liabilities					
Obligation under finance lease	22	46	–	–	–
Deferred tax liabilities	16	399	357	–	–
Other payables	20	804	594	–	–
Provision for restoration costs	23	618	510	–	–
		1,867	1,461	–	–
Total liabilities		32,182	32,538	7,602	1,262
Net assets		83,586	73,661	296,181	289,191
Equity attributable to owners of the Company					
Share capital	24(a)	287,141	287,141	287,141	287,141
Treasury shares	24(b)	(843)	–	(843)	–
Other reserves	25	(120,123)	(120,123)	–	–
Premium paid on acquisition of non-controlling interests		(113,030)	(113,030)	–	–
Retained earnings		30,441	19,673	9,883	2,050
Total equity		83,586	73,661	296,181	289,191
Total equity and liabilities		115,768	106,199	303,783	290,453

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 2018

(Amounts in Singapore Dollars)

	Note	Attributable to owners of the Company					
		Share capital (Note 24a)	Treasury shares (Note 24b)	Other reserves (Note 25)	Premium paid on acquisition of non-controlling interests	Retained earnings	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
At 1 October 2017		287,141	–	(120,123)	(113,030)	19,673	73,661
Profit for the year, representing total comprehensive income for the year		–	–	–	–	21,883	21,883
Contributions by and distributions to owners							
Dividends on ordinary shares	31	–	–	–	–	(11,115)	(11,115)
Purchase of treasury shares		–	(843)	–	–	–	(843)
Total contributions by and distributions to owners		–	(843)	–	–	(11,115)	(11,958)
At 30 September 2018		287,141	(843)	(120,123)	(113,030)	30,441	83,586

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2018

(Amounts in Singapore Dollars)

		Attributable to owners of the Company						
	Note	Share capital (Note 24a)	Other reserves (Note 25)	Premium paid on acquisition of non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
		$'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
Contributions by and distributions to owners								
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
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 (Note 15)		116,519	–	(108,315)	–	8,204	(8,204)	–
At 30 September 2017		287,141	(120,123)	(113,030)	19,673	73,661	–	73,661

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 2018

(Amounts in Singapore Dollars)

	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Total $'000
Company					
At 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 and at 1 October 2017		287,141	–	2,050	289,191
Profit for the year, representing total comprehensive income for the year		–	–	18,948	18,948
Contributions by and distributions to owners					
Dividends on ordinary shares	31	–	–	(11,115)	(11,115)
Purchase of treasury shares		–	(843)	–	(843)
At 30 September 2018		287,141	(843)	9,883	296,181

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 2018

(Amounts in Singapore Dollars)

	Note	2018 $'000	2017 $'000
Operating activities			
Profit before tax		25,069	24,517
Adjustments for:			
Finance costs	6	156	407
Interest income on short-term deposits		(645)	(108)
Fair value loss on derivative liability	7	–	63
Depreciation of property, plant and equipment	13	2,526	1,948
Amortisation of intangible assets	14	335	349
Write-off of property, plant and equipment	13	248	–
Listing expenses		–	1,012
Total adjustments		2,620	3,671
Operating cash flows before changes in working capital		27,689	28,188
Changes in working capital			
Increase in trade and other receivables		(17,766)	(2,589)
Decrease in inventories		202	126
(Increase)/decrease in prepayments		(488)	1,026
(Decrease)/increase in trade and other payables		(127)	2,517
(Decrease)/increase in other liabilities		(24)	823
Total changes in working capital		(18,203)	1,903
Cash flows from operations		9,486	30,091
Interest received		663	22
Interest paid		(1)	–
Income taxes paid		(2,913)	(1,112)
Net cash flows generated from operating activities		7,235	29,001
Investing activities			
Purchase of property, plant and equipment	A	(4,322)	(4,366)
Purchase of intangible assets	B	(2,537)	–
Net cash outflow on acquisition of businesses	15	(1,820)	–
Net cash flows used in investing activities		(8,679)	(4,366)
Financing activities			
Repayment of obligation under finance lease		(8)	(26)
Purchase of treasury shares	24(b)	(843)	–
Dividends paid to the then-existing shareholders of subsidiaries	31	–	(11,000)
Dividends paid on ordinary shares	31	(11,115)	(3,233)
Proceeds from convertible loans	6	–	5,000
Gross proceeds from issuance of new shares pursuant to IPO	24(a)	–	43,450
Listing expenses paid		–	(3,193)
Net cash flows (used in)/generated from financing activities		(11,966)	30,998
Net (decrease)/increase in cash and cash equivalents		(13,410)	55,633
Cash and cash equivalents at 1 October		85,079	29,446
Cash and cash equivalents at 30 September	19	71,669	85,079

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2018

Notes to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2018 $'000	2017 $'000
Current year additions to property, plant and equipment	13	3,872	6,402
Less:			
Provision for restoration costs	23	(200)	(240)
Obligation under finance lease		(80)	–
Decrease/(increase) in other payables		730	(1,796)
Net cash outflow for purchase of property, plant and equipment		4,322	4,366

B. Intangible assets

	Note	2018 $'000	2017 $'000
Current year additions to intangible assets	14	2,405	1,343
Less:			
Decrease/(increase) in other payables		132	(398)
Satisfied through issuance of shares		–	(945)
Net cash outflow for purchase of intangible assets		2,537	–

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 2018

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 was 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 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.

