



# Steady Ship in Rough Seas

Annual Report 2020





Completed HQ & central kitchen annex Block's expansion project  
**30 Sep 2017**

Successfully listed on the Catalist of the SGX-ST  
**20 Mar 2017**

20

17

**3 Jul 2017**

Acquisition of operating leases & business operations of Bedok 631 coffeeshop, 21 Woodlands Close Industrial Canteen



Acquisition of Tonkichi & Rive Gauche Patisserie  
**1 Jul 2018**

20

18

**2 Jul 2018**

Commenced operations with the first digitalized tray return & rewards system at Bukit Batok 292 Coffeeshop



Launch of Beverage Line "HOLIM"  
**1 May 2019**

20

19

**1 Jul 2019**

Successfully tendered for 3 HDB coffeeshops under HDB's Price-Quality-Method ("PQM")



**1 Nov 2019**

Successfully acquired our first coffeeshop property, Teck Whye 143 coffeeshop



**15 May 2020**

122 Food stalls onboard on 3rd party food delivery platform



**3 Jun 2020**

Completion of acquisition of 6 food outlet properties

**26 Aug 2020**

Acquisition of Clementi 380 coffeeshop

**3 Nov 2020**

Entered into a joint venture agreement to operate and manage a halal coffeeshop



Successfully launched the iconic Kimly Bak Kwa Bao  
**1 Aug 2019**



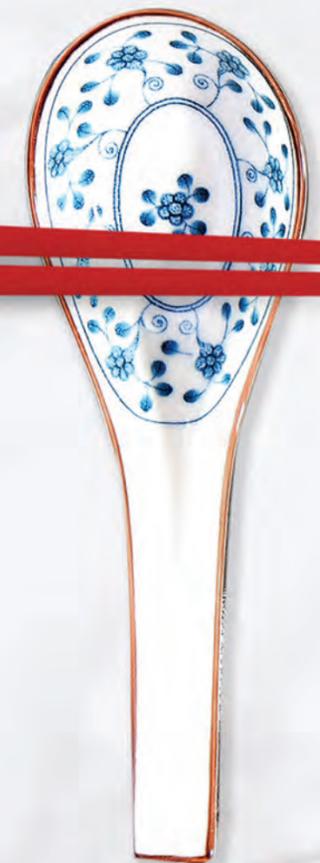
Successfully acquired 25% partnership interest in North View Investments LLP  
**26 Jun 2020**

20

20

Acquisition of Ang Mo Kio 347 Coffeeshop  
**30 Jun 2020**

Entered into a joint venture agreement to manage and operate Choa Chu Kang 429A coffeeshop  
**29 Sep 2020**





**金味** Kimly™  
The Flavours of Life

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# Corporate Profile



Kimly Limited (the “Company” or “Kimly”, and together with its subsidiaries, the “Group”) is one of the largest traditional coffeeshop operators in Singapore with 30 years of experience. The Group operates and manages an extensive network of 83 food outlets under “Kimly”, “foodclique” and a third party brand, 137 food stalls comprising Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood “Zi Char”, Kanaaji Japanese Tonkatsu, two Tonkichi restaurants and seven Rive Gauche confectionery shops.

While keeping to the heritage of a traditional coffeeshop that provides affordable food for all, Kimly is also constantly modernising to keep up with the times and changing consumer trends. Digitalisation of payment is underway, to equip all of its drink and food stalls with NETs unified e-payment system. All its food retail products are currently available for online ordering through Deliveroo, Foodpanda, GrabFood and Oddle.

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 67 coffeeshops and four industrial canteens under the “Kimly” brand and a third party brand, 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 97% for a total of over 600 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 137 food stalls, two Tonkichi restaurants and seven Rive Gauche confectionery shops under our Food Retail portfolio comprises:

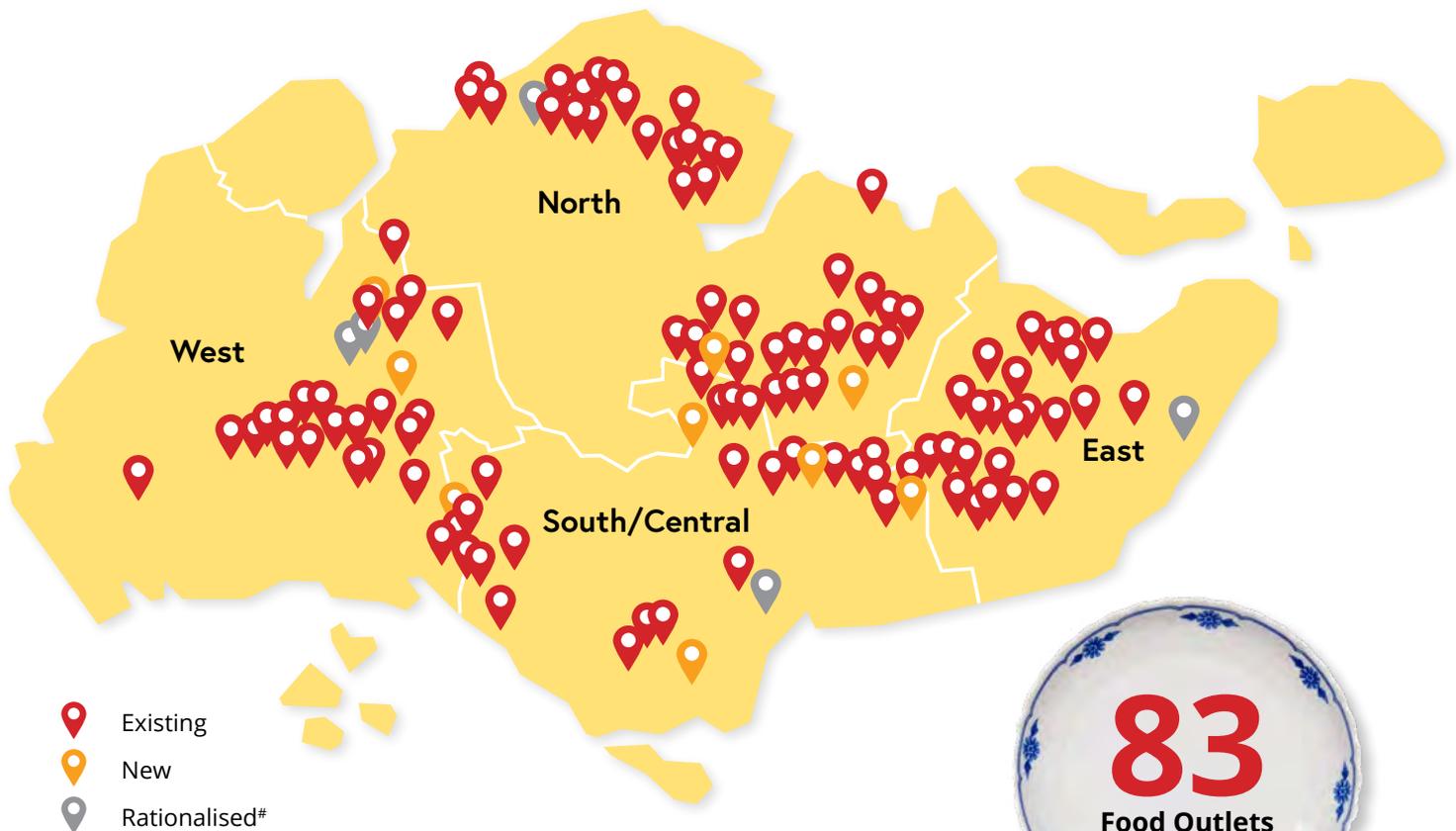
<b>36</b> Mixed Vegetable Rice	<b>3</b> Teochew Porridge	<b>29</b> Seafood "Zi Char"
<b>20</b> Rice Garden	<b>48</b> Dim Sum	<b>1</b> Kanaaji Japanese Tonkatsu Food Stall
<b>2</b> Tonkichi Restaurants	<b>7</b> Rive Gauche Confectionery Shops	

Our Central Kitchens supply sauces, marinades, pastries and semi-finished food products to our Mixed Vegetable Rice, Seafood “Zi Char”, Dim Sum stalls and Rive Gauche confectionery shops.

## Outlet Investment Business Division

Outlet Investment Business Division is involved in investments into properties (freehold and leasehold) in order to benefit from rental income and/or capital growth. The Group has acquired five coffeeshops, three industrial canteen units and a restaurant unit during FY2020.

# Our Network



\* Picture for illustration purposes only.  
 # Outlets ceased to re-allocate resources for higher value of return.



## Our Extensive Network

The Group has an extensive network of 83 food outlets located across the heartlands of Singapore, with its food stalls/restaurants/patisseries serving a variety of dishes catering to consumers' diverse preferences. 52 out of 83 food outlets are open 24 hours.

West	North	South/ Central	East
<b>24</b> Food Outlets	<b>19</b> Food Outlets	<b>19</b> Food Outlets	<b>21</b> Food Outlets
<b>49</b> Food Stalls	<b>29</b> Food Stalls/ Patisserie	<b>32</b> Food Stalls/ Restaurants/ Patisserie	<b>36</b> Food Stalls/ Patisserie

# Remembering **the Past**

We grew from **64** food outlets in 2017 to

**83**

food outlets in 2020



## 2017

### 20 Mar 2017

Successfully listed on the Catalist of the SGX-ST

### 3 Jul 2017

Acquisition of operating leases & business operations of Bedok 631 coffeeshop, 21 Woodlands Close industrial canteen



### 30 Sep 2017

Completed HQ & central kitchen annex block's expansion project



## 2018

### 1 Jul 2018

Acquisition of Tonkichi & Rive Gauche Patisserie



### 2 Jul 2018

Commenced operations with the first digitalised tray return & rewards system at Bukit Batok 292 coffeeshop



## 2019

### 1 May 2019

Launch of beverage line "HOLIM"



### 1 Jul 2019

Successfully tendered for 3 HDB coffeeshops under HDB's Price-Quality-Method ("PQM")



### 1 Aug 2019

Successfully launched the iconic Kimly Bak Kwa Bao



# Message to Shareholders



## DEAR SHAREHOLDERS

On behalf of the Board of Directors (the “Board”), I am pleased to share our results for the financial year ended 30 September 2020 (“FY2020”). This is the fourth year of our reporting as a listed company, and we are proud to have achieved sustainable healthy growth amid a turbulent environment for the year.

The onset of the COVID-19 pandemic at the start of the year certainly presented challenges to the economic environment in Singapore. While the Group’s coffeeshops, industrial canteens and food courts remained in operation during the Circuit Breaker period from April to June, they were limited to only takeaway and delivery services, resulting in a drop in footfall.

Despite these challenges, management will continue to pursue opportunities to enhance shareholders’ value. We understand that it is currently difficult to predict how long the situation in Singapore would take to normalise given the lingering uncertainties surrounding the pandemic. Nonetheless, we will continue to monitor the situation closely and respond resolutely.

### Staying Nimble Through An Uncertain Environment

During these uncertain and volatile times, the Group harnessed on our competitive advantages, the ability to act fast to adapt to the changing landscape, and demonstrated resilient performance.

## Message to Shareholders

Our recently upgraded central kitchen was imperative in allowing us to boost profits and mitigate adverse impacts from the pandemic. Our food retail division received much support from the central kitchen which enabled us to continue catering to our broad and varied customer base even during this challenging period. During the three-month Circuit Breaker period, the continued supply of raw materials became a concern. However, we managed to stock-up on essential raw materials such as meat, poultry and seafood in our central kitchen. We also established alternative sources for these raw materials to improve on our supply chain resilience. Our manufacturing capabilities in the central kitchen also meant that we were able to produce large amounts of food and as such, reduce the cost of these materials by making bulk purchases. At the same time, given that manpower onsite had to be reduced due to social distancing measures, our central kitchen managed to further assist us in reducing manpower reliance at the food stalls. This has proven that the central kitchen is a unique and key factor in providing resilience along with innovation to our operations.

While our drink stall business was affected the most during this period, our food retail division such as our Dim Sum, Seafood "Zi Char" and Mixed Vegetable Rice stalls were able to partially mitigate the impact on the revenue. This has proven to us that having strong and diversified revenue streams is extremely important, because even though our different food retail divisions may be affected in different ways, they are still able to complement each other in times of crisis.

Our coffeeshops are mostly located within HDB heartlands and these outlets saw an increase in footfall due to the increased number of people working from home and following the lifting of dine-in restrictions at F&B establishments since 19 June 2020. In addition, an increase in domestic consumption and surge in demand for our services was also observed with the closure of international borders. The convenient locations of our food outlets, along with the availability of more economical dining options, have provided resilience to the Group's revenue.

**During these uncertain and volatile times, the Group harnessed on our competitive advantages, the ability to act fast to adapt to the changing landscape, and demonstrated resilient performance.**

Moving forward, we are confident that coffeeshops will remain an integral and unique part of a flourishing cultural scene in Singapore. They are considered part of the national identity and intangible cultural heritage of Singapore, and more practically, coffeeshops are community dining halls that support community bonding and social interactions. As such, we believe that people will still opt for food in coffeeshops despite the changing norms to order food online.

### Tiding Through COVID-19

COVID-19 has accelerated the push towards digitalisation and resulted in changes in consumer lifestyle and preferences<sup>1</sup>. As such, we have also increased our capabilities to stay relevant to seize opportunities and emerge victorious as we move into a post COVID-19 world.

#### Note

- <https://www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/how%20covid%2019%20is%20changing%20consumer%20behavior%20now%20and%20forever/how-covid-19-is-changing-consumer-behaviornow-and-forever.pdf>





During the Circuit Breaker period, we realised that this was the perfect time to seize the increasing business opportunities stemming from the rapid growth of technology, and we accelerated our digitalisation efforts by engaging more third-party food delivery platforms such as GrabFood, Deliveroo, and Foodpanda. Our central kitchen also collaborated with Singapore Institute of Technology in the areas of food technology to maintain the quality of the food delivered, considering the extra time required for deliveries. The central kitchen continues to assist the food retail division with its R&D and food processing efforts, allowing the food retail division to create new products and food concepts that would suit the ever-changing demands of consumers, while reducing the emphasis on manpower reliance. We have also noticed a lack of staple food offerings on the food delivery platforms and have signed-up all our Mixed Vegetable Rice food stalls on these platforms to capture the demand for staple food.

Currently, we have more than 125 food stalls offering food delivery services on the three (3) major food delivery platforms as compared to 66 food stalls prior to the Circuit Breaker period. Partnering with these food delivery platforms has proven to be successful, as the work-from-home directive has created demand for our offerings, leading to an increase in revenue from the online food delivery. The negative impacts of COVID-19 has also been mitigated to an extent by the increase in revenue from food deliveries. This has also demonstrated the nimbleness of the management team and the capabilities of the central kitchen in adapting quickly in times of crisis by building up the Group's online presence.

Moving forward, we will continue to work with these food delivery platforms on new promotions and initiatives to further enhance the Group's revenue from delivery services and takeaways.

### Increased Digitalisation

Against an uncertain environment and changing consumer lifestyle and preferences, the Group is constantly evolving and reviewing its strategy to remain competitive and deliver higher value to all our stakeholders.

Our traditional brick-and-mortar operations are now being complemented by online channels such as social media mass communications, central kitchen's quality control/ product R&Ds, economics of scales and younger operating talents.



As Dim Sum sales continue to grow, we have also implemented several technology-driven initiatives to enhance our Dim Sum sales and production processes. Such initiatives include the Point of Sales ("POS") system and Enterprise Resource Planning ("ERP") system integration that allow for real-time data accuracy and visibility of the whole operations including sales and stock levels.

To cater to the increasing preference for convenient cashless payment methods, cashless payment options have been first introduced at our food stalls located at Block 292 Bukit Batok East Avenue 6, National University of Singapore ("U-Town") and Block 651 Jurong West St. 61. The Group is also currently working with Infocomm Media Development Authority ("IMDA") and NETS, with the deployment of the unified e-payment systems<sup>2</sup> to the rest of the more than 220 operating points across the island, which are slated to be completed in 2021.

#### Note

- 2 Enterprise Singapore, together with HDB, JTC Corporation and The National Environment Agency ("NEA"), officially launched the unified e-payment initiative with NETS as the appointed master acquirer in June 2019. The Government will prioritise the deployment of SGQRs for contactless payments. Through the SGQR, stallholders, customers will be able to transact through up to 19 different providers, including Dash, GrabPay and local bank offerings such as OCBC Pay Anyone and DBS PayLah!. This will allow businesses to operate safely by reducing contact with customers and minimising the physical handling of cash during transactions.

## Message to Shareholders



Going forward, we intend to continue engaging our customers more actively via social media platforms as well as leveraging on our Group's multi-concept food retail division to increase our customer stickiness and eventually boost our revenue.

### Mergers and Acquisitions Journey

The Group has started to embark on the journey of obtaining more direct asset ownership of the food outlets since last year in view of the limited supply of coffeeshop properties. With the team's relentless effort and determination, the Group has achieved a remarkable acquisition track record during the year.

Since IPO, the Group has been actively expanding its footprints especially in areas where we do not have a presence by acquiring food outlets in strategic locations. On average, the Group has been able to secure the leases between 3 to 5 new outlet locations each year. Notwithstanding the limited existing supply of coffeeshop properties, the Group has accelerated its pace in acquiring food outlets and continued to showcase its established track record in acquiring new outlet locations.