1. Corporate information (cont'd)

1.2 The Restructuring Exercise (cont'd)

(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").

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.

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

2.1 Basis of preparation (cont'd)

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 has performed an assessment of the impact of adopting the new financial reporting framework and does not expect material impact on 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 2017. 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 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016)	
– Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Improvements to FRSs (March 2018)	
– Amendments to FRS 103 *Business Combinations*	1 January 2019
– Amendments to FRS 12 *Income Taxes*	1 January 2019

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.

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

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

FRS 116 *Leases*

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

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

(c) Business combinations involving businesses or entities under common control (cont'd)

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.

2.5 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

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.

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 – 6 years
Equipment and fittings	3 – 5 years
Motor vehicles	5 – 6 years

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

2.7 Property, plant and equipment (cont'd)

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 de-recognised.

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 either finite or indefinite.

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.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the vents and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 de-recognised.

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 10 years.

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

2.8 Intangible assets (cont'd)

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.

Brands

The brands were acquired in a business combination. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

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.

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

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 de-recognised 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 de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised 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. Summary of significant accounting policies (cont'd)

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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

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.

2.19 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.

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

2.19 Employee benefits (cont'd)

(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.

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

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 food, beverages and tobacco products

Revenue from sale of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 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.

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

2.26 Contingencies (cont'd)

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 not made any significant judgement, which has significant effect on the amounts recognised in the financial statements.

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.

Recoverability of consideration receivable pursuant to Rescission

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the debtor operates in.

The Group estimates the recoverability of Balance Consideration that is secured by a share charge over certain quoted equity securities held by the Vendor. The carrying amount of the consideration receivable pursuant to the Rescission at the end of the reporting period is disclosed in Note 17 to the financial statements. If the current market value of the quoted equity securities decreases by 10%, the recoverability of the Balance Consideration would be negatively impacted by $191,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

4. Revenue

	Group	
	2018	2017
	$'000	$'000
Sale of food, beverages and tobacco products	165,293	157,873
Fixed rental income from lease of premises to tenants	25,806	23,900
Contingent rental income from lease of premises to tenants	390	507
Provision of cleaning and utilities services	9,520	8,840
Outlet management fee	1,204	1,001
	202,213	192,121

5. Other operating income

	Group	
	2018	2017
	$'000	$'000
Government grants:		
– Productivity and Innovation Credit	–	47
– Special Employment Credit	792	1,073
– Wage Credit Scheme	609	405
– Temporary Employment Credit	121	200
Sponsorships	936	881
Others	514	421
	2,972	3,027

5. Other operating income (cont'd)

Special Employment Credit

The Special Employment Credit ("SEC") 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. It has been extended in Budget 2016 for three years from 2017 to 2019 to provide a wage-offset to employers hiring Singaporean workers aged 55 and above, and earning up to $4,000.

Wage Credit Scheme

The Wage Credit Scheme ("WCS) was introduced as a 2013 Budget Initiative to help businesses which may face rising wage costs in a tight labour market. It was extended in Budget 2015 and 2018. Under this scheme, the Singapore Government will co-fund 20%, 15% and 10% of qualifying wage increases given to the Group's Singaporean employees earning a gross monthly wage of $4,000 and below in the years 2016 to 2018, 2019 and 2020 respectively.

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	
	2018	**2017**
	$'000	**$'000**
Interest expense on:		
– Obligation under finance lease	1	1
– Convertible loans	–	10
	1	11
Amortisation of liability component of convertible loans	–	105
Interest expense arising from the discount implicit in non-current receivables	155	291
	156	407

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).

6. Finance costs (cont'd)

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

	Note	Group 2018 $'000	Group 2017 $'000
Amortisation of intangible assets	14	335	349
Fair value loss on derivative liability		–	63
Write-off of property, plant and equipment	13	248	–
Others		1	2
		584	414

8. Profit before tax

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

	Note	Group 2018 $'000	Group 2017 $'000
Audit fees to auditors of the Company*		339	250
Non-audit fees:			
– Auditor of the Company		–	260
– Other members firms of EY Global		–	4
– Other auditors		34	38
Depreciation of property, plant and equipment	13	2,526	1,948
Employee benefits expenses	9	53,725	50,234
Directors' fees		150	150
Fixed rental expense on operating leases	26(a)	36,806	32,890
Contingent rental expense on operating leases	26(a)	52	–
Cleaning charges		2,909	2,922
Utility charges		8,024	7,127
Packaging materials and other expendables		2,502	2,245
Repair and maintenance		2,183	2,018
Listing expenses		–	1,012
Legal and other professional fees		731	486

* In addition to the fees disclosed, the Group paid $Nil (2017: $230,000) 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.

9. Employee benefits expenses

	Group	
	2018	2017
	$'000	$'000
Employee benefits expenses (including Executive Directors):		
– Salaries, bonuses and other costs	48,819	45,512
– Central Provident Fund contributions	3,147	3,057
– Other short-term benefits	1,759	1,665
	53,725	50,234

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	
	2018	2017
	$'000	$'000
Rental paid to director-related companies	8,200	7,880
Purchase of beverages from a director-related company	428	588

(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	
	2018	2017
	$'000	$'000
Not later than one year	8,150	8,150
Later than one year but not later than five years	8,420	16,571
	16,570	24,721

10. Related party transactions (cont'd)

(c) Compensation of key management personnel

	Group	
	2018	2017
	$'000	$'000
Salaries, bonuses and other costs	1,844	1,519
Central Provident Fund contributions	66	50
	1,910	1,569
Comprise amounts paid to:		
Directors of the Company	1,478	1,243
Other key management personnel	432	326
	1,910	1,569

11. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2018 and 2017 are:

	Group	
	2018	2017
	$'000	$'000
Current income tax		
– Current income taxation, representing total income tax expense recognised in profit or loss	3,425	3,040
– (Over)/under provision in respect of previous years	(166)	24
	3,259	3,064
Deferred income tax		
– Amortisation and reversal of temporary differences	59	24
– Over provision in respect of previous years	(132)	–
Income tax expense recognised in profit or loss	3,186	3,088

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

11. Income tax expense (cont'd)

(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 2018 and 2017 is as follows:

	Group	
	2018	2017
	$'000	$'000
Profit before tax	25,069	24,517
Tax at corporate tax rate of 17%	4,262	4,168
Adjustments:		
– Non-deductible expenses	467	702
– Income not subject to taxation	–	(54)
– Effect of partial tax exemption and tax relief	(1,243)	(1,911)
– Deferred tax assets not recognised	–	6
– (Over)/under provision in respect of previous years	(298)	24
– Others	(2)	153
Income tax expense recognised in profit or loss	3,186	3,088

12. Earnings per share

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.

	Group	
	2018	2017
	$'000	$'000
Profit for the year attributable to owners of the Company ($'000)	21,883	21,429
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,157,272	1,064,411
Basic and diluted earnings per share (cents)	1.89	2.01

The diluted earnings per share are the same as the basic earnings per share as there were no outstanding dilutive shares for the financial years ended 30 September 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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 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 and 1 October 2017	4,065	4,876	5,875	1,434	961	17,211
Acquisition of businesses	–	446	241	–	–	687
Additions	–	1,501	1,134	358	879	3,872
Transfer in/(out)	–	1,063	768	–	(1,831)	–
Written off	–	(671)	(141)	(38)	(9)	(859)
At 30 September 2018	4,065	7,215	7,877	1,754	–	20,911
Accumulated depreciation						
At 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 and 1 October 2017	709	3,424	3,684	853	–	8,670
Depreciation charge for the year	176	940	1,225	185	–	2,526
Written off	–	(521)	(77)	(13)	–	(611)
At 30 September 2018	885	3,843	4,832	1,025	–	10,585
Net carrying amount						
At 30 September 2018	3,180	3,372	3,045	729	–	10,326
At 30 September 2017	3,356	1,452	2,191	581	961	8,541

Restoration costs

Included in the Group's carrying amount of electrical and renovations is $333,000 (2017: $221,000) of provision for restoration costs.

Asset held under finance lease

During the financial year, the Group acquired a motor vehicle with an aggregate cost of $167,000 (2017: Nil) by means of a finance lease. The carrying amount of the motor vehicle held under a finance lease at the end of the reporting period was $158,000 (2017: $Nil).

The leased asset is pledged as security for the related finance lease liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

14. Intangible assets

	Lease assignment fees $'000	Brands $'000	Computer software $'000	Total $'000
Group				
Cost				
At 1 October 2016	9,695	–	–	9,695
Additions	945	–	398	1,343
At 30 September 2017 and 1 October 2017	10,640	–	398	11,038
Acquisition of businesses	–	922	–	922
Additions	2,300	–	105	2,405
At 30 September 2018	12,940	922	503	14,365
Accumulated amortisation				
At 1 October 2016	9,384	–	–	9,384
Charge for the year	341	–	8	349
At 30 September 2017 and 1 October 2017	9,725	–	8	9,733
Charge for the year	210	–	125	335
At 30 September 2018	9,935	–	133	10,068
Net carrying amount				
At 30 September 2018	3,005	922	370	4,297
At 30 September 2017	915	–	390	1,305

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.