The Group has acquired a total of nine food outlet properties which includes five coffeeshops, three industrial canteen units and a restaurant unit for an aggregate consideration of S\$69.815 million in FY2020. The acquisition allows the Group to secure the long-term right-of-use of these properties to expand and grow our network of food outlets through this acquisition, given the limited supply of long-term leasehold coffeeshop properties for sale or lease. In addition, the

Group has also acquired a 25% partnership interest in North View Investments LLP, owner of a popular food outlet located at Yishun. This outlet is located at a prime location with high footfall expected in the future due to upcoming residential developments in the vicinity. Long-term leasehold coffeeshop properties have become increasingly scarce in supply and by acquiring a 25% partnership interest, the Group is able to entrench its operating rights of the coffeeshop as the Group will be entitled to first rights of refusal in the event of lease renewal or sale of the food outlet.

**Our traditional brick-and-mortar operations are now being complemented by online channels such as social media mass communications, central kitchen's quality control/product R&Ds, economics of scales and younger operating talents.**

Furthermore, the Group has entered into three joint venture agreements with third parties to operate and manage the short-term HDB coffeeshop leases at Block 376 Bukit Batok Street 31 #01-126, Block 1 Upper Aljunied Lane #01-02 and Block 429A Choa Chu Kang Avenue 4 #01-01. This is in line with our strategy to expand our network of food outlets in Singapore and to establish new food outlets and food stalls as and when suitable strategic locations become available.

Following acquisitions during the year, our portfolio has expanded to 83 food outlets and 137 food stalls, representing an increase of 29.7% and 13.2% respectively, since our IPO. This marks a significant milestone to the Group since our listing.



FY2020

### Net Attributable Profit

**S\$25.2m**

2019: S\$20.1m

FY2020

### Revenue

**S\$210.8m**

2019: S\$208.3m

These acquisitions allow the Group to diversify and expand our revenue stream through additional and recurrent rental streams, which mitigates the uncertainties surrounding its private leases, which can be influenced by expectations from landlords and market competition. We will continue to build on this momentum by proactively looking for opportunities to acquire food outlet properties in the heartlands of Singapore to deepen our market presence and to expand our outreach through online delivery platforms.

#### Forward Strategy

We believe there is an abundance of opportunities for growth in the F&B industry. Thus, we have been proactively looking for business opportunities which would allow us to expand both vertically and horizontally.

The Group had entered into a joint venture with Tenderfresh Fried & BBQ Chicken Pte Ltd ("Tenderfresh"), a leading and established western food operator and a major Halal food retailer, supplier and wholesaler, to operate a Halal-themed coffeeshop, with each holding a stake of 51% and 49% respectively. The coffeeshop, branded as KEDAI KOPI, underwent enhancement work and was re-opened for business on 28 December 2020.

Leveraging on Singapore's reputation as a globally-recognised Halal food hub and as a gateway to more than 350 million Muslims in South East Asia<sup>3</sup>, this is an opportune time for the Group to make a foray into the Halal industry to ride on the surging trend and to capitalise on a market where around 14% of the local population are Muslims, which equates to about 789,000 people in the local community<sup>4</sup>.

The joint venture is an expansion of the Group's core business to another promising food sector. In addition, by leveraging on Tenderfresh's competitive edge and wide network in Singapore's Halal F&B market, the joint venture with Tenderfresh provides a valuable strategic platform for the Group to further expand its customer base as well as product offerings.

We believe that the trend of working from home is here to stay, which would therefore add footfall to the coffeeshops and lead to a continued increased demand for our services. As Singapore has gradually started re-opening its economy in phases, we are also cautiously optimistic that Kimly is well-poised to ride on this positive trend which would add footfall to our coffeeshops.

Besides striving to grow inorganically, we also remain committed to further expand our business organically by expanding our product offerings, updating our menu constantly based on the evolving consumers' preferences as well as increasing our operations efficiency.

#### Note

- 3 An Overview of Halal Industry in Singapore [https://www.researchgate.net/publication/281272919\\_An\\_Overview\\_of\\_Halal\\_Industry\\_in\\_Singapore](https://www.researchgate.net/publication/281272919_An_Overview_of_Halal_Industry_in_Singapore)
- 4 Singapore Demographics Profile 2019 [https://www.indexmundi.com/singapore/demographics\\_profile.html](https://www.indexmundi.com/singapore/demographics_profile.html)

## Message to Shareholders

### Financial Performance

For FY2020, we registered a 25.8% jump in net attributable profit to S\$25.2 million from S\$20.1 million in FY2019 despite the tough business environment. Gross profit margin increased to 26.8% in FY2020 from 19.5% in FY2019, due to the government's multiple COVID-19 assistance schemes that have helped to mitigate parts of the negative impacts from the pandemic. Revenue was registered at S\$210.8 million, a growth of 1.2% from S\$208.3 million, mainly due to increase in contribution from the Food Retail Division by S\$7.2 million. This increase was due to the rise of food delivery sales, attributed by the Group's stronger online food delivery presence with increased marketing efforts, coupled with the R&D and production capabilities of the central kitchen, translating to operational enhancement through the challenging year. In addition, the heightened food delivery demand during the Circuit Breaker period has further driven sales with the Group's newly diversified Outlet Investment Business Division. The strategically acquired outlets have further expanded our footprint in Singapore, catering to more consumers for both online and physical stores. Gross profit in FY2020 grew by 38.9% to S\$56.5 million from S\$40.7 million in FY2019. The increase in gross profit was offset by higher selling and distribution expenses, and administrative expenses which lowered profit before tax to S\$29.7 million.

Our balance sheet remains healthy. The Group generated operating cash flow of S\$74.9 million with cash and cash equivalents as of 30 September 2020 at S\$68.3 million. As at the date of this report, the Group had utilised S\$37.0 million of its IPO net proceeds resulting in a balance of S\$6.5 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 0.84 Singapore cent per share. Taking into account the interim dividend of 0.28 Singapore cent per share paid in July 2020, the proposed total dividend for FY2020 is 1.12 Singapore cents per share, representing a payout of 52.6% of the Group's net attributable profit for FY2020. The final dividend is subject to shareholders' approval at the forthcoming annual general meeting on 26 January 2021.

### With Gratitude

On behalf of the Board of Directors, I would like to express my most sincere appreciation to our team for their contribution to our growth. I would also like to thank our shareholders for putting their trust in us, as well as our business partners, landlords, food stall operators, associates, customers and suppliers for their continued support and trust.

I would also like to express my gratitude to the Singapore Government for the various grants and support that have been given to the food and beverage industry during these tough times. These grants have provided us with the chance to expand our services, such as through engaging more food delivery platforms, mitigate the cost of lower footfall arising from social distancing measures, along with maintaining the morale and livelihood of our staff.

**The Group has started to embark on the journey of obtaining more direct asset ownership of the food outlets since last year in view of the limited supply of coffeeshop properties.**

Our achievements today would also not have been possible without the hard work, loyalty 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.

Last but not least, we certainly could not have come so far in our journey without all of you. We look forward to your continued support as we work to bring Kimly to greater heights.

**LIM HEE LIAT**  
Executive Chairman

# 给股东的信息



## 致各位股东

我谨代表董事会，向各位提呈我们截至2020年9月30日财政年度（“2020财年”）的业绩。这是我们上市后提呈报告的第四年。在这一年动荡的环境下，我们仍能实现可持续的健康增长,我们为此感到自豪。

今年年初2019冠状病毒病（“COVID-19”）的爆发，为新加坡的经济环境带来了诸多挑战。虽然集团的咖啡店，食堂和美食广场在4月至6月的阻断措施期间仍继续营业，但仅限于打包和外卖服务，进而导致人流量下降。

尽管面临种种挑战，管理层仍将继续寻求商机，来提高股东们的价值。由于疫情增添了许多不确定性，因此目前也很难预测新加坡的经济将需要多长时间，才能够复苏。尽管如此，我们将继续密切观察局势，并作出相对的对策。

在这段不确定和动荡的时期里，集团充分的利用了自身的独特竞争优势，敏锐的行动的能力，以适应不断变化的局势和充分地体现出有韧性的表现。

## 给股东的信息



我们最近已升级的中央厨房，在为我们增加利润及减轻疫情所带来的不利影响中，扮演了非常重要的角色。有了中央厨房的支持，即使在这个充满挑战的时期，我们的食品零售部，也能够继续满足广大客户的需求。在这为期三个月的阻断措施期间，业者能否持续得到原材料的供应成为了问题之一，但是有了中央厨房的我们，快捷的解决了这个问题。我们在中央厨房中储备了必要的原材料，例如肉类，干粮和海鲜等。为了避免我们的供应链受到影响，我们也为原材料找了替代来源。中央厨房的制造能力也使我们能够生产大量食物，因此，通过以批发价购买原材料，降低了产品的成本。同时，社交距离措施迫使我们不得不减少工作人员数量，但中央厨房的加工能力，进一步帮助我们减少了食品摊位所需的人力。这也证明了中央厨房在集团提供坚韧和创新的运营模式，也扮演着关键因素。

尽管在此期间我们的饮料摊位业务受到了比较大的影响，但我们的食品零售部门（例如金味点心，金味海鲜煮炒和金味杂菜饭摊位等）减轻了疫情对我们的收入所带来的影响。这也证明了拥有强大，而多样化的收入来源极为重要，因为即使各食品零售部门可能受到不同层度的影响，但在危机时期，它们仍然能够互补，降低不利环境对集团所可能带来的影响。

我们的咖啡店大多位于组屋区地带。由于居家办公人数的增加，以及自2020年6月19日政府恢复在餐饮场所堂食后，这些咖啡店的人流量也随着上升。此外，随着国际边界的关闭，本地国内消费能力也有所增加，及对于我们服务的需求也随之激增。我们餐饮店的便利位置，以及拥有更经济的饮食选择，为集团的收入提供了韧性。

**在这段不确定和动荡的时期里，集团充分的利用了自身的独特竞争优势，敏锐的行动的能力，以适应不断变化的局势和充分地体现出有韧性的表现。**

展望未来，我们深信咖啡店将仍然是新加坡繁荣文化氛围中不可或缺的一部分。它们是新加坡的民族特色和非物质文化遗产的一部分。咖啡店也代表着社区食堂，提供社区联系和社会互动的平台。因此，我们认为，尽管在线预订餐饮会成常态，消费者们仍然会光顾咖啡店。

### 抗击新冠病毒

新冠病毒加快了集团数码化的进程，并改变了消费者的生活方式和喜好<sup>1</sup>。因此，随着我们步入后疫情的时代，我们也加强了我们的与时俱进的能力，以便抓住机会，并取得胜利。

#### Note

<sup>1</sup> <https://www.mckinsey.com/~media/mckinsey/industries/retail/our%20insights/how%20covid%2019%20is%20changing%20consumer%20behavior%20now%20and%20forever/how-covid-19-is-changing-consumer-behavior-now-and-forever.pdf>





科技的快速增长，将为我们带来日益增长的商业机会。我们在阻断措施期间，意识到这是利用科技的最佳时机，因此我们通过使用更多的第三方网食品配送平台，如GrabFood，Deliveroo，和Foodpanda，加快了我们的数码化的进展。顾及食品配送时，所需的额外时间，我们的中央厨房也与新加坡理工大学在食品技术领域，进行合作以探讨如何保持外卖食物的质量。中央厨房也将继续协助食品零售部，进行研发和食品加工的工作，创造新的产品和食品概念，以满足消费者不断变化的需求，同时也减低对人力资源的依赖。我们也意识到第三方食品配送平台上缺乏主食供应，所以也在这些平台上注册了我们所有的杂菜饭摊位，满足消费者对主食的需求。

我们目前有超过125个熟食摊位已经注册在第三方食品配送平台，相比阻断措施前我们只有66个食品摊位注册上线。因居家办公指令推动了对我们线上食品的需求，从而增加了我们食品配送的收入，减轻了疫情对营业额所带来的负面影响。这也证明了管理团队的机智，以及中央厨房在危机时刻快速适应的能力，加强了集团在食品线上服务的实力。

展望未来，我们将继续与第三方食品送餐平台合作，推出更多新的促销和举措，进一步提高集团的线上外卖收入。

### 加快数码化进程

在面对充满不确定性的环境，和不断变化的消费者生活方式和喜好，集团继续审查自身策略并不断革新，以保持竞争力，并为所有利益相关者带来更高的价值。

我们的传统实体业务与在线业务渠道，如社交媒体大众传播、中央厨房的质量控制，及产品研发、经济效益和培养年轻的运营人才，都是相辅相成的。

随着点心销售的持续增长，我们也实行了几项以科技驱动的举措，以强化我们点心的销售和生​​产流程。这类项目包括了销售点系统（“POS”）和企业资源计划系统（“ERP”），以提供实时数据，并提高数据的准确性，也包括销售和库存水平在内的整个营运系统。



为了迎合人们对便捷无现金支付方式的日益偏好，我们首先在位于新加坡国立大学、武吉巴督6街，大牌292座，和裕廊西61街，大牌651座，的食品摊位引入了无现金支付方式。集团目前正与新加坡资讯通信媒体发展局（“IMDA”）以及NETS合作，将在全岛超过220个运营点推出统一支付系统<sup>2</sup>，并计划于2021年完成安装。

### Note

2 新加坡企业发展局，建屋发展局，裕廊集团与国家环境局在2019年6月正式推举NETS为一款计划主获取者。政府将优先配置全国共用QR码“SG QR”来无现金付款。通过SGQR，摊主与顾客将能够与高达19个不同的付款提供者，包括DASH, GRABPAY和本地银行服务如OCBC PAY ANYONE和DBS PAYLAH!交易。这能使企业减少对顾客的接触和现金交易，然而安全的运作。

## 给股东的信息



展望未来，我们将继续通过社交媒体平台与我们的客户进行更多的互动，并利用集团的多概念食品零售部门来提高我们的客户粘性，进而提高我们的收入。

### 收购之旅

鉴于咖啡店物业的有限供应，集团自去年以来，已开始着手获取餐饮店直接资产拥有权计划。经过一年的不懈努力，集团在收购方面取得了骄人的成绩。

自上市以来，集团一直积极地通过收购坐落在战略位置的餐饮店以拓展业务，尤其是在我们没有咖啡店的区域。集团平均每年都能够获得3至5间新店的租约。尽管咖啡店物业的供应有限，集团已加快收购餐饮店的步伐，并继续展示其收购新店能力的良好记录。

今年，集团以6千982万新元收购了九家餐饮店，其中包括五家咖啡店、三家工业食堂和一家餐厅。这次收购，在有限的咖啡店物业的出售或租赁的机会情况下，让集团可通过此次收购获得这些物业的长期使用权，以扩大及发展我们的餐饮店网络。此外，我们也收购了North View Investments LLP的25%合伙权益，该公司拥有一家位于义顺颇受欢迎的咖啡店。这咖啡店位于黄金地段，附近即将进行住宅开发，预计未来将会有大量的人流量。

长期租赁咖啡店物业供应也越来越稀缺，因此，通过收购25%的合伙权益，本集团能够巩固其咖啡店的经营权，也将有优先权续租，或在此店出售时，享有优先购买权。

此外，集团已也和第三方签订三份合资协议，经营和管理位于武吉巴督31街、阿裕尼上段和蔡厝港4街的短期建屋发展局咖啡店的租约。这符合着我们在新加坡扩大餐饮店网络，并在合适的战略位置，增设新的食品店和食品摊位的战略。

**我们的传统实体业务与在线业务渠道, 如社交媒体大众传播、中央厨房的质量控制, 及产品研发、经济效益和培养年轻的运营人才, 都是相辅相成的。**

经收购后，集团的餐饮店数额已扩大到83家餐饮店和137家熟食摊位，自上市以来分别增长了29.7%和13.2%。这是集团上市以来一个重要的里程碑。

这些收购将使本集团通过额外收入和持续性的租金收入，实现多样化的收入流和扩展，从而减低私人租赁受到业主需求或市场竞争所带来的不确定性。我们将继续在这基础上，积极寻找机会，在新加坡的中心地带，继续收购餐饮店，以深化我们的市场占有率，并通过线上送餐服务，扩大我们的营业范围。



FY2020

净应占利润 (2020 财年)

2千520万新元

2019: 2千10万新元

FY2020

收入 (2020 财年)

2.108 亿新元

2019: 2.083亿新元

### 发展策略

我们相信餐饮行业仍有大量的发展机会。因此，我们一直在积极寻找可以使我们纵向和横向扩展的商机。

集团与可爱鸡私人有限公司(“可爱鸡”)，一家优质并成熟的西食业者、食品原料供应商合资经营一家清真主题的咖啡店。两家公司分别持有51%和49%的股份。这家咖啡店名为“KEDAI KOPI”，经过翻新工作后，于2020年12月28日重新开业。

新加坡是全球公认的清真食品中心之一。东南亚市场拥有着超过3.5亿的回教徒<sup>3</sup>，现在是集团进军清真食品行业的大好时机，以顺应这发展的趋势。本地约有14%的人口是回教徒，相等于约78.9万人口，因此发展空间极大<sup>4</sup>。

这家合资企业是集团将核心业务拓展向另一个有前景的食品行业，此外，通过可爱鸡在新加坡清真餐饮市场的竞争优势和网络，这个合资组合，将是为集团进一步扩大客户群和产品供应的一个宝贵策略平台。

### Note

3 新加坡清真市场概述[https://www.researchgate.net/publication/281272919\\_An\\_Overview\\_of\\_Halal\\_Industry\\_in\\_Singapore](https://www.researchgate.net/publication/281272919_An_Overview_of_Halal_Industry_in_Singapore)