Brands

The brands were acquired in a business combination. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

14. Intangible assets (cont'd)

Amortisation expense

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

15. Investments in subsidiaries

	Company	
	2018 $'000	2017 $'000
Unquoted equity shares, at cost	122,478	122,478
Issuance of shares for acquisition of non-controlling interests in subsidiaries	116,519	116,519
	238,997	238,997

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	
			2018	2017
Held by the Company:				
Kimly Food Holdings Pte. Ltd. [(a) (b)]	Singapore	Provision of management services	100	100
Chodee Food Holdings Pte. Ltd. [(a) (b)]	Singapore	Provision of management services	100	100
LHL Group Pte. Ltd. [(a) (b)]	Singapore	Provision of management services	100	100
Held through Kimly Food Holdings Pte. Ltd.				
Kimly Makan Place Pte. Ltd. [(a)]	Singapore	Operating of coffee shop	100	100
Kimly MVR Pte. Ltd. [(a)]	Singapore	Sale of food products	100	100
Kimly Seafood Pte. Ltd. [(a)]	Singapore	Sale of food products	100	100
Held through Chodee Food Holdings Pte. Ltd.				
Kimly Dim Sum Pte. Ltd. [(a)]	Singapore	Sale of food products	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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	
			2018	**2017**
Held through Kimly Makan Place Pte. Ltd.				
881 Hougang Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
147 Serangoon Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
BN123 Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Jin Wei Food Holdings Pte. Ltd. (formerly known as Causeway Food House Pte. Ltd.) (a) (b)	Singapore	Operating of coffee shop	100	100
Chai Chee 29 Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Choh Dee Place (163A) Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Choh Dee Place (346A) Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Gourmet Express Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Jurong West 651 Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Park (E) Crescent Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Park Reservoir Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
PP146 Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Sengkang 266 Food House Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Tampines West Food Court Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
CDP Kimly Pte. Ltd. (a)	Singapore	Operating of coffee shop	100	100
Yong Yun Pte. Ltd. (a)	Singapore	Operating of coffee shop	100	100
Foodclique (Capeview) Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100
Foodclique Pte. Ltd. (a) (b)	Singapore	Operating of coffee shop	100	100

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 2018	2017
Held through Kimly MVR Pte. Ltd.				
Kimly MVR Central Pte. Ltd. (a)	Singapore	Sale of food products	100	100
Kimly MVR East Pte. Ltd. (a)	Singapore	Sale of food products	100	100
Kimly MVR West Pte. Ltd. (a)	Singapore	Sale of food products	100	100
Kimly Food Products Pte. Ltd. (a) (b)	Singapore	Operating of restaurant and confectionary shop	100	100
Held through Kimly Seafood Pte. Ltd.				
Kimly Seafood Central Pte. Ltd. (a)	Singapore	Sale of food products	100	100
Kimly Seafood East Pte. Ltd. (a)	Singapore	Sale of food products	100	100
Kimly Seafood West Pte. Ltd. (a)	Singapore	Sale of food products	100	100
Held through Kimly Dim Sum Pte. Ltd.				
Kimly Dim Sum East Pte. Ltd. (a)	Singapore	Sale of food products	100	100
Kimly Dim Sum West Pte. Ltd. (a)	Singapore	Sale of food products	100	100
Kimly Food Manufacturing Pte. Ltd. (a) (b)	Singapore	Central food processing centre	100	100

(a) Audited by Ernst & Young LLP, Singapore
(b) The Group acquired the Relevant Sale Shares of these entities pursuant to the Restructuring Exercise as described in Note 1.2(b).

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.

15. Investments in subsidiaries (cont'd)

Acquisition of ownership interest in subsidiaries, without change of control (cont'd)

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:

	2018 $'000	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

Acquisition of businesses

On 16 July 2018 (the "acquisition date"), the Group's subsidiary company, Kimly Food Products Pte. Ltd. ("KFP") purchased the restaurants and confectionery businesses under the trade names, Tonkichi and Rive Gauche, a strategic move to expand its product offerings and provide more dining options for the Group’s customers in the local market.

The provisional fair value of the identifiable assets and liabilities of the acquired businesses as at the acquisition date were:

	Provisional Fair value recognised on acquisition $'000
Property, plant and equipment	687
Provisional brands arising on the acquisition	922
Other receivables	235
Deposits	28
Inventories	104
	1,976
Deferred tax liabilities	(156)
Total identifiable net assets at fair value	1,820
Consideration settled in cash, representing net cash outflow on acquisition of businesses	1,820

Impact of the acquisition on profit or loss

From the acquisition date, the acquired businesses has contributed $1,856,000 of revenue and loss of $117,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the contribution to the Group's revenue would have been $8,528,000 and the contribution to the Group's profit after tax would have been loss of $37,000.

16. Deferred tax

Deferred tax as at 30 September relates to the following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(188)	(324)	(136)	324
Difference in amortisation of intangible assets	(55)	(33)	22	33
Fair value adjustments on acquisition of businesses	(156)	–	–	–
	(399)	(357)	(114)	357
Deferred tax assets:				
Provisions	146	87	(59)	(87)
Unutilised tax losses	16	75	59	(75)
Unutilised capital allowances	130	171	41	(171)
	292	333	41	(333)
Deferred tax expense			73	24

At the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $Nil (2017: $33,000) and $Nil (2017: $24,000) 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 (2017: $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	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade and other receivables (current)					
Trade receivables		984	740	–	–
Other receivables		2,077	1,360	103	156
– Loans to employees		197	232	–	–
– Deposits		2,623	2,642	–	–
– Consideration receivable pursuant to Rescission		13,400	–	13,400	–
Loans to subsidiaries		–	–	8,400	4,300
Amount due from a subsidiary (trade)		–	–	1,800	1,300
		19,281	4,974	23,703	5,756
Other receivables (non-current)					
Loans to employee		195	111	–	–
Deposits		5,315	4,452	–	–
Consideration receivable pursuant to Rescission		2,600	–	2,600	–
		8,110	4,563	2,600	–
Total trade and other receivables (current and non-current)		27,391	9,537	26,303	5,756
Add:					
Cash and cash equivalents	19	71,669	85,079	38,473	45,690
Total loans and receivables		99,060	94,616	64,776	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.