4 2019年新加坡人口统计资料[https://www.indexmundi.com/singapore/demographics\\_profile.html](https://www.indexmundi.com/singapore/demographics_profile.html)

我们相信居家办公的趋势将持续下去，这将增加咖啡店的客流量，对我们服务的需求也将持续增加。随着新加坡逐步开始分阶段，重新开启经济活动，我们也谨慎乐观地认为，金味已准备好迎接这个即将为我们的咖啡店增加客流量的趋势。

除了努力实现生意增长之外，我们还将致力于通过扩大产品种类、不断地创新菜单/产品，以满足消费者不断变化的各种喜好，以及提高我们的运营效率，进一步的扩展我们的业务。

### 财务业绩

尽管在艰难的经商环境下，集团于2020财年的净利润取得2千520万新元的佳绩，较去年的2千10万新元相比，提升了25.8%。毛利率从2019年的19.5%，提升至26.8%。主要是由于政府的援助计划，帮助缓解了疫情所带来的部分负面影响。2020财年的营业额为2.108亿新元，比去年的2.083亿新元，增长了1.2%，主要是由于食品零售部门，增加了720万新元的收入贡献。此外，收入的增长，也是因为集团加强在线上外卖的实力和加大营销力度，使线上外卖的销售增长，再加上中央厨房的研发和生产能力，从而在充满挑战的一年中，实现了运营提升。此外，在阻断措施期间，消费者对于线上外卖的服务需求激增，和集团新收购的餐饮店的贡献也推动了收入的增长。收购位于良好位置的店，进一步

## 给股东的信息

扩大了我们在新加坡的美食足迹，让我们能为更多的消费者提供在线和实体店的服务。2020财年的毛利从2019财年的4千70万新元增长38.9%至5千650万新元。毛利的增长被销售，分销和行政费用的增加所抵消，税前利润降至2千970万新元。

我们的资产负债表仍保持健康。截至2020年9月30日，集团所产生的经营现金流7千490万新元，现金和现金等价物6千830万新元。截至本报告发布之日，集团已使用了首次公开募股净收益中的3千700万新元，现余额650万新元。

### 回馈股东

为了感谢股东们的坚定支持，董事会建议最终的每股免税现金股利为每股0.84新分。包括2020年7月派发的中期股息每股0.28新分，2020财年的拟议总股息为每股1.12新分，相等于派发了本集团2020财年净利润的52.6%。末期股息须在即将于2021年1月26日举行的年度股东大会上获得股东的批准。

### 心怀感激

我谨代表董事会衷心的感谢我们团队的付出，和坚定不移的奉献精神，也非常感谢我们的股东给予我们的信任及业务合作伙伴、业主、食品摊位经营者、合伙人、客户和供应商等，持续的支持与信任。

我还要感谢新加坡政府，在当前艰难的时期，为饮食业提供的各种补贴和支持。这些补贴为我们提供了扩展服务的机会，也降低了因社交距离措施而导致人流减少的影响，以及维持员工的士气和生计。



**鉴于咖啡店物业的有限供应，  
集团自去年以来，已开始着手  
获取餐饮店直接资产拥  
有权计划。**

若没有我们的员工和团队的艰苦奋斗，忠诚和付出，金味不可能达到今天这样的成就。因此，我衷心地感谢他们与我一同经历了起始的忙碌，过程的困惑，共同见证并建立了金味的成长。

最后，若没有大家所付出的每一滴艰辛的汗水，金味也不可能走得那么远。在我们努力将金味推向更高的阶段，我们也希望您们能持续地支持金味。

**林喜烈**  
执行主席

# Celebrating the Present

2019

**1 Nov 2019**

Successfully acquired our first coffeeshop property, Teck Whye 143 coffeeshop



2020

**15 May 2020**

122 Food stalls onboard on 3<sup>rd</sup> party food delivery platform



**3 Jun 2020**

Completion of acquisition of 6 food outlet properties

**26 Jun 2020**

Successfully acquired 25% partnership interest in North View Investments LLP

**30 Jun 2020**

Acquisition of Ang Mo Kio 347 coffeeshop

2020

**26 Aug 2020**

Acquisition of Clementi 380 coffeeshop



**9 Sep 2020**

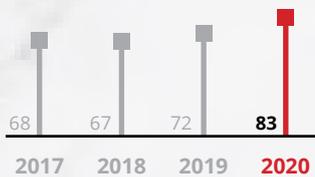
Entered into joint venture agreements to manage and operate Bukit Batok 376 coffee shop and Upper Aljunied 1 coffeeshop

**29 Sep 2020**

Entered into a joint venture agreement to manage and operate Choa Chu Kang 429A coffeeshop

**22.1%** ↑

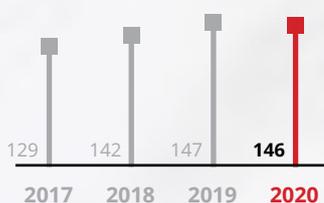
In number of food outlets



**Food Outlets**

**13.2%** ↑

In number of food stalls



**Food Retail**

acquired

**9**

food outlet properties worth approximately S\$69.815 million

secured

**3**

short-term HDB coffeeshop leases

# Board of Directors



**MR LIM HEE LIAT**  
*Executive Chairman*



**MR VINCENT CHIA**  
*Executive Director*



**MS KAREN WONG**  
*Finance Director*



**MR LIM TECK CHAI DANNY**  
*Lead Independent Director*



**MR WEE TIAN CHWEE JEFFREY**  
*Independent Director*



**MR LAU CHIN HUAT**  
*Independent Director*



1

## MR LIM HEE LIAT

Executive Chairman

Member of the Nominating Committee

Mr Lim Hee Liat is our Executive Chairman and was appointed to our Board since 23 May 2016.

As a founding shareholder of the Group, Mr Lim Hee Liat has more than 30 years of experience in the coffeeshop 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.

2

## MR VINCENT CHIA

Executive Director

Mr Vincent Chia is our Executive Director and was appointed to our Board since 3 February 2017.

Mr Chia 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 coffeeshop 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.



## Board of Directors

### 3. MS KAREN WONG

**Finance Director**

Ms Karen Wong is our Finance Director and was appointed to our Board since 29 November 2018.

She is responsible for the overall financial management, reporting and internal control matters for the Group. Ms Wong has over 16 years of experience in audit, accounting and finance. Prior to joining the Group, she held the post of Regional Financial Controller for Connell Brothers Singapore, a 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.



### 4. MR LIM TECK CHAI DANNY

**Lead Independent Director**

**Chairman of the Remuneration Committee and a Member of the Audit and Nominating Committees**

Mr Lim Teck Chai Danny is our Independent Director and was appointed to our Board since 15 February 2017.

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 restructuring, 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 Stamford Land Corporation Ltd, Choo Chiang Holdings Ltd, and Advancer Global Limited 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.





**5. MR WEE TIAN CHWEE JEFFREY**

**Independent Director**

**Chairman of the Audit Committee  
and a Member of the Remuneration  
Committee**

Mr Wee Tian Chwee Jeffrey is our Independent Director and was appointed to our Board since 15 February 2017.

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

**6. MR LAU CHIN HUAT**

**Independent Director**

**Chairman of the Nominating  
Committee and a Member of the Audit  
and Remuneration Committees**

Mr Lau Chin Huat was appointed as our Independent Director since 1 October 2019.

Mr Lau graduated with a Bachelor of Accountancy degree from the National University of Singapore and is currently a practicing Chartered Accountant, Singapore. Mr Lau is a Fellow member of Institute of Singapore Chartered Accountants (ISCA), Member of Certified Public Accountants of Australia (CPA Australia) and a Fellow member of The Singapore Institute of Arbitrators.



# Key Management



## 1 MR SUNNY PEH 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 establishment 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.



## 2 MR ROY TAN Head of Operations

Mr Tan Chong Sing Roy is the Head of Operations heading food retail, business development & corporate communications of the company.

Mr Tan is in charge of the Company's food retail, business development and corporate communications of our Group, who, along with the management team, is responsible for the growth and development of our Group by devising and implementing the strategic directions and expansion plans as well as sourcing and executing investment opportunities.

He has 19 years of experience in the F&B and food service management industry. Prior to joining the Company, he operated and supervised his own chains of coffeeshops and food stalls.



# Positioning for **the Future**



**KIMLY'S FIRST  
HALAL COFFEESHOP**  
5000 ft<sup>2</sup> fitted with more than

**200** seatings.

**2020**

### **3 Nov 2020**

Entered into a joint venture agreement to operate and manage a halal coffeeshop

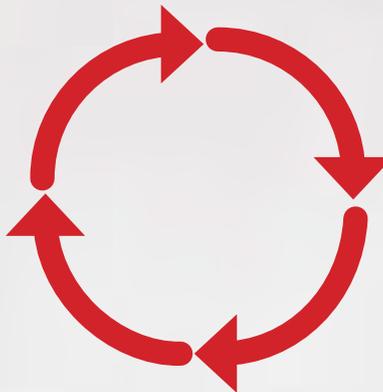
## 2021 Strategic Growth Plans

**Expansion**  
of Footprint

**Accelerate**  
Digitalisation

**Diversify**  
Product Offerings

**Improving**  
Retail Operations

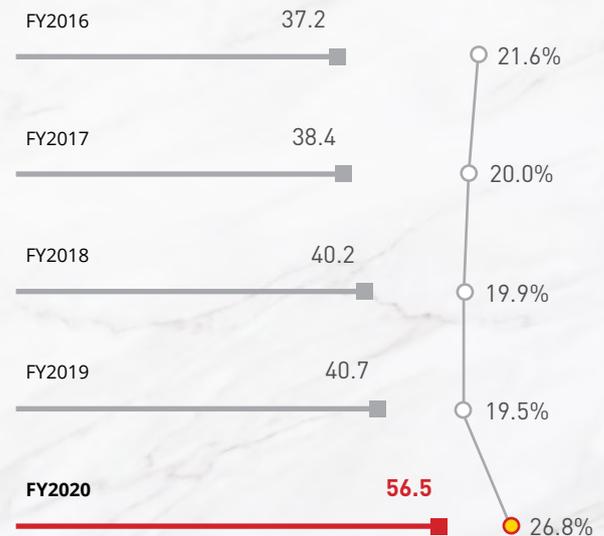


# Financial Highlights

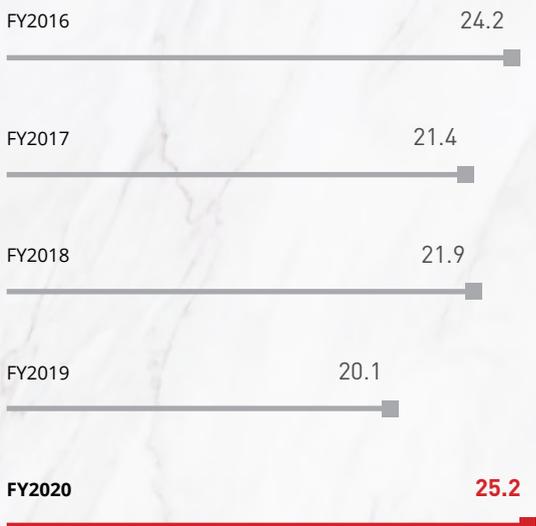
## Revenue (S\$'M)



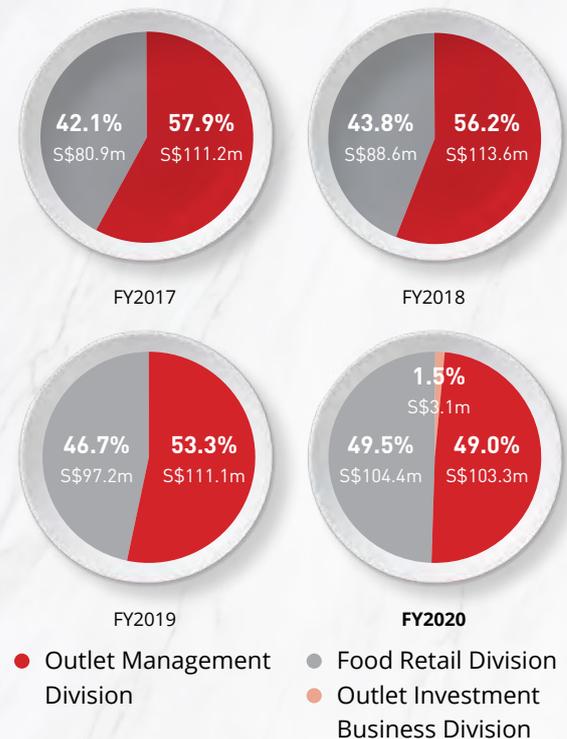
## Gross Profit (S\$'M) & Gross Profit Margin (%)



## Profit for the year (S\$'M)



## Revenue Breakdown by Business Segment



	2016	2017	2018	2019	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Income Statement</b>					
<b>Group Revenue</b>	172,226	192,121	202,213	208,299	210,773
<b>Revenue by Business Segment</b>					
- Outlet Management	97,550	111,175	113,573	111,084	103,315
- Food Retail	74,676	80,946	88,640	97,215	104,373
- Outlet Investment Business	-	-	-	-	3,085
<b>Group Profit Before Tax</b>					
<b>Profit Before Tax by Business Segment</b>					
- Outlet Management	10,928	11,805	11,532	10,392	11,350
- Food Retail	15,450	18,003	18,769	19,194	24,909
- Outlet Investment Business	-	-	-	-	190
Group Gross Profit	37,205	38,449	40,187	40,687	56,515
Group EBITDA	27,525	27,113	27,441	25,989	33,655*
Group Profit after Tax	24,217	21,429	21,883	20,053	25,225
<b>Financial Position</b>					
Total Assets	43,388	106,199	115,623	121,037	319,827
Total Liabilities	25,067	32,538	32,037	33,144	209,622
Total Shareholder's Equity	18,321	73,661	83,586	87,893	110,205
Cash and Cash equivalents	29,446	85,079	71,669	87,189	68,324
<b>Per Share Information</b>					
Earnings Per Share (cents)	2.48	2.01	1.89	1.74	2.18
Net Asset Value Per Share (cents)	1.59	6.36	7.23	7.65	9.27
<b>Key Ratios</b>					
Gross Profit margin (%)	21.6%	20.0%	19.9%	19.5%	26.8%
EBITDA margin (%)	16.0%	14.1%	13.6%	12.5%	16.0%
Profit after tax margin (%)	14.1%	11.2%	10.8%	9.6%	12.0%
Return on Shareholders' Fund (%)	132.2%	29.1%	26.2%	22.8%	22.9%

\*Group EBITDA after depreciation of right-of-use assets and interest expense on lease liabilities



# Financial Review



## REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

### Revenue

The Group continued hitting milestones and achieved its highest revenue of S\$210.8 million in FY2020 since listing compared to S\$208.3 million in FY2019. The increase of S\$2.5 million was mainly due to an increase in revenue contribution from the Food Retail Division of S\$7.2 million, attributed to the growth in food delivery sales. This was a result of the Group's stronger online food delivery presence due to increased marketing efforts during the year, along with heightened food delivery demand during the Circuit Breaker period. The increase also came from revenue contribution by the Group's newly diversified Outlet Investment Business Division of S\$3.1 million, which was mainly contributed by the sale of beverages and tobacco products, rental income and provision of cleaning and utilities services from the food outlet properties acquired in FY2020. The increase in revenue was partially offset by the decrease in revenue contribution from the Outlet Management Division of S\$7.8 million, mainly due to the dine-in restrictions during the Circuit Breaker period, which resulted in a decrease in revenue from the sale of beverages and tobacco products by S\$6.2 million. The decrease also came from a drop in rental income and income from the provision of cleaning services of S\$1.8 million, as the Group passed on rental and property tax rebates granted by landlords of S\$3.7 million to the stall tenants.

### Cost of Sales

Cost of sales decreased by S\$13.3 million to S\$154.3 million in FY2020. The decrease was mainly attributed to government grants received of S\$8.3 million for wages support and rental rebates passed down by landlords of S\$5.3 million. The decrease was in line with the decrease in revenue from the sales of beverages and tobacco products. Cost of sales as a percentage of revenue fell by 7.3% to 73.2% in FY2020 from 80.5% in FY2019.

### Gross Profit

With higher revenue, gross profit rose 38.8% or S\$15.8 million to S\$56.5 million in FY2020. Gross profit margin increased by 7.3% to 26.8% in FY2020 as compared to 19.5% in FY2019.

### Operating Expenses

Selling and distribution expenses increased by S\$2.4 million, mainly due to an increase in online food delivery fees and cleaning and packaging materials expenses, in line with the rise in food delivery sales.

Administrative expenses rose S\$2.7 million from S\$15.4 million in FY2019 to S\$18.1 million in FY2020. The increase was largely due to the higher depreciation of property, plant and equipment, right-of-use assets and investment properties of S\$1.7 million, an increase in staff salary of S\$0.3 million, an increase in staff and management's incentives bonus of \$1.2 million, an increase in welfare amenities of S\$0.2 million in relation to the implementation measures relating to COVID-19, and an increase in professional fees of S\$0.1 million, partially offset by government grants for wages support of S\$0.9 million.

### Tax expense

Tax expense increased by S\$0.5 million mainly due to the increase in profit before tax. Effective tax rate was 14.8% in FY2020 compared to 16.2% in FY2019. The lower effective tax rate was mainly due to the government grants received as wages support was not taxable.



### Net Profit

In view of the above, the Group recorded a healthy net profit attributable to owners of the Company of S\$25.2 million as compared to S\$20.1 million in FY2019.