Consideration receivable pursuant to Rescission

Consideration receivable pursuant to Rescission is interest-free and to be settled in cash.

17. Trade and other receivables (cont'd)

Consideration receivable pursuant to Rescission (cont'd)

On 2 July 2018, the Company acquired Asian Story Corporation Pte. Ltd. ("ASC") from Wang Chia Ye ("Vendor") for an aggregate consideration of $16,000,000 ("Consideration"), with an additional earn-out payment to be determined based on the performance of ASC. LHL Group Pte. Ltd. ("LHL Group", a wholly owned subsidiary of the Company) further entered into a three-year service agreement with the Vendor.

The Group received written notification on 22 November 2018 from Pokka Corporation (Singapore) Pte. Ltd. of its intention to terminate its manufacturing agreement with ASC on a six months' notice. Subsequent to the notification of the termination, the Company and LHL Group have on 29 November 2018, on mutually agreed terms entered into a Deed of Rescission with the Vendor and ASC to rescind the acquisition, and that the Vendor had not been employed by LHL Group ("Rescission").

Pursuant to the Rescission, out of the $16,000,000 consideration previously paid to the Vendor, $12,000,000 has been repaid on 29 November 2018. The balance consideration of $4,000,000 is to be repaid over three years from 29 November 2018 as follows:

(a) $1,400,000 within 12 months (the "First Installment");
(b) $1,300,000 within 24 months; and
(c) $1,300,000 within 36 months.

The consideration receivable is secured by a share charge granted in favour of the Company over the ASC shares (the "Share Charge"), as well as an assignment granted by ASC over its receivables in favour of the Company (the "Assignment"). The Company has also transferred all the shares of ASC to the Vendor, and LHL Group has rescinded its service agreement with the Vendor.

On 8 January 2019, the Company received in advance the First Instalment of $1,400,000 from the Vendor. As at the date of this report, the balance amount of $2,600,000 is outstanding and repayable by the Vendor by 29 November 2020 and 29 November 2021 in instalments of $1,300,000 each year. The Company has substituted its security over the Share Charge and Assignment in respect of the balance amount of $2,600,000 over certain quoted equity securities held by the Vendor aggregating to $1,905,000 based on quoted prices as at 31 December 2018.

During the year, the Group through the distributor of ASC has purchased Asian Story products as well as other products distributed by ASC amount to $736,000 (2017: $371,000).

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $493,000 (2017: $334,000) 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	
	2018	**2017**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Lesser than 30 days	405	233
30 to 60 days	63	75
61 to 90 days	–	–
91 to 120 days	25	26
	493	334

18. Inventories

	Group	
	2018	2017
	$'000	$'000
Consolidated statement of financial position:		
Raw materials and consumables, at cost	1,015	1,113
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	66,955	65,883

During the financial year ended 30 September 2018 and 2017, there has been no inventory written off or allowance for inventory obsolescence.

19. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash at banks and on hand	33,196	40,026	–	668
Short-term deposits	38,473	45,053	38,473	45,022
	71,669	85,079	38,473	45,690

Cash at banks earn interest at floating rate. 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 2018 for the Group and the Company were 1.48% (2017: 0.75%). Cash and short-term deposits are denominated in SGD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

20. Trade and other payables

	Note	Group		Company	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Trade and other payables (current)					
Trade payables		5,961	6,753	–	–
Other payables		2,938	3,192	–	–
GST payable		1,780	1,757	–	–
Deposits from tenants		1,222	1,401	–	–
Amounts due to the then-existing shareholders of subsidiaries (non-trade)		7,517	7,517	–	–
Amount due to a subsidiary (non-trade)		–	–	6,608	336
		19,418	20,620	6,608	336
Other payables (non-current)					
Deposits from tenants		804	562	–	–
Other payables		–	32	–	–
		804	594	–	–
Total trade and other payables		20,222	21,214	6,608	336
Add:					
Accrued operating expenses	21	7,121	7,148	984	926
Obligation under finance lease		72	–	–	–
Less:					
GST payable		(1,780)	(1,757)	–	–
Total financial liabilities carried at amortised cost		25,635	26,605	7,592	1,262

There are no trade and other payables denominated in foreign currencies as at 30 September 2018 and 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

21. Other liabilities

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Accrued operating expenses	7,121	7,148	984	926
Deferred revenue	5	3	–	–
	7,126	7,151	984	926

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

22. Obligation under finance lease

		Group	
	Note	2018	2017
		$'000	$'000
Current			
Obligation under finance lease	26	26	–
Non-current			
Obligation under finance lease	26	46	–
		72	–

The obligation is secured by a charge over the leased asset (Note 13). The discount rate implicit in the lease is 8.0% per annum (2017: Nil%). The obligation is denominated in Singapore dollars.

23. Provision for restoration costs

	Group	
	2018	2017
	$'000	$'000
At 1 October	690	450
Additions	200	240
At 30 September	890	690
Current	272	180
Non-current	618	510
	890	690

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

24. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2018		2017	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 October	1,157,787	287,141	489,912	122,478
Issuance of shares pursuant to the Restructuring Exercise (1)	–	–	466,075	116,519
Conversion of convertible loans (2)	–	–	25,000	5,168
Issuance of shares pursuant to the initial public offering (3)	–	–	173,800	43,450
Shares issuance expense (4)	–	–	–	(1,584)
Issuance of shares for acquisition of operating leases	–	–	3,000	1,110
At 30 September	1,157,787	287,141	1,157,787	287,141

(1) 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.

(2) 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.

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

(4) Listing expenses incurred pursuant to the Company's listing on Catalist 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.

(b) Treasury shares

	Group and Company 2018	
	No. of shares '000	$'000
At 1 October	–	–
Purchase of treasury shares	2,397	843
At 30 September	2,397	843

Treasury shares relate to ordinary shares of the Company that is held by the Company. There is no treasury shares held by the Company as at 30 September 2017.

The Company acquired 2,397,000 (2017: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $843,000 (2017: $Nil) and this was presented as a component within shareholders' equity.

25. Other reserves

	Group	
	2018	2017
	$'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.

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) Operating lease commitments - as lessee

The Group has entered into commercial leases in respect of its retail outlet and operating premises. These non-cancellable leases have tenure of between 1 to 18 years. Certain of the leases contain a clause to enable revision of the rental charges on annual basis based on prevailing market conditions. Certain of the leases contain escalation clauses and provide for contingent rentals based on percentage of sales derived. 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 2018 amounted to $36,858,000 (2017: $32,890,000).

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

	Group	
	2018	2017
	$'000	$'000
Not later than one year	32,970	28,282
Later than one year but not later than five years	38,474	35,864
Later than five years	1,085	1,170
	72,529	65,316

26. Commitments (cont'd)

(b) 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	
	2018 $'000	2017 $'000
Not later than one year	23,999	22,055
Later than one year but not later than five years	9,970	8,354
	33,969	30,409

(c) Finance lease commitment

The Group has a finance lease for a motor vehicle which is secured by a charge over the leased motor vehicle.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	2018		2017	
	Minimum lease payments $'000	Present value of payments (Note 20) $'000	Minimum lease payments $'000	Present value of payments (Note 20) $'000
Not later than one year	29	26	–	–
Later than one year but not later than five years	48	46	–	–
Total minimum lease payments	77	72	–	–
Less: Amounts representing finance charges	(5)	–	–	–
Present value of minimum lease payments	72	72	–	–

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.

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature. Fair value of non-current receivables and payable 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 end of 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

Coffee shop 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 food directly to consumers through the stalls, restaurants and confectionery shops operated by the Group such as Mixed Vegetable Rice stalls, Rice Garden stalls, Dim Sum stalls, Zi Char (Seafood) stalls, Teochew Porridge stalls, Live Seafood Restaurant, Tonkichi restaurants and Rive Gauche shops.

(c) Others

Others segment includes the provision of management, finance, human resource services, treasury and administrative services.

28. Segment information (cont'd)

Business segments (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

28. Segment information (cont'd)

	Outlet management	Food retail	Others	Adjustments and eliminations	Note	Group
	$'000	$'000	$'000	$'000		$'000
2018						
Revenue						
Revenue from external customers	113,573	88,640	–	–		202,213
Inter-segment revenue	27,079	21,902	40,468	(89,449)	A	–
Total revenue	140,652	110,542	40,468	(89,449)		202,213
Results:						
Interest income	72	49	524	–		645
Interest expense	–	–	1	–		1
Discounting impact of non-current refundable deposits	155	–	–	–		155
Depreciation of property, plant and equipment	1,517	509	500	–		2,526
Employee benefits expense	23,151	26,431	4,143	–		53,725
Operating lease expenses	34,961	1,819	78	–		36,858
Amortisation of intangible assets	238	36	61	–		335
Segment profit/(loss)	11,532	18,769	(5,232)	–		25,069
Assets:						
Segment assets	31,938	17,885	65,945	–		115,768
Segment liabilities	16,134	9,048	7,000	–		32,182

Note

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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.