## REVIEW OF THE GROUP'S FINANCIAL POSITION

The Group's financial position as at 30 September 2020 was healthy, with cash and cash equivalents of S\$68.3 million.

The Group's total assets rose significantly to S\$319.8 million as at 30 September 2020 from S\$121.0 million in the prior corresponding year.

### Non-Current Assets

The Group's non-current assets increased by S\$214.0 million primarily due to the recognition of right-of-use assets of S\$167.3 million, the purchase of properties amounting to S\$71.6 million, investments in an associate and three joint venture companies of S\$9.7 million, and renovation and additions of equipment for new coffeeshops and refurbishment work for existing coffeeshops of S\$3.3 million.

These were offset by the depreciation of property, plant and equipment of S\$3.9 million, depreciation of right-of-use assets of S\$31.7 million, amortisation of intangible assets of S\$0.8 million, impairment loss of S\$1.0 million on property, plant and equipment and intangible assets of the restaurants and confectionery businesses under the trade names, Tonkichi and Rive Gauche due to adverse effects on businesses as a result of COVID-19, a decrease in other receivables of S\$0.3 million, and a decrease in deferred tax assets of S\$0.1 million.

**The Group continued hitting milestones and achieved its highest revenue of S\$210.8 million in FY2020 since listing.**

Other receivables (non-current) comprised the refundable deposits relating to rental deposits placed with lessors for the leases of coffeeshops, 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\$5.6 million (30 September 2019: S\$3.3 million); the non-current portion of staff loans remained constant at \$0.2 million as at 30 September 2020 and 30 September 2019.

### Current Assets

Current assets decreased by S\$15.2 million mainly due to a decrease in cash and cash equivalents by S\$18.9 million along with a decrease in prepayments of S\$1.9 million. The decrease was offset by an increase in trade and other receivables of S\$5.0 million, and an increase in inventories of S\$0.6 million.

## Financial Review

The decrease in cash and cash equivalents was mainly due to cash generated from the purchase of a coffeeshop property located at 143 Teck Whye Lane ("TW143 coffeeshop") and a portfolio of food outlet properties for S\$59.8 million, renovation and additions of equipment for new coffeeshops and refurbishment work for existing coffeeshops of S\$3.4 million, investments in an associate and three joint venture companies of S\$9.7 million, repayment of lease liabilities and its related interest expense of S\$33.1 million, dividends paid of S\$12.9 million, repayment of loans and borrowings and its related interest expense of S\$0.5 million, purchase of treasury shares of S\$0.2 million and purchase of intangible assets of S\$0.1 million. The decrease was partially offset by cash generated from operating activities of S\$74.9 million, and proceeds from loan and borrowings drawn down for the acquisition of food outlet properties of S\$25.8 million.

The decrease in prepayments of S\$1.9 million was mainly due to the reclassification of prepayments to property, plant and equipment upon completion of the acquisition of the TW143 coffeeshop.

The increase in trade and other receivables was mainly due to an increase in trade receivables by S\$0.4 million from the increase in food delivery sales, along with the reclassification of the Balance Consideration of S\$2.6 million pursuant to the Rescission to current receivables as the Company has entered into a Deed of Settlement to settle the outstanding amount on 26 November 2020. In addition, there was an increase in other receivables of S\$5.0 million mainly due to government grants receivables for wages support. This was offset by a decrease in the current portion of refundable deposits by S\$3.0 million.

### Current Liabilities

Total liabilities as at 30 September 2020 stood at S\$209.6 million, a large increase from S\$33.1 million the year before.

Current liabilities increased by S\$47.5 million, mainly attributable to the recognition of current lease liabilities of S\$33.2 million, an increase in trade and other payables of S\$3.8 million, an increase in other liabilities by S\$7.8 million, interest-bearing loans and borrowings of S\$1.1 million, an increase in tax payable by S\$1.9 million, mainly due to provision current year's income tax of S\$4.3 million, partially offset by taxes paid of S\$2.4 million. These were offset by a decrease in the current portion of provision for restoration costs of S\$0.3 million.

**The Group's financial position as at 30 September 2020 was healthy, with cash and cash equivalents of S\$68.3 million.**

The increase in trade and other payables was mainly due to an increase in operating and related cost payable of S\$2.5 million in line with the increase in food outlets operated by the Group, and rental rebates received to be passed on to tenants of S\$1.3 million. The increase in other liabilities of S\$7.8 million was mainly due to deferred revenue from government grants received together with receivables for wages support and rental rebates from landlords of S\$6.0 million, an increase in accruals of professional fees of S\$0.2 million, an increase in payroll related accruals by S\$1.5 million due to increase in headcount from new food outlets opened in 2020, as well as higher accruals of staff and management's incentives and bonus.



### Non-Current Liabilities

The Group's non-current liabilities increased by S\$129.0 million, mainly due to the recognition in the non-current portion for lease liabilities of S\$104.0 million, interest-bearing loans and borrowings of S\$24.4 million drawn down for the purchase of the TW143 coffeeshop and food outlet properties, an increase in the non-current portion of provision for restoration costs of S\$0.3 million, and an increase in deposits from the non-current portion of tenants of S\$0.3 million.

### STATEMENT OF CASH FLOWS

The Group generated net cash of S\$74.9 million from operating activities in FY2020. This came from operating cash flows before changes in working capital of S\$69.9 million, net working capital inflows of S\$6.5 million, and interest income received of S\$0.9 million, offset by income tax paid of S\$2.4 million. The net working capital inflows of S\$6.5 million were due to an increase in trade and other payables by S\$4.3 million, an increase in other liabilities of S\$7.8 million, a decrease in prepayments of S\$0.1 million, partially offset by an increase in trade and other receivables and inventories of S\$5.1 million and S\$0.6 million respectively.

Net cash flows used in investing activities amounted to S\$72.9 million in FY2020, mainly due to the purchase of the TW143 coffeeshop and food outlet properties for S\$59.8 million, investments in an associate and three joint venture companies of S\$9.7 million, and renovation and additions of equipment for the new coffeeshops and refurbishment work for existing coffeeshops of S\$3.4 million.

Net cash flows used in financing activities of S\$20.8 million during FY2020 were mainly attributable to the repayment of lease liabilities and its related interest expense of S\$33.1 million, payment of dividends of S\$12.9 million, purchase of treasury shares of S\$0.2 million, and the repayment of loans and borrowings and its related interest expense of S\$0.5 million, partially offset by proceeds from loan and borrowings of S\$25.8 million.

As a result, net cash and cash equivalents decreased by S\$18.9 million in FY2020.



# Corporate Information

## Board Of Directors

### Mr Lim Hee Liat

Executive Chairman

### Mr Chia Cher Kiang

Executive Director

### Ms Wong Kok Yoong

Finance Director

### Mr Lim Teck Chai Danny

Lead Independent Director

### Mr Wee Tian Chwee Jeffrey

Independent Director

### Mr Lau Chin Huat

Independent Director

## Registered Office

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

## Website

<https://kimlygroup.sg>

## Audit Committee

Mr Wee Tian Chwee Jeffrey (Chairman)

Mr Lim Teck Chai Danny

Mr Lau Chin Huat

## Nominating Committee

Mr Lau Chin Huat (Chairman)

Mr Lim Teck Chai Danny

Mr Lim Hee Liat

## Remuneration Committee

Mr Lim Teck Chai Danny (Chairman)

Mr Wee Tian Chwee Jeffrey

Mr Lau Chin Huat

## 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 2017)

## Share Registrar

Boardroom Corporate &  
Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

## Joint Company Secretaries

Hoon Chi Tern (LLB (Hons))

Toh Li Ping, Angela (ACIS)



# Content

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# Corporate Governance

## DISCLOSURE TABLE FOR COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE AND CATALIST RULES

The Board of Directors (the “**Board**”) of Kimly Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and place importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices in place during the financial year ended 30 September 2020 (“**FY2020**”), with specific reference made to the Code of Corporate Governance 2018 (the “**Code**”), its related practice guidance (“**PG**”), guidelines from Code of Corporate Governance 2012 (“**Code 2012**”) which are still in effect as well as the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company’s Compliance or Explanation</b>
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code, Code 2012 and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code, Code 2012 and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2020.

# Corporate Governance

TABLE I - COMPLIANCE WITH THE CODE

Principle	Code and/or Guide Description	Company's Compliance or Explanation																																			
<b>BOARD MATTERS</b>																																					
<b>THE BOARD'S CONDUCT OF AFFAIRS</b>																																					
1.1	<u>Board composition</u>	<p>As at date of this report, the Board has 6 members and comprises the following:</p> <p style="text-align: right;"><b>Composition of the Board Committees</b></p> <ul style="list-style-type: none"> <li>• C - Chairman</li> <li>• M - Member</li> </ul> <p><b>Composition of the Board</b></p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Designation</th> <th>AC<sup>(1)</sup></th> <th>NC<sup>(2)</sup></th> <th>RC<sup>(3)</sup></th> </tr> </thead> <tbody> <tr> <td>Lim Hee Liat</td> <td>Executive Chairman</td> <td>-</td> <td>M</td> <td>-</td> </tr> <tr> <td>Chia Cher Khiang</td> <td>Executive Director</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Wong Kok Yoong</td> <td>Finance Director</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Wee Tian Chwee Jeffrey</td> <td>Independent Director</td> <td>C</td> <td>-</td> <td>M</td> </tr> <tr> <td>Lim Teck Chai Danny</td> <td>Lead Independent Director</td> <td>M</td> <td>M</td> <td>C</td> </tr> <tr> <td>Lau Chin Huat</td> <td>Independent Director</td> <td>M</td> <td>C</td> <td>M</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) The AC comprises 3 members who are all independent, including the Chairman. All the members of the AC are non-executive Directors.</p> <p>(2) The NC comprises 3 members, the majority of whom, including the Chairman, are independent. The Lead Independent Director is a member of the NC.</p> <p>(3) The RC comprises 3 members who are all independent, including the Chairman. All the members of the RC are non-executive Directors.</p>	Name of Director	Designation	AC <sup>(1)</sup>	NC <sup>(2)</sup>	RC <sup>(3)</sup>	Lim Hee Liat	Executive Chairman	-	M	-	Chia Cher Khiang	Executive Director	-	-	-	Wong Kok Yoong	Finance Director	-	-	-	Wee Tian Chwee Jeffrey	Independent Director	C	-	M	Lim Teck Chai Danny	Lead Independent Director	M	M	C	Lau Chin Huat	Independent Director	M	C	M
Name of Director	Designation	AC <sup>(1)</sup>	NC <sup>(2)</sup>	RC <sup>(3)</sup>																																	
Lim Hee Liat	Executive Chairman	-	M	-																																	
Chia Cher Khiang	Executive Director	-	-	-																																	
Wong Kok Yoong	Finance Director	-	-	-																																	
Wee Tian Chwee Jeffrey	Independent Director	C	-	M																																	
Lim Teck Chai Danny	Lead Independent Director	M	M	C																																	
Lau Chin Huat	Independent Director	M	C	M																																	
	<u>Role of Board</u>	<p>Entrusted to lead and oversee the Group, the Board is to act in the best interests of the Group. In addition to its statutory duties, the Board's principle functions are to:</p> <ul style="list-style-type: none"> <li>• Set out overall long-term strategic plans and objectives for the Group and ensure that the necessary resources are in place for the Group to meet its objectives;</li> <li>• Establish a framework of prudent and effective internal controls and risk management strategies which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;</li> <li>• Review key management personnel's performance;</li> <li>• Ensure good corporate governance practices to protect the interests of shareholders;</li> </ul>																																			

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation
		<ul style="list-style-type: none"> <li>• Oversee, through the NC, the appointments, re-election and resignation of Directors and the Management;</li> <li>• Oversee, through the RC, the design and operation of an appropriate remuneration framework;</li> <li>• Provide entrepreneurial leadership, approve the business strategies including significant acquisitions and disposals of subsidiaries or assets and liabilities;</li> <li>• Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;</li> <li>• Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are adhered to;</li> <li>• Approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;</li> <li>• Approve the release of the Group's half year and full year's financial results and interested person transactions; oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy and effectiveness of internal controls, as may be recommended by the Audit Committee ("AC"), including safeguarding of shareholders' interests and the Company's assets;</li> <li>• 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; and</li> <li>• Oversees 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 report for FY2020 would be released on the SGXNet by January 2021.</li> </ul>
	<p><i>Practices relating to conflict of interest</i></p>	<p>The Company has in place practices to address potential conflicts of interests. All Directors are required to notify the Company promptly of all conflicts of interest as soon as practicable as well as when required and refresh the required declarations annually. Directors are required to recuse themselves from all deliberations/voting in relation to the matters which he or she has a conflict of interest in, unless the Board is of the opinion that the participation of the conflicted Director is of the best interest to the Company.</p>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation
1.2	<u>Directors' training and orientation</u>	
(a)	Are new Directors given formal training? If not, please explain why.	<p>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities, principle locations of operations and meet with key management personnel.</p> <p>In addition, as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("<b>Catalist Rules</b>"), a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year of the appointment. Mr Lau Chin Huat who was appointed with effect from 1 October 2019, had attended the required trainings within a year of his appointment.</p>
(b)	What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	<p>The Board values on-going professional development and recognises that it is important that all Directors receive regular training to serve effectively on and contribute to the Board. The Board has therefore established a policy on continuous professional development for Directors.</p> <p>To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, provided by accredited training providers. Directors are encouraged to consult the Chairman and Chief Executive Officer ("<b>CEO</b>") if they consider that they personally, or the Board as a whole, would benefit from specific education or training on matters that fall within the responsibility of the Board or relate to the Company's business. Such training costs are borne by the Company. The Company would also arrange for the senior management to brief the Directors on the Group's business periodically.</p>
	<u>Training attended for FY2020</u>	<p>Courses, conferences and seminars attended by some of the Directors include ACRA-SGX-SID Audit Committee Seminar 2020, Leveraging A&amp;T for Internal Control &amp; Fraud Prevention, Intangible Assets in a Tangible World, SID Directors Virtual Conference 2020 and Annual Corporate Governance Roundup.</p>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation																																																		
1.3	<u>Matters requiring Board's approval</u>	<p>Matters, that require the Board's approval include:</p> <ul style="list-style-type: none"> <li>• corporate strategies and business plans;</li> <li>• material acquisitions and disposals;</li> <li>• investments;</li> <li>• financing;</li> <li>• material non-trade contracts with third parties;</li> <li>• share issuance, dividend release or changes in capital;</li> <li>• budgets, financial results announcements, annual reports and audited financial statements; and</li> <li>• interested person transactions exceeding S\$100,000.</li> </ul>																																																		
1.4	<u>Delegation to Board Committees</u>	<p>The Board delegated certain responsibilities to the AC, the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). The composition of the Board Committees is set out in Section 1.5 of Table I.</p>																																																		
1.5	<u>Attendance of Board and Board Committees</u>	<p>The Board meets on a quarterly basis, and as and when circumstances require. In FY2020, the number of Board and Board Committee meetings held, and the attendance of each Board member are shown below.</p> <table border="1"> <thead> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Number of Meetings Held</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td><b>Name of Director</b></td> <td colspan="4" style="text-align: center;"><b>No. of meetings attended</b></td> </tr> <tr> <td>Lim Hee Liat</td> <td>4</td> <td>4<sup>(1)</sup></td> <td>1</td> <td>1<sup>(1)</sup></td> </tr> <tr> <td>Chia Cher Kiang</td> <td>4</td> <td>4<sup>(1)</sup></td> <td>1<sup>(1)</sup></td> <td>1<sup>(1)</sup></td> </tr> <tr> <td>Wong Kok Yoong</td> <td>4</td> <td>4<sup>(1)</sup></td> <td>1<sup>(1)</sup></td> <td>1<sup>(1)</sup></td> </tr> <tr> <td>Wee Tian Chwee Jeffrey</td> <td>4</td> <td>4</td> <td>1<sup>(1)</sup></td> <td>1</td> </tr> <tr> <td>Lim Teck Chai Danny</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td>Lau Chin Huat<sup>(2)</sup></td> <td>4</td> <td>4</td> <td>1<sup>(1)</sup></td> <td>1<sup>(1)</sup></td> </tr> <tr> <td>Ter Kim Cheu<sup>(3)</sup></td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p><sup>(1)</sup> By invitation  <sup>(2)</sup> Lau Chin Huat was appointed as the Chairman of the NC and member of the RC on 21 January 2020 in place of Ter Kim Cheu  <sup>(3)</sup> Ter Kim Cheu retired at the Annual General Meeting held on 21 January 2020.</p> <p>The Company's Constitution allow for meetings to be held through telephone and/or videoconference.</p>		Board	AC	NC	RC	Number of Meetings Held	4	4	1	1	<b>Name of Director</b>	<b>No. of meetings attended</b>				Lim Hee Liat	4	4 <sup>(1)</sup>	1	1 <sup>(1)</sup>	Chia Cher Kiang	4	4 <sup>(1)</sup>	1 <sup>(1)</sup>	1 <sup>(1)</sup>	Wong Kok Yoong	4	4 <sup>(1)</sup>	1 <sup>(1)</sup>	1 <sup>(1)</sup>	Wee Tian Chwee Jeffrey	4	4	1 <sup>(1)</sup>	1	Lim Teck Chai Danny	4	4	1	1	Lau Chin Huat <sup>(2)</sup>	4	4	1 <sup>(1)</sup>	1 <sup>(1)</sup>	Ter Kim Cheu <sup>(3)</sup>	1	1	1	1
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Lim Teck Chai Danny	4	4	1	1																																																
Lau Chin Huat <sup>(2)</sup>	4	4	1 <sup>(1)</sup>	1 <sup>(1)</sup>																																																
Ter Kim Cheu <sup>(3)</sup>	1	1	1	1																																																

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation																
1.6	<p><u>Access to information</u></p> <p>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</p>	<p>Directors are provided with complete and adequate information related to agenda items in a timely manner for them to make informed decisions and discharge their duties and responsibilities.</p> <p>Management provides the Board with key information that is complete, adequate and timely prior to meetings and whenever required. The information provided Directors for FY2020 is set out in the table below.</p> <p><b>Table 1.6 – Types of information provided by Management</b></p> <table border="1"> <thead> <tr> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1. Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>As and when appropriate</td> </tr> <tr> <td>2. Updates to the Group's operations and the markets in which the Group operates in</td> <td>As and when appropriate</td> </tr> <tr> <td>3. Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditor's ("EA") report(s)</td> <td>Quarterly except for EA report on annual basis</td> </tr> <tr> <td>4. Reports on on-going or planned corporate actions</td> <td>As and when appropriate</td> </tr> <tr> <td>5. Internal Auditor's ("IA") report(s)</td> <td>Quarterly</td> </tr> <tr> <td>6. Research report(s)</td> <td>As and when appropriate</td> </tr> <tr> <td>7. Shareholding statistics</td> <td>Quarterly</td> </tr> </tbody> </table> <p>Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information at least five (5) days prior to the meetings to allow sufficient time for review by the Directors.</p> <p>Management will also provide any additional material information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>	Information	Frequency	1. Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	As and when appropriate	2. Updates to the Group's operations and the markets in which the Group operates in	As and when appropriate	3. Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditor's ("EA") report(s)	Quarterly except for EA report on annual basis	4. Reports on on-going or planned corporate actions	As and when appropriate	5. Internal Auditor's ("IA") report(s)	Quarterly	6. Research report(s)	As and when appropriate	7. Shareholding statistics	Quarterly
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# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
1.7	<u>Change of company secretary</u>	The appointment and removal of the company secretary is a matter for the Board as a whole.
	<u>Access to Management and company secretary</u>	Directors have separate and independent access to the Management and company secretary at all times.
	<u>Access to professional advice</u>	Individually or collectively, in order to execute their duties, Directors can obtain independent professional advice at the Company's expense where required.

## **BOARD COMPOSITION AND GUIDANCE**

2.1	<u>Board composition</u>	Presently, the Board comprises three Executive Directors (which includes the Chairman) and three Non-Executive Directors, three of whom are independent. Provision 2.3 of the Code requires the Non-Executive Directors of the Company to make up a majority of the Board.
2.2	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Although the Independent Directors do not make up a majority of the Board and the Chairman is not independent, being a variation from Provision 2.2 of the Code, the Independent Directors make up at least half of the Board. As such, the Board is satisfied that it is able to exercise objective judgement on corporate affairs independently and no individual or select group of individuals are allowed to dominate the Board's decision-making process.
2.3		
3.3		
	<u>Lead Independent Director</u>	Lim Teck Chai Danny has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders if they have concerns relating to matters that contact through the Chairman, CEO and or Finance Director has failed to resolve, or where such contact is inappropriate. The concerned shareholder may contact the Lead Independent Director through email at Marcomm@kimlygroup.sg.
		The Lead Independent Director makes himself available to shareholders at the Company's general meetings. The Lead Independent Director is also responsible for leading the meetings of independent directors and providing feedback to the Chairman on matters discussed at such meetings. He assists in the development of succession plans for the Chairman and/or CEO as well as the assessment of the Chairman's remuneration.

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
2.1 4.4 Code 2012 – Guideline 2.4	<i>Independence assessment of Directors</i>	<p>The Board considers the existence of relationships or circumstances, including those identified by the Code and Catalist Rules, that are relevant to determine whether a Director is independent. In addition, the NC reviews the individual director's declaration in their assessment of independence.</p> <p>The NC has reviewed and confirmed that the independence of the Independent Directors is in accordance with the Code, PG and Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code, PG and Catalist Rules.</p> <p>Directors must immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. This ensures that Directors continually meet the stringent requirements of independence under the Code and Catalist Rules.</p>
	<p>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code and Catalist Rules that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship that would otherwise deem him not to be independent.</p>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation																																				
	<i>Independent Directors serving beyond nine years</i>	<p>Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.</p> <p>As required by Code 2012, the independence of any director who served beyond nine years from the date of his/her first appointment should be subjected to particularly rigorous review.</p> <p>There are no Independent Directors who has served beyond nine years since the date of his/her first appointment.</p>																																				
	<i>Board diversity</i>																																					
(a)	What is the Board's policy with regard to diversity in identifying director nominees?	<p>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 the Group, regardless of gender. The Board is mindful that diversity is not specific to gender or certain personal attributes and would strive to ensure the diversity would enhance the long-term success of the Group. The objective of the policy is to avoid groupthink and foster constructive debate and ensure that composition is optimal to support the Group's needs in the short and long term.</p>																																				
(b)	Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <p><b>Table 2.4 – Diversity of the Board</b></p> <table border="1"> <thead> <tr> <th></th> <th>Number of Directors</th> <th>Proportion of Board</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Core Competencies</b></td> </tr> <tr> <td>- Accounting or finance</td> <td>4</td> <td>66.7%</td> </tr> <tr> <td>- Business management</td> <td>3</td> <td>50.0%</td> </tr> <tr> <td>- Legal or corporate governance</td> <td>1</td> <td>16.7%</td> </tr> <tr> <td>- Relevant industry knowledge or experience</td> <td>3</td> <td>50.0%</td> </tr> <tr> <td>- Strategic planning experience</td> <td>2</td> <td>33.3%</td> </tr> <tr> <td>- Customer based experience or knowledge</td> <td>3</td> <td>50.0%</td> </tr> <tr> <td>- Information Technology</td> <td>1</td> <td>16.7%</td> </tr> <tr> <td colspan="3"><b>Gender</b></td> </tr> <tr> <td>- Male</td> <td>5</td> <td>83.33%</td> </tr> <tr> <td>- Female</td> <td>1</td> <td>16.67%</td> </tr> </tbody> </table>		Number of Directors	Proportion of Board	<b>Core Competencies</b>			- Accounting or finance	4	66.7%	- Business management	3	50.0%	- Legal or corporate governance	1	16.7%	- Relevant industry knowledge or experience	3	50.0%	- Strategic planning experience	2	33.3%	- Customer based experience or knowledge	3	50.0%	- Information Technology	1	16.7%	<b>Gender</b>			- Male	5	83.33%	- Female	1	16.67%
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# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board took the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>
2.5	<u>Meeting in the absence of the Management</u>	<p>The Non-Executive Independent Directors, led by the Lead Independent Director, meet in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management.</p> <p>For FY2020, the Non-Executive Directors have met once in the absence of key management personnel.</p>
<b>CHAIRMAN AND CHIEF EXECUTIVE OFFICER</b>		
3.1	<u>Role of Chairman and CEO</u>	<p>The Chairman leads the Board discussions, fostering constructive conditions that renders the Board effective. He facilitates effective contribution and promotes high standards of corporate governance. The Chairman performs a significant leadership role by providing clear oversight and guidance to the management on strategy and the drive to transform the Group's businesses.</p> <p>The CEO takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He proposes strategic proposals to the Board and implements decisions made by the Board.</p>
3.2	<u>Relationship between Chairman and CEO</u>	<p>The Chairman and CEO are not related. Their roles are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision making.</p>

# Corporate Governance

## BOARD MEMBERSHIP

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4 Steps taken to progressively renew the Board composition The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on a regular basis to ensure that the Board dynamics remain optimal.

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4.1 Role of NC The NC is guided by key terms of reference as follows:

- (a) 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, the Chief Executive Officer (or equivalent) and key management personnel, (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 directors and (iv) the appointment and re-appointment/re-election of Directors (including alternate Directors, if applicable) (including appointments and re-appointments to Board committees).
- (b) To review and determine annually, and as and when circumstances require, if a Director is independent, in accordance with the Revised Definition on Director's Independence, and any other salient factors.
- (c) 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.
- (d) 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.

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# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
		<p>(e) 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.</p> <p>(f) 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.</p> <p>(g) 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.</p> <p>(h) If necessary, to set up internal guidelines to address the competing time commitments that is faced when Directors serve on multiple boards.</p> <p>(i) To assume such other duties (if any) that may be assigned to a nominating committee of a Singapore-listed company under the Code; and</p> <p>(j) 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.</p> <p>For the review of succession plans and Board's composition for FY2020, the NC also took into consideration the amendments to the Catalist Rules in relation to the continued appointment of an independent director who has served for an aggregate period of more than nine years, bearing in mind that they will come into effect from 1 January 2022.</p>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation
4.3	<p><u>Selecting, Appointment and Re-appointment of Directors</u></p> <p>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</p>	<p><b>Table 4.3(a) – Selection and Appointment of New Directors</b></p> <p>The NC: -</p> <ol style="list-style-type: none"> <li>Determine selection criteria           <ul style="list-style-type: none"> <li>In consultation with the Board, identifies the current needs and inadequacies the Board requires to complement and strengthen the Board.</li> <li>Determines the role which competencies required for the new appointment after such consultation.</li> </ul> </li> <li>Candidate search           <ul style="list-style-type: none"> <li>Considers candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul> </li> <li>Assesses shortlisted candidates           <ul style="list-style-type: none"> <li>Meets and interviews the shortlisted candidates to assess their suitability.</li> </ul> </li> <li>Proposes recommendations           <ul style="list-style-type: none"> <li>Makes recommendations for Board's consideration and approval.</li> </ul> </li> </ol> <p><b>Table 4.3(b) – Re-election of Incumbent Directors</b></p> <p>The NC: -</p> <ol style="list-style-type: none"> <li>Assesses incumbent director           <ul style="list-style-type: none"> <li>Assesses the performance of the director in accordance with the performance criteria set by the Board.</li> <li>Considers the current needs of the Board.</li> </ul> </li> <li>Proposes re-appointment of director           <ul style="list-style-type: none"> <li>Recommends the re-appointment of the Director to the Board for its consideration and approval, subject to its satisfactory assessment.</li> </ul> </li> </ol> <p>After reviewing and considering the NC's recommendations, the Board would make the decision to appoint the new director and/or propose the re-election of the incumbent director for shareholders' approval.</p> <p>Pursuant to Regulation 112 of the Company's Constitution, at least one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company. The Company's Constitution and the Catalist Rules, provides that all Directors shall retire by rotation at least once every three years and such retiring Director shall be eligible for re-election.</p>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation
4.5	<i>Assessment of Directors' duties</i>	<p>The NC has recommended Mr Chia Cher Khiang and Ms Wong Kok Yoong be nominated for re-election at the forthcoming Annual General Meeting ("AGM").</p> <p>Mr Chia Cher Khiang, upon re-election as a Director of the Company, remain as the Executive Director, Ms Wong Kok Yoong will, upon re-election as a Director of the Company, remain as the Finance Director.</p> <p>Assessment of the individual Directors' performance was based on the criteria set out in Section 5.1 of Table I. The following were used to assess the performance and consider competing time commitments of the Directors: -</p> <ul style="list-style-type: none"> <li>• Declarations by each Director of their other listed company directorships and principal commitments;</li> <li>• Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and</li> <li>• Competencies of Directors, size and composition of the Board, capacity, complexity and expectations of the other listed directorships and principal commitments held and nature and scope of the Group's operations and size.</li> </ul> <p>The NC had reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and principal commitments of each of the Directors (if any) as set out below, and is satisfied that all Directors were able to diligently discharge their duties for FY2020.</p>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation																					
	<u>Other listed company directorships and principal commitments of Directors</u>	<p><b>Table 4.5 – Other listed company directorships and principal commitments of Directors</b></p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Listed Company Directorships</th> <th>Principal Commitments</th> </tr> </thead> <tbody> <tr> <td>Lim Hee Liat</td> <td>None</td> <td>Patron of Taman Jurong Community Club Management Committee</td> </tr> <tr> <td>Chia Cher Kiang</td> <td>None</td> <td>None</td> </tr> <tr> <td>Wong Kok Yoong</td> <td>None</td> <td>None</td> </tr> <tr> <td>Wee Tian Chwee Jeffrey</td> <td>None</td> <td>T.C. Wee &amp; Co.</td> </tr> <tr> <td>Lim Teck Chai Danny</td> <td> <ul style="list-style-type: none"> <li>Stamford Land Corporation Limited</li> <li>Choo Chiang Holdings Ltd</li> <li>Advancer Global Limited</li> </ul> </td> <td>Partner of Rajah &amp; Tann Singapore LLP</td> </tr> <tr> <td>Lau Chin Huat</td> <td>None</td> <td>Lau Chin Huat &amp; Co</td> </tr> </tbody> </table>	Name of Director	Listed Company Directorships	Principal Commitments	Lim Hee Liat	None	Patron of Taman Jurong Community Club Management Committee	Chia Cher Kiang	None	None	Wong Kok Yoong	None	None	Wee Tian Chwee Jeffrey	None	T.C. Wee & Co.	Lim Teck Chai Danny	<ul style="list-style-type: none"> <li>Stamford Land Corporation Limited</li> <li>Choo Chiang Holdings Ltd</li> <li>Advancer Global Limited</li> </ul>	Partner of Rajah & Tann Singapore LLP	Lau Chin Huat	None	Lau Chin Huat & Co
Name of Director	Listed Company Directorships	Principal Commitments																					
Lim Hee Liat	None	Patron of Taman Jurong Community Club Management Committee																					
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Wong Kok Yoong	None	None																					
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Lau Chin Huat	None	Lau Chin Huat & Co																					
	<u>Multiple Directorships</u>																						
	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.																					
	(b) If a maximum has not been determined, what are the reasons?	<p>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 considering his or her other listed company board directorships and other principal commitments, not guided by a numerical limit.</p> <p>The NC also believes that it is for each Director to assess his/her 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 value-add and contribute as members of the Board.</p>																					

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What are the specific considerations in deciding on the capacity of directors?	<p>The specific considerations in assessing the capacity of Directors include:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;</li> <li>• Geographical location of Directors;</li> <li>• Size and composition of the Board;</li> <li>• Nature and scope of the Group's operations and size; and</li> <li>• Capacity, complexity and expectations of the other listed directorships and principle commitments held.</li> </ul>
PG 4	<u>Alternate Directors</u>	<p>Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Management succession plans.</p> <p>The Company currently does not have any alternate directors.</p>

## BOARD PERFORMANCE

5.1	Performance Criteria	Table 5 sets out the performance criteria, recommended by the NC and approved by the Board, to evaluate the effectiveness of the Board as a whole and assess the contribution by each Director.
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**Table 5 - Performance Criteria**

	Board	Individual Directors
<b>Qualitative</b>	1. Size and composition 2. Access to information 3. Risk management 4. Board processes 5. Strategic planning 6. Board accountability 7. Succession planning	1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence and objectivity 5. Integrity 6. Overall effectiveness 7. Track record in good decision making
<b>Quantitative</b>	1. Performance of the Group	1. Attendance at Board and Board Committee meetings

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
		<p>The NC would review the criteria periodically to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.</p> <p>The NC did not propose any changes to the performance criteria for FY2020 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same.</p>
5.2	<p><i>Performance Review</i></p> <p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p>	<p>The reviews of the performance of the Board, Board Committees and individual Directors are conducted by the NC annually and when the individual Director is due for re-election.</p> <p>For FY2020, the review process was as follows:</p> <ol style="list-style-type: none"> <li>1. All Directors individually completed board evaluation questionnaires on the effectiveness of the Board, Board Committees and the individual Directors based on criteria disclosed in Table 5 of Principle 5.1;</li> <li>2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report;</li> <li>3. The NC discussed the report, and in particular matters relating to Board composition, Board processes, sustainability, Board strategy, risk management, succession planning and director development; and</li> <li>4. The results of the performance review were deliberated during the NC meeting and tabled at the Board meeting for further discussion.</li> </ol> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance or re-appointment as a Director of the Company.</p> <p>No external facilitator was used in the evaluation process.</p>
	<p>(b) Has the Board met its performance objectives?</p>	<p>Yes, the Board has met its performance objectives for FY2020.</p>

# Corporate Governance

## REMUNERATION MATTERS

### DEVELOPING REMUNERATION POLICIES

6.1	Role of the RC	The RC is guided by key terms of reference which includes:
6.3		<ul style="list-style-type: none"><li>(a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;</li><li>(b) Consider and approve termination payments, retirement payments, gratuities, ex-gratia payment, severance payments and other similar payments to each member of key management personnel and to review the Company's obligations 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;</li><li>(c) Review and recommend to the Board the service contracts of Chairman and CEO and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses;</li><li>(d) 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;</li><li>(e) 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;</li><li>(f) Review the remuneration of employees who are related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guideline and commensurate with their respective job scopes and level of responsibilities; and</li></ul>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
		<p>(g) Review the remuneration of employees who are related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guideline and commensurate with their respective job scopes and level of responsibilities; and</p> <p>(h) 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.</p> <p>The RC's review and recommendations cover all aspects including fees, salaries, allowance, bonuses, options, share-based incentives, awards and benefits-in-kind.</p> <p>Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his/her remuneration package or that of employees related to him/her.</p>
6.4	<u>Engagement of Remuneration Consultants</u>	No remuneration consultants were engaged by the Company in FY2020. The Company will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.
6.2	<u>"Claw-back" Provisions</u>	There are no contractual provisions which allows the Company 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.