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2018				
Financial assets:				
Trade and other receivables	19,281	8,389	385	28,055
Cash and short-term deposits	71,669	–	–	71,669
Total undiscounted financial assets	90,950	8,389	385	99,724
Financial liabilities:				
Trade and other payables	17,638	804	–	18,442
Accrued operating expenses	7,121	–	–	7,121
Obligation under finance lease	29	48	–	77
Total undiscounted financial liabilities	24,788	852	–	25,640
Total net undiscounted financial assets	66,162	7,537	385	74,084
2017				
Financial assets:				
Trade and other receivables	4,974	4,888	181	10,043
Cash and short-term deposits	85,079	–	–	85,079
Total undiscounted financial assets	90,053	4,888	181	95,122
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	4,294	181	68,517

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

(b) Liquidity risk (cont'd)

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

	1 year or less $'000	1 to 5 years $'000	Total $'000
Company			
2018			
Financial assets:			
Trade and other receivables	23,703	2,600	26,303
Cash and short-term deposits	38,473	–	38,473
Total undiscounted financial assets	62,176	2,600	64,776
Financial liabilities:			
Trade and other payables	6,608	–	6,608
Accrued operating expenses	984	–	984
Total undiscounted financial liabilities	7,592	–	7,592
Total net undiscounted financial assets	54,584	2,600	57,184
2017			
Financial assets:			
Trade and other receivables	5,756	–	5,756
Cash and short-term deposits	45,690	–	45,690
Total undiscounted financial assets	51,446	–	51,446
Financial liabilities:			
Trade and other payables	336	–	336
Accrued operating expenses	926	–	926
Total undiscounted financial liabilities	1,262	–	1,262
Total net undiscounted financial assets	50,184	–	50,184

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 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

30. Capital management (cont'd)

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

	Note	Group	
		2018 $'000	2017 $'000
Obligation under finance lease	22	72	–
Trade and other payables	20	20,222	21,214
Accrued operating expenses	21	7,121	7,148
Less: Cash and cash equivalents	19	(71,669)	(85,079)
Net cash		(44,254)	(56,717)
Equity attributable to owners of the Company, representing total capital		83,586	73,661
Gearing ratio		NA*	NA*

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

31. Dividends

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Declared and paid during the financial year:				
Dividends on ordinary shares:				
– Final exempt (one-tier) dividend for 2017: 0.68 (2016: nil) cents per share	7,873	–	7,873	–
– Interim exempt (one-tier) dividend for 2018: 0.28 (2017: 0.28) cents per share	3,242	3,233	3,242	3,233
Dividends paid to the then-existing shareholders of subsidiaries	–	11,000	–	–
	11,115	14,233	11,115	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 2018: 0.68 (2017: 0.68) cents per share	7,855	7,873	7,855	7,873

32. Event occurring after the reporting period

Regulatory orders for provision of information and documents

The Company and ASC have each received a letter on dated 22 November 2018 from the Commercial Affairs Department ("CAD") and the Monetary Authority of Singapore ("MAS") (collectively, the "Authorities") requesting for the provision of certain documents and equipment.

In respect of the Company, the request relates to the production of, inter alia;

(a) documents pertaining to the Group in respect of the Company's Initial Public Offering and to the Company's acquisition of ASC;

(b) IT equipment used by Mr Lim Hee Liat (Executive Chairman of the Company), Mr Chia Cher Khiang (Executive Director of the Company) and Mr Ong Eng Sing (a former Non-Executive Director of the Company); and

(c) the corporate secretarial records of the Company from 1 January 2016.

In respect of ASC, the request relates to the production of, inter alia, its corporate secretarial and financial records and documents relating to its acquisition by the Company.

The requests are made pursuant to the provisions of the Criminal Procedure Code in connection with an investigation into a possible offence under the Securities and Future Act, Chapter 289 of Singapore ("SFA").

The Executive Chairman and Executive Director have also informed the Board that they have received similar requests from the Authorities in connection with an investigation into a possible offence under Section 199 of the SFA.

On 4 December 2018, the Executive Chairman and Executive Director have informed the Board that they attended at CAD and were released on bail after being arrested for having been concerned, or reasonably suspected of being involved in, an offence under Section 199 of the SFA.

As at the date of this report, the investigation by the Authorities is still ongoing.

33. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2018 were authorised for issue in accordance with a resolution of the directors on 9 January 2019.

STATISTICS OF SHAREHOLDINGS

As at 24 December 2018

SHARE CAPITAL

Numer of Ordinary Shares in Issue (excluding treasury shares and subsidary holdings)	:	1,155,182,632
Number of treasury shares held	:	2,604,100 (0.23%)
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	1	0.05	6	0.00
100 - 1,000	131	6.57	101,300	0.01
1,001 - 10,000	901	45.21	4,965,200	0.43
10,001 - 1,000,000	904	45.36	78,296,408	6.78
1,000,001 AND ABOVE	56	2.81	1,071,819,718	92.78
TOTAL	1,993	100.00	1,155,182,632	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LIM HEE LIAT	449,915,165	38.95
2	PEH OON KEE	99,309,105	8.60
3	NG LAY BENG	66,872,966	5.79
4	DBS NOMINEES (PRIVATE) LIMITED	64,865,878	5.62
5	RAFFLES NOMINEES (PTE) LIMITED	54,476,900	4.72
6	NG THIAN HOO	48,062,724	4.16
7	NG HAN KEOW	47,406,862	4.10
8	VANDA 1 INVESTMENTS PTE LTD	41,961,600	3.63
9	ANG TIAN CHUA	41,768,618	3.62
10	CHIA CHER KHIANG (XIE SHUQIANG)	14,513,391	1.26
11	ANG KOK HUI	12,144,724	1.05
12	PEH KIM LEONG SUNNY (BAI JINLONG)	10,905,948	0.94
13	WONG HONG KOON	8,121,960	0.70
14	ANG LAY HIONG (HONG LIXIANG)	7,266,191	0.63
15	OW SOON POOH	6,845,850	0.59
16	HONG LEONG FINANCE NOMINEES PTE LTD	5,900,000	0.51
17	CITIBANK NOMINEES SINGAPORE PTE LTD	5,178,200	0.45
18	ONG ENG SING (WANG YONGSHENG)	5,140,000	0.44
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,824,600	0.42
20	REEVES TNG HUNG KWEE (REEVES TANG HANGUI)	4,744,011	0.41
	TOTAL	1,000,224,693	86.59