## **LEVEL AND MIX OF REMUNERATION**

### **DISCLOSURE ON REMUNERATION**

7.1	<u>Remuneration Policy</u>	The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff that total compensation has been linked to the achievement of organisational and individual performance objectives.
7.2		
7.3		
8.1		

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation									
	<p><u>Remuneration Structure for Executive Directors and key management personnel</u></p> <p>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</p>	<p>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 FY2020. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives, for each individual role.</p> <p>The remuneration structure is linked by incorporating key performance indicators, which considers the staff's individual performance and contribution towards the profit before tax of the Group and performance conditions set out in Table 7.1 in this section. The senior management proposes the compensation for the Executive Directors and key management personnel for the RC's review, which would thereafter recommend for the Board's approval.</p>									
	<p><u>Performance Criteria</u></p> <p>(b) What were the performance conditions used to determine their entitlement under the short term and long-term incentive schemes?</p>	<p>The following performance conditions for determining incentive plans were chosen to motivate Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:</p> <p><b>Table 7.1 - Performance Criteria</b></p> <table border="1"> <thead> <tr> <th></th> <th>Short-term Incentives (such as performance bonus)</th> <th>Long-term Incentives (such as the Kimly Share Incentive Schemes)</th> </tr> </thead> <tbody> <tr> <td><b>Qualitative</b></td> <td>           1. Leadership            2. People development            3. Commitment            4. Teamwork            5. Current market and industry practices            6. Macro-economic factors         </td> <td>           1. Employee share options scheme (Kimly Share Option Scheme)            2. Kimly Performance Share Plan            3. Current market and industry practices         </td> </tr> <tr> <td><b>Quantitative</b></td> <td>-</td> <td>1. Performance of the Group</td> </tr> </tbody> </table>		Short-term Incentives (such as performance bonus)	Long-term Incentives (such as the Kimly Share Incentive Schemes)	<b>Qualitative</b>	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Employee share options scheme (Kimly Share Option Scheme) 2. Kimly Performance Share Plan 3. Current market and industry practices	<b>Quantitative</b>	-	1. Performance of the Group
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<b>Qualitative</b>	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Employee share options scheme (Kimly Share Option Scheme) 2. Kimly Performance Share Plan 3. Current market and industry practices									
<b>Quantitative</b>	-	1. Performance of the Group									
	<p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2020.</p>									

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation																																																							
7.2	<u>Remuneration Structure of Non-Executive Directors</u>	<p>Non-Executive Directors will each receive their directors' fees in cash. Directors' fees are subjected to shareholders' approval at a general meeting. The fees for the financial year in review are determined in the previous financial year, proposed by the Management submitted to the RC for review and thereafter recommended to the Board for approval.</p> <p>The RC has reviewed and assessed that the remuneration of the Non-Executive Directors for FY2020 is appropriate, considering the effort, time spent and responsibilities.</p>																																																							
8.1(a) 8.1(b)	(a) Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors and the CEO for FY2020 is as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Salary (%)</th> <th>Variable or performance-related income/ bonus (%)<sup>(1)</sup></th> <th>Directors Fees (%)<sup>(2)</sup></th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Between S\$1,000,001 to S\$1,250,000</b></td> </tr> <tr> <td>Lim Hee Liat</td> <td>34.0</td> <td>66.0</td> <td>-</td> <td>100.0</td> </tr> <tr> <td colspan="5"><b>Between S\$500,0001 to S\$750,000</b></td> </tr> <tr> <td>Chia Cher Khiang</td> <td>39.9</td> <td>60.1</td> <td>-</td> <td>100.0</td> </tr> <tr> <td colspan="5"><b>Between S\$250,001 to S\$500,000</b></td> </tr> <tr> <td>Wong Kok Yoong</td> <td>80.8</td> <td>19.2</td> <td>-</td> <td>100.0</td> </tr> <tr> <td colspan="5"><b>Below S\$250,000</b></td> </tr> <tr> <td>Wee Tian Chwee Jeffrey</td> <td>-</td> <td>-</td> <td>100.0</td> <td>100.0</td> </tr> <tr> <td>Lim Teck Chai Danny</td> <td>-</td> <td>-</td> <td>100.0</td> <td>100.0</td> </tr> <tr> <td>Lau Chin Huat</td> <td>-</td> <td>-</td> <td>100.0</td> <td>100.0</td> </tr> </tbody> </table> <p><i>Notes:</i></p> <p><sup>(1)</sup> 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.</p> <p><sup>(2)</sup> The Directors' fees were approved by the shareholders at the AGM held on 21 January 2020.</p>	Name	Salary (%)	Variable or performance-related income/ bonus (%) <sup>(1)</sup>	Directors Fees (%) <sup>(2)</sup>	Total (%)	<b>Between S\$1,000,001 to S\$1,250,000</b>					Lim Hee Liat	34.0	66.0	-	100.0	<b>Between S\$500,0001 to S\$750,000</b>					Chia Cher Khiang	39.9	60.1	-	100.0	<b>Between S\$250,001 to S\$500,000</b>					Wong Kok Yoong	80.8	19.2	-	100.0	<b>Below S\$250,000</b>					Wee Tian Chwee Jeffrey	-	-	100.0	100.0	Lim Teck Chai Danny	-	-	100.0	100.0	Lau Chin Huat	-	-	100.0	100.0
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# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation																									
		<p>There was no termination, retirement, post-employment benefits that may be granted to the Directors, the CEO and top 2 key management personnel.</p> <p>Although the Code recommends full disclosure in aggregate to the nearest thousand dollars of the total remuneration paid to each individual Director and the Chief Executive Officer (or equivalent) 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. The Board believes that such disclosure presentation provides sufficient overview of the remuneration of the Directors and key management personnel and that such information would be sufficient to the shareholders for their understanding of the Company's compensation policies.</p>																									
(b)	Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>Given the size and nature of the Company's business, the Company has only identified 2 top key management personnel.</p> <p>The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2020 is as follows:</p> <p><b>Table 8.1(b) – Remuneration of Key Management Personnel</b></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Share awards (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Between S\$250,001 to S\$500,000</b></td> </tr> <tr> <td>Peh Kim Leong Sunny</td> <td>40.0</td> <td>58.1</td> <td>1.9</td> <td>100.0</td> </tr> <tr> <td colspan="5"><b>Below S\$250,000</b></td> </tr> <tr> <td>Tan Chong Sing</td> <td>84.6</td> <td>15.4</td> <td>–</td> <td>100.0</td> </tr> </tbody> </table>	Name	Salary (%)	Bonus (%)	Share awards (%)	Total (%)	<b>Between S\$250,001 to S\$500,000</b>					Peh Kim Leong Sunny	40.0	58.1	1.9	100.0	<b>Below S\$250,000</b>					Tan Chong Sing	84.6	15.4	–	100.0
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(c)	Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The total remuneration paid to the top 2 key management personnel for FY2020 was S\$636,000.																									

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
8.2	<u>Related Employees</u>  Is there any employee who is a substantial shareholder of the Company, or an immediate family member of a Director or the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	There is no employee who is a substantial shareholder of the Company, or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 in FY2020.
8.3	<u>Employee Share Scheme(s)</u>	Information on the Company's Kimly Share Incentive Schemes (which includes the Kimly Share Option Scheme and Kimly Performance Share Plan) are set out on pages 73 of this Annual Report.

## ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

9 9.1	<u>Risk Governance by the Board</u>	The Board, with the assistance of the AC, is responsible for the overall risk governance, risk management and internal control systems and framework of the Group. The Board has in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.
	<u>Identification of the Group's risks</u>	<p>The Group has established and implemented a risk management framework for the identification, assessment, monitoring and reporting of significant risks. The Board oversees the management in the formulation, update and maintenance of an adequate and effective risk management framework, which the AC reviews the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls, on an annual basis.</p> <p>The Group maintains a risk register which identifies the material risks faced by the Group and the internal controls in place to manage or mitigate those risks. The risk register is updated by the business heads in the Group on a half-yearly basis and the AC reviews the risk register on a half-yearly basis. The Internal Audit function takes into consideration the risks identified and assessed in the risk register and prepares the audit plan for the ensuing financial year. The audit plan is approved by the AC. The Internal Audit function reports all audit findings and recommendations to the AC on quarterly basis and follows up on all recommendations to ensure timely remediation of audit issues.</p>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
	<i>Management of risks</i>	While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal controls are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information used within the business and for publication is reliable. In designing the internal controls, the Board has had regard to the risks which the business is exposed to and the costs of protecting against such risks.
9.2	<i>Confirmation of Internal Controls</i>	
	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board and the AC are of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2020.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> <li>1. Assurance has been received from the CEO and CFO/Finance Director (refer to Section 9.2(b) of Table I);</li> <li>2. An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed;</li> <li>3. Key management personnel evaluates, monitors material risks and reports to the AC on a regular basis;</li> <li>4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns;</li> <li>5. An enterprise risk management framework was established to identify, manage and mitigate significant risks;</li> <li>6. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels; and</li> <li>7. The Group has put in place whistle-blowing procedures by which employees may report and raise any concerns on possible wrongdoing in good faith and in confidence. All concerns can be reported to the AC directly. AC will assess whether action or review is required.</li> </ol>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes, the Board has obtained such assurance from the CEO and Finance Director in respect of FY2020.</p> <p>The Board had additionally relied on IA reports in respect of, amongst others, revenue and cash management, IT general control, food safety and interested party transactions issued to the Company as assurances that the Company's risk management and internal control systems are effective.</p>

## AUDIT COMMITTEE

10.1 10.3	<i>Role of the AC</i>	<p>All members of the AC are Non-Executive Directors who are independent and do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within a period of two years commencing on the date of their ceasing to be a partner of the external audit firm and none of the AC members hold any financial interest in the external audit firm.</p> <p>The AC is guided by its key terms of reference, which includes:</p> <ul style="list-style-type: none"> <li>(a) Reviewing the significant financial reporting issues and judgements to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance;</li> <li>(b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;</li> <li>(c) Reviewing the assurance from the CEO and the Finance Director on the financial records and financial statements;</li> </ul>
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# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
		(d) Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;
		(e) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA;
		(f) Making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and the remuneration and terms of engagement of the EA;
		(g) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
		(h) Review the system of internal controls and management of financial risks with the internal auditors and the external auditors;
		(i) Review the co-operation given by the management to the external auditors and internal auditors, where applicable;
		(j) Review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Rules of Catalist, including such amendments made thereto from time to time;
		(k) Review and approve any interested person transactions;
		(l) Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
		(m) 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;
		(n) Investigate any matters within its terms of reference;
		(o) 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

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
	<i>Whistle Blowing Policy</i>	<p>(p) Undertake such other functions and duties as may be required by statute or the Rules of Catalist, and by such amendments made thereto from time to time.</p> <p>The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to <a href="mailto:whistleblowing@kimlygroup.sg">whistleblowing@kimlygroup.sg</a>.</p>
10.2	<i>Qualification of the AC members</i>	<p>Yes. The Board considers Mr Wee Tian Chwee Jeffrey, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr Lau Chin Huat of the AC also have recent and relevant experience in accounting and financial management.</p> <p>The members of the AC collectively have a combined 88 years of strong accounting and related financial management expertise and experience and are appropriately qualified to discharge their responsibilities.</p>
10.4	<i>Internal Audit Function</i>	<p>The Company's internal audit function is outsourced to RSM Risk Advisory Pte Ltd that reports directly to the AC Chairman and administratively to the Management. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</p> <p>The AC is satisfied that internal auditor is able to discharge its duties effectively as the internal auditor:</p> <ul style="list-style-type: none"> <li>• is adequately qualified, given that the partner and staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors;</li> <li>• is adequately resourced; and</li> <li>• has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.</li> </ul>
10.5	Met Auditors in Management's Absence	The AC has met with the IA and the EA once in the absence of key management personnel in FY2020.

# Corporate Governance

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

11.1	<u>Shareholders' Participation at General Meetings</u>	Shareholders are entitled to attend the general meetings and are afforded the opportunity to participate effectively in and vote at general meetings. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.
	<u>Appointment of Proxies</u>	The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings. Specified intermediaries, such as banks and capital markets services licence holders which provide custodial services, may appoint more than two proxies.
11.2	<u>Bundling of Resolutions</u>	Resolutions requiring shareholders' approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together. Reasons, and implications of why resolutions are bundled will be set out in the circulars sent out.
11.3	<u>Directors' Attendance</u>	<p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>Save for Mr Ter Kim Cheu, all Directors had attended the annual general meeting and extraordinary general meeting held on 21 January 2020.</p>
11.4	<u>Absentia Voting</u>	The Company's Constitution allows for absentia voting, (including but not limited to the voting by mail, electronic mail or facsimile).
11.5	<u>Publication of Minutes</u>	<p>Minutes of the general meetings recording the substantial and relevant comments and queries relating to the agenda of the general meetings raised by the shareholders, together with responses from the Board and management, are prepared by the Company Secretaries. In FY2020 for the FY2019 AGM, these minutes were not published but were made available to shareholders upon their request.</p> <p>With effect from the FY2020 AGM, the Company's general meeting minutes would be published on the SGXNet and the Company's corporate website within one (1) month from the date of the general meeting.</p>

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

Principle	Code and/or Guide Description	Company's Compliance or Explanation
11.6	<u>Dividend Policy</u> (a) Does the Company have a dividend policy?	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 dated 8 March 2017. The key management personnel will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration. The Company has a track record of distributing 50.7% to 80.2% of its net profits as dividends.
	(b) Is the Company paying dividends for the financial year? If not, please explain why.	The Board has proposed a first and final dividend of 0.84 Singapore cents per ordinary share for FY2020 which will be subjected to shareholders' approval at the forthcoming AGM.  The Company has paid an interim dividend of 0.28 Singapore cents per ordinary share for HY2020 on 15 July 2020. The total dividend paid for FY2020 amounted to 1.12 Singapore cents per share.

## ENGAGEMENT WITH SHAREHOLDERS

12.1 12.2 12.3 (c)	<u>Communication with Shareholders</u> (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via: <ul style="list-style-type: none"> <li>a dedicated external investor relations team, Sino-Lion Communications Pte Ltd to assist the Company in its investor relations initiatives and the investor relations team can be reached at yitsung@financialpr.com.sg and jingwen@financialpr.com.sg; and</li> <li>investor/analyst briefings.</li> </ul> <p>In FY2020, the management has also briefed shareholders on the Company's performance during the general meetings held.</p>
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company has a dedicated investor relations team. The Company's investor relations website is a key resource of information for the investment community. It contains comprehensive information on the Company, including annual reports, past financial results and announcements, upcoming events and dividend information.

# Corporate Governance

**TABLE I - COMPLIANCE WITH THE CODE**

<b>Principle</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	<p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at <a href="https://kimlygroup.sg">https://kimlygroup.sg</a>. All materials presented in general meetings are uploaded on the SGXNET.</p> <p>For enquires and all other matters, Shareholders and all other parties can contact the Company at <a href="mailto:Marcomm@kimlygroup.sg">Marcomm@kimlygroup.sg</a>.</p>

## **MANAGING STAKEHOLDERS RELATIONSHIP**

### **ENGAGEMENT WITH STAKEHOLDERS**

13.1	<u>Stakeholders Management</u>	The Company undertakes an annual review in identifying its material stakeholders. It assesses the material environmental, social and governance factors that affects the Group.
13.2		Please refer to the Company's sustainability report for FY2020 which would be released by January 2021 for the assessment process and how such relationships with stakeholders are managed.

# Corporate Governance

**TABLE II - COMPLIANCE WITH CATALIST RULES**

Rule	Rule Description	Company's Compliance or Explanation												
720(5)	Information relating to Directors seeking re-election	In addition to the information relating to the Directors seeking re-election as per Appendix 7F of the Catalist Rules, which are set out in Table III of this report, there is no change to the disclosures of each Directors for the disclosures labelled (a) to (k) as per previously announced.												
1204(6)(A)	<u>Non-audit fees</u>  (a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<p><b>Table 1204(6)(A) – Fees Paid/Payable to the EA for FY2020</b></p> <table border="1"> <thead> <tr> <th></th> <th>S\$</th> <th>% of total</th> </tr> </thead> <tbody> <tr> <td><b>Audit fees</b></td> <td>347,000</td> <td>98.6</td> </tr> <tr> <td><b>Non-Audit Fees</b></td> <td>5,000</td> <td>1.4</td> </tr> <tr> <td><b>Total</b></td> <td>352,000</td> <td>100.0</td> </tr> </tbody> </table>		S\$	% of total	<b>Audit fees</b>	347,000	98.6	<b>Non-Audit Fees</b>	5,000	1.4	<b>Total</b>	352,000	100.0
	S\$	% of total												
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<b>Non-Audit Fees</b>	5,000	1.4												
<b>Total</b>	352,000	100.0												
1204(6)(B)	<u>Confirmation by AC</u>  (b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered during FY2020 were deemed to be not substantial by the AC.												
1204(6)(C)	<u>Appointment of Auditors</u>	The Company confirms its compliance to Rules 712 and 715 of the Catalist Rules.												
1204(8)	<u>Material Contracts</u>	<p>As at 30 September 2020, the amounts owing by the Group to Mr Lim Hee Liat and Mr Chia Cher Khiang amounted to S\$3,919,000 and S\$146,000 respectively. These loans are interest-free with no security and has no fixed repayment terms. However, the repayment will be subject to review and approval by the Audit Committee, taking into account the financial position of the Group (including but not limited to the Group's cash flows).</p> <p>Save as disclosed above and in Note 10 of the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are 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.</p>												
1204(10)	<u>Adequacy of Internal Controls</u>	Please refer to the confirmation provided by the Board in Section 9.2 of Table I.												

# Corporate Governance

**TABLE II - COMPLIANCE WITH CATALIST RULES**

<b>Rule</b>	<b>Rule Description</b>	<b>Company's Compliance or Explanation</b>																																				
1204(10B)	<u>Adequacy of Internal Audit Function</u>	The AC is of the opinion that the internal audit function is independent, effective and adequately resourced.																																				
1204(17)	<u>Interested Person Transactions ("IPT")</u>	<p>The Group had obtained a general mandate from shareholders for IPTs 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 21 January 2020.</p> <p>There were no IPTs with value-at-risk of S\$100,000 or more transacted during FY2020.</p>																																				
1204(19)	<u>Dealing in Securities</u>	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the relevant results.</p>																																				
1204(21)	<u>Non-sponsor Fees</u>	No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2020.																																				
1204(22)	<u>Use of IPO Proceeds</u>	<p>As at the date of this Annual Report, the status on the use of the IPO net proceeds is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th><b>Allocated</b></th> <th><b>Utilised</b></th> <th><b>Balance</b></th> </tr> <tr> <th></th> <th><b>S\$'000</b></th> <th><b>S\$'000</b></th> <th><b>S\$'000</b></th> </tr> </thead> <tbody> <tr> <td>Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)</td> <td>30,363</td> <td>(27,763)</td> <td>2,600</td> </tr> <tr> <td>Balance Consideration pursuant to Rescission<sup>^</sup></td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Refurbishment and renovation of existing food outlets</td> <td>3,000</td> <td>(2,092)</td> <td>908</td> </tr> <tr> <td>Headquarters/Central Kitchen upgrading</td> <td>5,000</td> <td>(2,272)</td> <td>2,728</td> </tr> <tr> <td>Productivity initiatives/IT</td> <td>2,000</td> <td>(1,753)</td> <td>247</td> </tr> <tr> <td>Listing expenses</td> <td>3,087</td> <td>(3,087)</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td><b>43,450</b></td> <td><b>(36,967)</b></td> <td><b>6,483</b></td> </tr> </tbody> </table>		<b>Allocated</b>	<b>Utilised</b>	<b>Balance</b>		<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	(27,763)	2,600	Balance Consideration pursuant to Rescission <sup>^</sup>	-	-	-	Refurbishment and renovation of existing food outlets	3,000	(2,092)	908	Headquarters/Central Kitchen upgrading	5,000	(2,272)	2,728	Productivity initiatives/IT	2,000	(1,753)	247	Listing expenses	3,087	(3,087)	-	<b>Total</b>	<b>43,450</b>	<b>(36,967)</b>	<b>6,483</b>
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# Corporate Governance

**TABLE II - COMPLIANCE WITH CATALIST RULES**

Rule	Rule Description	Company's Compliance or Explanation
^		<p>On 29 November 2018, the Company has rescinded ab initio its acquisition of Asian Story Corporation Pte. Ltd. ("<b>ASC</b>") ("<b>Rescission</b>"). 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 ("<b>Outstanding Amount</b>") of S\$2.6 million remained repayable by the Vendor, in equal instalments of S\$1.3 million, by 29 November 2020 and 29 November 2021. The Company has substituted its security over the Share Charge and Assignment in respect of the outstanding amount of S\$2.6 million over certain quoted equity securities ("<b>Securities</b>") held by the vendor aggregating to S\$1.7 million based on quoted prices as at 30 September 2020. The Company has also received S\$122,000 of dividend income from the Securities as at 30 September 2020.</p> <p>Subsequently, the Company and the Vendor had on 26 November 2020 entered into a deed of settlement in relation to the settlement of the amount outstanding of S\$2.6 million whereby the Vendor has agreed to accelerate and pay the full balance amount of S\$2.6 million owing to the Company as follows:</p> <ul style="list-style-type: none"> <li>(a) transferring to the Company quoted equity securities held by the Vendor with a market value based on quoted prices as at 10 November 2020, being the date of offer from the Vendor proposing early settlement, of S\$1,653,764.23 and dividends accrued in respect of these securities amounting to S\$158,558.88; and</li> <li>(b) paying in cash the remaining amount of S\$787,676.89.</li> </ul> <p>The Company has on 30 December 2020 entered into a side letter to the deed of settlement with the Vendor, whereby the parties have agreed that, as part of the repayment of the balance amount owing from the Vendor, the Vendor shall transfer to the Company, the legal and beneficial interest to the Securities, save for the 6,000 RHT HEALTHTRUST securities which shall remain with the Vendor in consideration for the Vendor paying the Company an amount of S\$114.</p> <p>Following the receipt of the quoted equity securities held by the Vendor with a market value of S\$1,653,650.23 as at 10 November 2020, and dividends accrued in respect of these securities amounting to S\$158,558.88; and cash of the remaining amount of S\$787,790.89 on 30 December 2020, the parties ceased to have any claims against each other.</p> <p>The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's Offer Document.</p>

# Corporate Governance

Please refer to the table below for additional information on Directors to be re-elected at the forthcoming AGM:

**TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION**

	<b>Name of Director to be re-elected</b>	
	Chia Cher Khiang	Wong Kok Yoong
Date of appointment announcement (" <b>Previous Announcement</b> ")	3 February 2017	29 November 2018
Any changes to the Previous Announcement?	No	No
Date of last re-appointment	23 January 2018	30 January 2019
Age	46	44
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr Chia's contributions to the Company as well as Board processes, had recommended to the Board the re-election of Mr Chia who will be retiring pursuant to Regulation 112 of the Company's Constitution at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr Chia had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election.</p>	<p>The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Ms Wong's contributions to the Company as well as Board processes, had recommended to the Board the re-election of Ms Wong who will be retiring pursuant to Regulation 112 of the Company's Constitution at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Ms Wong had abstained from voting on any resolution and making any recommendation and/or participating in respect of her own re-election.</p>

# Corporate Governance

**TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION**

	Name of Director to be re-elected	
	Chia Cher Khiang	Wong Kok Yoong
Whether the appointment has changed from non-executive to executive. If so, please state the area of responsibility	Executive  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.	Executive  Responsible for the overall financial management, reporting and internal control matters for the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Executive Director, Chief Financial Officer/Finance Director
Working experience and occupation(s) during the past 10 years	February 2017 to present – Executive Director, Kimly Limited	November 2018 to present – Finance Director, Kimly Limited
	October 2006 to February 2017 – General Manager of the Group	June 2016 to November 2018 – 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	Direct interest of 16,513,391 shares in the Company (representing 1.39% interest), deemed interest in 2,960,000 shares (representing 0.25% interest) held by his spouse, Madam Low Hwee Tin.	Nil

# Corporate Governance

**TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION**

	Name of Director to be re-elected	
	Chia Cher Khiang	Wong Kok Yoong
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil	Nil
Conflict of Interest (including any competing business)	As disclosed in the page 155 of the Offer document, Mr Chia has a partial interest in one (1) coffeeshop which is currently leased to a third party. Mr Chia had on 15 February 2017, executed a non-compete undertaking granting our Group a first right to lease this coffeeshop in which in the event the third party do not wish to renew the lease.	
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes
<b>Other Principal Commitments*</b>	Nil	Nil
<b>Including Directorship#</b>		
* "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)		
<b>The general statutory disclosures of the Directors are as follows:</b>		
(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

# Corporate Governance

**TABLE III - INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION**

	Name of Director to be re-elected	
	Chia Cher Khiang	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
(c) Whether there is any unsatisfied judgment against him?	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
(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

# Corporate Governance

**TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION**

	Name of Director to be re-elected	
	Chia Cher Khiang	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
(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
(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
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: -	No	No

# Corporate Governance

**TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION**

	Name of Director to be re-elected	
	Chia Cher Khiang	Wong Kok Yoong
(k) 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.
(l) 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
(m) 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
(n) 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
(o) 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 Chia Cher Khiang.	No

# Corporate Governance

**TABLE III - INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION**

<b>Name of Director to be re-elected</b>		
	Chia Cher Khiang	Wong Kok Yoong
	<p>Mr Chia 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.</p> <p>On 4 December 2018, the Company announced that Mr Chia 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 Chia continues to assist in investigations, and no formal charges have been made against him by the Authorities.</p>	
<b>Prior Experience as a Director of a Listed Company on the Exchange</b>		
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This relates to the re-election of a director.	Not applicable. This relates to the re-election of a director.
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
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 - Not Applicable*

# 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 2020.

## 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 2020 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  
Wee Tian Chwee Jeffrey  
Lim Teck Chai Danny  
Wong Kok Yoong  
Lau Chin Huat

## 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.

# Directors' Statement

## 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:

Name of director	Direct interest			Deemed interest		
	At the beginning of financial year	At the end of financial year	At 21 October 2020	At the beginning of financial year	At the end of financial year	At 21 October 2020
<b>Ordinary shares of the Company</b>						
Lim Hee Liat	489,915,165	493,915,165	493,915,165	-	-	-
Chia Cher Khiang	14,513,391	16,513,391	16,513,391	2,960,000 <sup>^</sup>	2,960,000 <sup>^</sup>	2,960,000 <sup>^</sup>
Lim Teck Chai Danny	-	-	-	422,000 <sup>**</sup>	684,600 <sup>**</sup>	684,600 <sup>**</sup>
Lau Chin Huat	1,280,000	1,280,000	1,280,000	-	-	-

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

<sup>\*\*</sup> This represents Mr Lim Teck Chai Danny's direct interest held in the name of iFast Financial Pte Ltd.

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

## 5. Share options and awards

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

The Kimly Employee Share Option Scheme ("Kimly ESOS") and Kimly Performance Share Plan ("Kimly PSP") are administrated by the Remuneration Committee of the Company, whose members include Mr Lim Teck Chai Danny, Mr Wee Tian Chwee Jeffrey and Mr Lau Chin Huat as at the date of this report.

As at 30 September 2020, no options or awards of shares has been granted under the Kimly ESOS and Kimly PSP to directors or to controlling shareholders. However, the Company has granted 750,493 share awards under the Kimly Performance Share Plan during the financial year to employees of the Company. With the Remuneration Committee's approval on the achievement of the performance targets for the performance period for FY2019 and FY2020, a total of 224,280 shares were released via the transfer of treasury shares (FY2019: Nil). The share awards expire on 15 July 2022, and are vested over three years from the date of grant if the employees remain in service and that certain key performance indicators are fulfilled as detailed in Note 9 of the financial statements.

# Directors' Statement

## 5. Share options and awards (cont'd)

There is no employee who received 5% or more of the total shares available under the Kimly PSP since the commencement of the Kimly PSP till the end of the financial year.

Since the commencement of the Kimly Employee Share Option Scheme till the end of the financial year, no option has 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 re-appointment as auditor.

On behalf of the board of directors,

Lim Hee Liat  
Director

Chia Cher Khiang  
Director

6 January 2021

# Independent Auditor's Report

To the members of Kimly Limited

For the financial year ended 30 September 2020

## 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 2020, 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for opinion

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

### Key audit matters

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

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to 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.

# Independent Auditor's Report

To the members of Kimly Limited

For the financial year ended 30 September 2020

## Key audit matters (cont'd)

### *Completeness of revenue*

For the financial year ended 30 September 2020, the Group's revenue from sale of food, beverages and tobacco products amounted to \$174,463,000, which accounted for 82.8% 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.

As part of our audit, we obtained an understanding of matters that could result in risk of material misstatement to revenue. We evaluated the design and tested the operating effectiveness of key internal controls that the Group has put in place to ensure cash sales are appropriately recorded. We assessed management's review of monthly outlet operating margins and the reconciliation of revenue to cash receipts to assess completeness of revenue. We also performed sales cut-off procedures through cash cut-off testing to evaluate the completeness of revenue recorded as at 30 September 2020. We used data analytics technique to analyse the correlation between revenue, trade receivables and cash to evaluate the existence and completeness of revenue recorded during the financial year ended 30 September 2020. Additionally, we tested the physical safeguards over cash on hand. We assessed the adequacy of the disclosures related to revenue, and cash and cash equivalents in Note 4 and Note 23 respectively.

### *Acquisition of assets*

During the financial year ended 30 September 2020, the Group completed acquisition of various properties, comprising coffee shops, restaurant unit and industrial canteen for a total cash and share-based consideration of \$59,815,000 and \$10,000,000 respectively. Given the quantum of the purchase considerations and judgements applied by the management and independent valuers in determining the values of the properties, we have identified this as a Key Audit Matter.

The purchase considerations for these properties were based on their respective fair values determined based on valuations performed close to the date of completion by independent valuers engaged by the Group. Management, with the help of independent valuers, determined the fair values of the properties using Direct Sale Comparison Method, and cross checked against the Income Capitalisation Method for reasonableness.

The Direct Sale Comparison Method involves analysing information from recent sale of similar properties. Adjustments are made to account for differences in location, size, tenure, condition and prevailing market conditions, amongst other factors, before arriving at the fair value of the properties. The Income Capitalisation Method involves assessing the gross market rental of the respective properties and capitalising the net income, after deducting related operating expenses, at an appropriate rate of return over the remaining lease period to derive the fair value.

As part of our audit, we obtained the valuations prepared by the independent valuers engaged by the Group. We, together with our valuation specialists, assessed the competence, capabilities and objectivity of the valuers. We also conducted discussion with them and assessed the reasonableness of their valuations having regard to their judgement and key assumptions used. We assessed if the valuation methodologies used by management and the independent valuers are in-line with acceptable market practices, and whether the key inputs and assumptions used are within the range of market data, taking into consideration current economic environment. We also assessed the adequacy of the disclosures related to additions to properties, plant and equipment and investment properties in Note 13 and Note 14 respectively.

# Independent Auditor's Report

To the members of Kimly Limited  
For the financial year ended 30 September 2020

## **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 SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

# Independent Auditor's Report

To the members of Kimly Limited

For the financial year ended 30 September 2020

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

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.

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.

# Independent Auditor's Report

To the members of Kimly Limited

For the financial year ended 30 September 2020

## **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  
6 January 2021

# Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2020

(Amounts in Singapore Dollars)

	Note	2020 \$'000	2019 \$'000
<b>Revenue</b>	4	210,773	208,299
Cost of sales		(154,258)	(167,612)
<b>Gross profit</b>		56,515	40,687
<b>Other items of income</b>			
Finance income	6	985	1,583
Other operating income	5	3,266	2,903
<b>Other items of expense</b>			
Selling and distribution expenses		(7,611)	(5,258)
Administrative expenses		(18,058)	(15,384)
Finance costs	6	(3,671)	(4)
Other operating expenses	7	(1,779)	(584)
Share of profit of an associate and joint ventures	18,19	49	-
<b>Profit before tax</b>	8	29,696	23,943
Income tax expense	11	(4,471)	(3,890)
<b>Profit for the year, representing total comprehensive income for the year and attributable to owners of the Company</b>		25,225	20,053
<b>Earnings per share (cents per share)</b>			
- Basic	12	2.18	1.74
- Diluted	12	2.18	1.74

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

# Statements of Financial Position

As at 30 September 2020

(Amounts in Singapore Dollars)

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment owned	13	73,223	9,724	-	-
Investment properties owned	14	7,090	-	-	-
Intangible assets	15	4,409	5,961	-	-
Right-of-use assets	16	135,595	-	-	-
Investment in subsidiaries	17	-	-	239,047	238,997
Investment in an associate and joint ventures	18,19	9,733	-	-	-
Deferred tax assets	20	240	354	-	-
Other receivables	21	5,815	6,072	-	2,600
		236,105	22,111	239,047	241,597
<b>Current assets</b>					
Trade and other receivables	21	13,381	8,409	57,284	9,963
Inventories	22	1,701	1,129	-	-
Prepayments		316	2,199	13	10
Cash and cash equivalents	23	68,324	87,189	14,536	55,369
		83,722	98,926	71,833	65,342
<b>Total assets</b>		<b>319,827</b>	<b>121,037</b>	<b>310,880</b>	<b>306,939</b>
<b>Current liabilities</b>					
Trade and other payables	24	23,475	19,638	4,250	10,981
Other liabilities	25	15,408	7,619	1,612	1,011
Interest-bearing loans and borrowings	26	1,104	-	-	-
Lease liabilities	16	33,181	-	-	-
Obligation under finance lease	27	-	27	-	-
Provision for restoration costs	28	177	496	-	-
Provision for taxation		5,788	3,900	72	38
		79,133	31,680	5,934	12,030
<b>Net current assets</b>		<b>4,589</b>	<b>67,246</b>	<b>65,899</b>	<b>53,312</b>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	26	24,410	-	-	-
Lease liabilities	16	103,953	-	-	-
Obligation under finance lease	27	-	20	-	-
Deferred tax liabilities	20	447	367	-	-
Other payables	24	963	693	-	-
Provision for restoration costs	28	716	384	-	-
		130,489	1,464	-	-
<b>Total liabilities</b>		<b>209,622</b>	<b>33,144</b>	<b>5,934</b>	<b>12,030</b>
<b>Net assets</b>		<b>110,205</b>	<b>87,893</b>	<b>304,946</b>	<b>294,909</b>