STATISTICS OF SHAREHOLDINGS

As at 24 December 2018

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	449,915,165	38.95	40,000,000 *	3.46
Peh Oon Kee	99,309,105	8.60	–	–
Ng Lay Beng	66,872,966	5.79	10,300,000 ^	0.89

* This represents Mr Lim Hee Liat's direct interest held in the name of Raffles Nominees (Pte) Limited.

^ This represents Mr Ng Lay Beng's direct interest of 5,800,000 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.

SHARES HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 24 December 2018, 42.31% 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 the 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 Wednesday, 30 January 2019 at 2.00 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 2018 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt One-Tier Final Dividend of 0.68 Singapore cents per ordinary share for the financial year ended 30 September 2018. **(Resolution 2)**

3. To re-elect Mr Lim Hee Liat, being a Director who retires by rotation pursuant to Regulation 112 of the Constitution of the Company. [See Explanatory Note (i) and (iv)] **(Resolution 3)**

4. To re-elect Mr Lim Teck Chai Danny, being a Director who retires by rotation pursuant to Regulation 112 of the Constitution of the Company. [See Explanatory Note (ii) and (iv)] **(Resolution 4)**

5. To re-elect Ms Wong Kok Yoong, being a Director who retires pursuant to Regulation 116 of the Constitution of the Company. [See Explanatory Note (iii) and (iv)] **(Resolution 5)**

6. To approve the payment of Directors' fees of up to S$200,000 for the financial year ending 30 September 2019, to be paid quarterly in arrears. (2018: S$150,000) **(Resolution 6)**

7. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. 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:

9. **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 (v)] **(Resolution 8)**

10. **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 (vi)] **(Resolution 9)**

11. **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 (vii)] **(Resolution 10)**

By Order of the Board

Hoon Chi Tern
Joint Company Secretary

Singapore, 14 January 2019

NOTICE OF ANNUAL GENERAL MEETING

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 Lim Hee Liat as a Director of the Company. Mr Lim, upon re-election, will remain as the Executive Chairman and a member of the Nominating Committee of the Company.

(ii) **Resolution 4** is to re-elect Mr Lim Teck Chai Danny as an Independent Director of the Company. Mr Danny 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 Danny Lim will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

(iii) **Resolution 5** is to re-elect Ms Wong Kok Yoong as a Director of the Company. Ms Wong, upon re-election, will remain as the Finance Director and Chief Financial Officer of the Company.

(iv) Please refer to the sections entitled “Board of Directors” and "Corporate Governance Report" in the annual report for the financial year ended 30 September 2018 for information on the Directors which are put up for re-election.

(v) **Resolution 8** proposed in item 9. 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 8 (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 8, 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 8, 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.

(vi) **Resolution 9** proposed in item 10. 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.

(vii) **Resolution 10** proposed in item 11. 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)

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.

PROXY FORM

(Please see notes overleaf before completing this Form)

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 Wednesday, 30 January 2019 at 2.00 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 2018 **(Resolution 1)**		
2	Approval of Tax Exempt One-Tier Final Dividend **(Resolution 2)**		
3	Re-election of Mr Lim Hee Liat as a Director **(Resolution 3)**		
4	Re-election of Mr Lim Teck Chai Danny as a Director **(Resolution 4)**		
5	Re-election of Ms Wong Kok Yoong as a Director **(Resolution 5)**		
6	Approval of Directors' fees of up to S$200,000 for the financial year ending 30 September 2019, to be paid quarterly in arrears **(Resolution 6)**		
7	Re-appointment of Messrs Ernst & Young LLP as Auditors **(Resolution 7)**		
	SPECIAL BUSINESS		
8	Approval of the Share Issue Mandate **(Resolution 8)**		
9	Authority for Directors to offer and grant options and to allot and issue new shares under the Kimly Employee Share Option Scheme **(Resolution 9)**		
10	Authority for Directors to offer and grant awards and to allot and issue new shares under the Kimly Performance Share Plan **(Resolution 10)**		

* 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 ___________ 2019

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 14 January 2019.

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

13 Woodlands Link
Singapore 738725

www.kimlygroup.sg