# Statements of Financial Position

As at 30 September 2020

(Amounts in Singapore Dollars)

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Equity attributable to owners of the Company</b>					
Share capital	29(a)	297,141	287,141	297,141	287,141
Treasury shares	29(b)	(2,424)	(2,334)	(2,424)	(2,334)
Share-based compensation reserve	29(c)	140	34	140	34
Other reserves	30	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests		(113,030)	(113,030)	-	-
Retained earnings		48,501	36,205	10,089	10,068
<b>Total equity</b>		110,205	87,893	304,946	294,909
<b>Total equity and liabilities</b>		319,827	121,037	310,880	306,939

*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 2020

(Amounts in Singapore Dollars)

	Attributable to owners of the Company							Total equity \$'000
	Share capital (Note 29a) \$'000	Treasury shares (Note 29b) \$'000	Share-based compensation reserve (Note 29c) \$'000	Other reserves (Note 30) \$'000	Premium paid on acquisition of non-controlling interests \$'000	Retained earnings \$'000		
<b>Group</b>								
At 1 October 2019	287,141	(2,334)	34	(120,123)	(113,030)	36,205		87,893
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	25,225		25,225
<u>Contributions by and distributions to owners</u>								
Dividends on ordinary shares	-	-	-	-	-	(12,929)		(12,929)
Purchase of treasury shares	-	(150)	-	-	-	-		(150)
Share-based payment expenses (Kimly Performance Share Plan)	-	-	166	-	-	-		166
Treasury shares transferred on vesting of share awards granted under the Kimly Performance Share Plan	-	60	(60)	-	-	-		-
Issuance of ordinary shares	10,000	-	-	-	-	-		10,000
Total contributions by and distributions to owners	10,000	(90)	106	-	-	(12,929)		(2,913)
At 30 September 2020	297,141	(2,424)	140	(120,123)	(113,030)	48,501		110,205

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 2020

(Amounts in Singapore Dollars)

	Attributable to owners of the Company							Total equity \$'000
	Share capital (Note 29a) \$'000	Treasury shares (Note 29b) \$'000	Share-based compensation reserve (Note 29c) \$'000	Other reserves (Note 30) \$'000	Premium paid on acquisition of non-controlling interests \$'000	Retained earnings \$'000		
<b>Group</b>								
At 1 October 2018	287,141	(843)	-	(120,123)	(113,030)	30,441		83,586
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	20,053		20,053
<u>Contributions by and distributions to owners</u>								
Dividends on ordinary shares	-	-	-	-	-	(14,289)		(14,289)
Purchase of treasury shares	-	(1,491)	-	-	-	-		(1,491)
Share-based payment expenses (Kimly Performance Share Plan)	-	-	34	-	-	-		34
Total contributions by and distributions to owners	-	(1,491)	34	-	-	(14,289)		(15,746)
At 30 September 2019	287,141	(2,334)	34	(120,123)	(113,030)	36,205		87,893

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 2020

(Amounts in Singapore Dollars)

	Note	Share capital (Note 29a) \$'000	Treasury shares (Note 29b) \$'000	Share-based compensation reserve (Note 29c) \$'000	Retained earnings \$'000	Total \$'000
<b>Company</b>						
At 1 October 2019		287,141	(2,334)	34	10,068	294,909
Profit for the year, representing total comprehensive income for the year		-	-	-	12,950	12,950
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	36	-	-	-	(12,929)	(12,929)
Purchase of treasury shares		-	(150)	-	-	(150)
Share-based payment expenses		-	-	166	-	166
Treasury shares transferred on vesting of share awards granted under the Kimly Performance Share Plan		-	60	(60)	-	-
Issuance of ordinary shares		10,000	-	-	-	10,000
At 30 September 2020		297,141	(2,424)	140	10,089	304,946
At 1 October 2018		287,141	(843)	-	9,883	296,181
Profit for the year, representing total comprehensive income for the year		-	-	-	14,474	14,474
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	36	-	-	-	(14,289)	(14,289)
Purchase of treasury shares		-	(1,491)	-	-	(1,491)
Share-based payment expenses		-	-	34	-	34
At 30 September 2019		287,141	(2,334)	34	10,068	294,909

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 2020

(Amounts in Singapore Dollars)

	Note	2020 \$'000	2019 \$'000
<b>Operating activities</b>			
Profit before tax		29,696	23,943
<u>Adjustments for:</u>			
Amortisation of intangible assets	15	807	573
Depreciation of property, plant and equipment	13	3,925	3,056
Depreciation of right-of-use assets	16	31,656	-
Depreciation of investment properties	14	40	-
Gain on disposal of property, plant and equipment		-	(9)
Impairment loss on property, plant and equipment	13	185	-
Impairment loss on intangible assets	15	777	-
Interest expense on lease liabilities	6	3,499	-
Interest expense on loans and borrowings	6	172	4
Interest income arising from the discount implicit in non-current receivables	6	(214)	(455)
Interest income on short-term deposits	6	(771)	(1,128)
Share of profit of an associate and joint ventures	18,19	(49)	-
Share-based payments (Kimly Performance Share Plan)		166	34
Write-off of property, plant and equipment	13	10	10
Total adjustments		40,203	2,085
<b>Operating cash flows before changes in working capital</b>		69,899	26,028
<u>Changes in working capital</u>			
(Increase)/decrease in trade and other receivables		(5,097)	13,458
Increase in inventories		(572)	(114)
Decrease/(increase) in prepayments		68	(1,770)
Increase in trade and other payables		4,262	718
Increase in other liabilities		7,789	492
Total changes in working capital		6,450	12,784
<b>Cash flows from operations</b>		76,349	38,812
Interest received		925	1,034
Interest paid		-	(4)
Income taxes paid		(2,389)	(3,412)
<b>Net cash flows generated from operating activities</b>		74,885	36,430
<b>Investing activities</b>			
Investment in an associate and joint ventures		(9,684)	-
Purchase of property, plant and equipment	A	(56,029)	(2,695)
Purchase of investment properties		(7,130)	-
Purchase of intangible assets	B	(90)	(2,438)
Proceeds from disposal of property, plant and equipment		-	28
<b>Net cash flows used in investing activities</b>		(72,933)	(5,105)

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 2020

(Amounts in Singapore Dollars)

	Note	2020 \$'000	2019 \$'000
<b>Financing activities</b>			
Dividends paid on ordinary shares	36	(12,929)	(14,289)
Interest expenses on lease liabilities paid		(3,499)	-
Interest expense on loans and borrowings paid		(172)	-
Proceeds from loans and borrowings		25,815	-
Purchase of treasury shares	29(b)	(150)	(1,491)
Repayment of lease liabilities		(29,581)	-
Repayment of loans and borrowings		(301)	-
Repayment of obligation under finance lease		-	(25)
<b>Net cash flows used in financing activities</b>		<b>(20,817)</b>	<b>(15,805)</b>
Net (decrease)/increase in cash and cash equivalents		(18,865)	15,520
<b>Cash and cash equivalents at 1 October</b>		<b>87,189</b>	<b>71,669</b>
<b>Cash and cash equivalents at 30 September</b>	23	<b>68,324</b>	<b>87,189</b>

## Notes to the consolidated statement of cash flows

### A. Property, plant and equipment

	Note	2020 \$'000	2019 \$'000
Current year additions to property, plant and equipment	13	67,749	2,483
Less:			
(Provision for)/write-off of restoration costs	28	(13)	10
Increase in prepayments		(1,815)	(349)
Decrease in other payables		108	551
Paid via issuance of ordinary shares	29(a)	(10,000)	-
Net cash outflow for purchase of property, plant and equipment		<b>56,029</b>	<b>2,695</b>

### B. Intangible assets

	Note	2020 \$'000	2019 \$'000
Current year additions to intangible assets	15	32	2,382
Less:			
Decrease in other payables		58	56
Net cash outflow for purchase of intangible assets		<b>90</b>	<b>2,438</b>

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 2020

## 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 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 17 to the financial statements.

## 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 (International) (“SFRS(I)”).

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

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

### 2.2 *Changes in accounting policies and disclosures*

#### *New and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except 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 2019. Except for the adoption of SFRS(I) 16 *Leases*, Amendment to SFRS(I) 16: *COVID-19-Related Rent Concessions*, and Amendment to SFRS(I) 3: *Definition of a Business* described below, the adoption of these new standards did not have any material effect on the financial performance or position of the Group.

#### SFRS(I) 16 *Leases*

SFRS(I) 16 *Leases* supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases - Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. SFRS(I) 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.2 Changes in accounting policies and disclosures (cont'd)

#### SFRS(I) 16 Leases (cont'd)

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 October 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the comparative information presented for 30 September 2019 is not restated. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 October 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application.

The Group has lease contracts for coffee shop, food court, restaurant, retail shop, residential unit, office and central kitchen premises, as well as motor vehicles. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 October 2019 is disclosed in Note 2.22.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 October 2019 is disclosed in Note 2.22. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

#### (a) *Leases previously classified as finance leases*

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS(I) 1-17). The requirements of SFRS(I) 16 were applied to these leases from 1 October 2019.

#### (b) *Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.2 Changes in accounting policies and disclosures (cont'd)

#### *SFRS(I) 16 Leases (cont'd)*

#### (b) *Leases previously accounted for as operating leases (cont'd)*

Based on the above, the adoption of SFRS(I) 16 resulted in the following effects to the Group as at 1 October 2019:

	<b>Increase/ (decrease) Group \$'000</b>
<b>Assets</b>	
Property, plant and equipment	(130)
Right-of-use assets	100,449
<b>Total assets</b>	<b>100,319</b>
<b>Liabilities</b>	
Lease liabilities	100,366
Finance lease obligation	(47)
<b>Total liabilities</b>	<b>100,319</b>

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as of 30 September 2019, as follows:

	<b>Group \$'000</b>
Operating lease commitments as at 30 September 2019	64,067
Less:	
Commitments relating to short-term leases	(5,724)
Lease agreements signed but commence after 1 October 2019	(2,234)
	56,109
Add:	
Lease payments relating to option/renewal periods not included in operating lease commitments as at 30 September 2019	52,851
	108,960
Weighted average incremental borrowing rate as at 1 October 2019	3.54%
Discounted operating lease commitments at 1 October 2019	100,319
Commitments relating to lease previously classified as finance leases	47
Lease liabilities as at 1 October 2019	<b>100,366</b>

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.2 Changes in accounting policies and disclosures (cont'd)

#### Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions

The Group early adopted Amendment to SFRS(I) 16: *COVID-19-Related Rent Concessions* and has applied the practical expedient applicable in this amendment that is effective for annual periods beginning on or after 1 June 2020.

The standard allows the lessee to account for any COVID-19 related rent concessions received as a variable lease payment with the effect of the rent concession recognised directly in the consolidated statement of comprehensive income, rather than a lease modification, which generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate under SFRS(I) 16 *Leases*.

Accounting for any COVID-19 related rent concessions directly in the consolidated statement of comprehensive income is permissible provided the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The amount of COVID-19-related rent concessions recognised directly in the consolidated statement of comprehensive income is disclosed in Note 8.

The amendment is applicable for annual reporting periods beginning on or after 1 June 2020 and earlier application is permitted. The Group has early adopted this amendment for the year ended 30 September 2020 and has applied the practical expedient available in the standard.

#### Amendment to SFRS(I) 3: Definition of a Business

The Group early adopted Amendment to SFRS(I) 3: *Definition of a Business* that is effective for annual periods beginning on or after 1 January 2020. The Amendment to SFRS(I) 3 has introduced an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the Amendment to SFRS(I) 3, an acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

During the financial year ended 30 September 2020, the Group acquired five coffeeshops, three industrial canteen units and 1 restaurant unit for a total purchase consideration of \$71,594,000 (including stamp duty of \$1,779,000). Based on the concentration test, substantially all the fair values of the gross assets acquired are concentrated in these properties acquired. Accordingly, these transactions were accounted for as asset acquisitions.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 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 References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 9, FRS(I) 1-39, and SFRS(I) 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 10 & SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

### 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.

#### (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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

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

#### (b) Business combinations and goodwill (cont'd)

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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.

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.

On 1 October 2016, the Group underwent a corporate reorganisation in preparation for its listing on the SGX-ST (the "Restructuring Exercise"). The Group acquired all of the issued and paid-up ordinary shares of its subsidiaries from non-controlling interests amounting to \$8,204,000, which was satisfied through the issuance of 466,074,567 shares, amounting to \$116,519,000. 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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.5 *Transactions with non-controlling interests*

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

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

### 2.6 *Foreign currency*

The Group's financial statements are presented in Singapore Dollars, 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.

#### (a) *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.

#### (b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.7 *Investment properties*

Investment properties are properties that are either owned by the Group to earn rentals and/or for capital appreciation, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.7 *Investment properties (cont'd)*

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Depreciation of an investment property begins when it is available for use and is computed on a straight-line basis over the estimated useful life of 60 years.

### 2.8 *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:

Freehold building	60 years
Leasehold buildings	30 – 63 years
Electrical and renovations	3 – 8 years
Equipment and fittings	3 – 8 years
Motor vehicles	5 – 10 years

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

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

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

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

### 2.9 *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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.9 Intangible assets (cont'd)

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.

#### *Lease assignment fees*

Lease assignment fees are amounts paid to the previous tenants of the Group's leased premises when the leases were transferred to the Group. These lease assignment fees are amortised on a straight-line basis over the expected benefit period of between 7 to 11 years.

#### *Computer software*

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

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

#### *Trademarks*

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

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.10 *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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

### 2.11 *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 statement, investment in subsidiaries are accounted for at cost less impairment losses.

### 2.12 *Associate and joint ventures*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.12 Associate and joint ventures (cont'd)

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within "Share of profit of an associate and joint ventures" in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.13 Financial instruments

#### (a) Financial assets

##### *Initial recognition and measurement*

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### *Subsequent measurement*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

##### *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

##### *De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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 for debt instruments is recognised in profit or loss.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.13 Financial instruments (cont'd)

#### (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 that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.14 *Impairment of financial assets (cont'd)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.15 *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.

### 2.16 *Inventories*

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

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

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

### 2.17 *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.

### 2.18 *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 which the Group recognises as expenses the related costs for which the grants are intended to compensate.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other 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.

### 2.20 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### 2.21 Employee benefit

#### (a) *Defined contribution plans*

The Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.21 Employee benefit (cont'd)

#### (c) Employee share awards plan

Employees of the Group receive remuneration in the form of share awards 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 share awards at the date on which the share awards 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 share-based compensation 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 share awards 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 share-based compensation reserve is transferred to retained earnings upon expiry of the share awards.

### 2.22 Leases

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 October 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Coffeeshops, food courts, restaurants, and retail shops	2 to 10 years
Office and central kitchen premises	2 to 17 years
Residential units	2 years
Motor vehicles	3 to 4 years

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.22 Leases (cont'd)

#### *Group as a lessee (cont'd)*

##### (a) *Right-of-use assets (cont'd)*

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10. The Group's right-of-use assets are presented in Note 16.

##### (b) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented in Note 16.

##### (c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.22 Leases (cont'd)

#### *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.23(b). Contingent rents are recognised as revenue in the period in which they are earned.

These accounting policies are applied before the date of initial application of SFRS(I) 16, 1 October 2019:

#### *Group as a 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.

#### *Group as a 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 2.23(b). Contingent rents are recognised as revenue in the period in which they are earned.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.23 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

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

Revenue is recognised when the food, beverages and tobacco products are delivered to the customer and all criteria for acceptance have been satisfied at a point in time.

(b) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) *Provision of cleaning and utilities services*

Revenue from provision of cleaning and utilities services to the tenants are recognised over the terms of the service agreement.

(d) *Outlet management fee*

Revenue from the rendering of outlet management services is recognised over time on a straight-line basis over the terms of the service agreements. 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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.24 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.

#### (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 investment 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 investment 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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.24 Taxes (cont'd)

#### (b) *Deferred tax (cont'd)*

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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (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 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.

### 2.25 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 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### 2.26 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.

### 2.27 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.

### 2.28 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the statement of financial position 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 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. Management is of opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 4. Revenue

	Group	
	2020 \$'000	2019 \$'000
Sale of food, beverages and tobacco products	174,463	171,523
Fixed rental income from lease of premises to tenants	24,627	24,640
Contingent rental income from lease of premises to tenants	219	364
Provision of cleaning and utilities services	9,648	10,112
Outlet management fee	1,816	1,660
	210,773	208,299
<i>Timing of transfer of goods or services</i>		
At a point in time	174,463	171,523
Over time	36,310	36,776
	210,773	208,299

## 5. Other operating income

	Group	
	2020 \$'000	2019 \$'000
Government grants:		
- Special Employment Credit	915	870
- Wage Credit Scheme	605	500
Sponsorships	886	1,043
Insurance claims	291	-
Others	569	490
	3,266	2,903

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 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 and a further one-year extension to end 2020 at Budget 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. This scheme was enhanced in Budget 2020 to increase co-funding ratios for wage increases in 2019 and 2020 was raised from the current 15% and 10%, to 20% and 15% respectively. The qualifying gross wage ceiling was also raised to \$5,000 for both years.

### *Sponsorships*

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

## 6. Finance income/(costs)

	Group	
	2020 \$'000	2019 \$'000
<b>Finance income</b>		
Interest income from:		
- Short-term deposits	771	1,128
- Interest income arising from the discount implicit in non-current receivables	214	455
	985	1,583
<b>Finance costs</b>		
Interest expense on:		
- Obligation under finance lease	-	(4)
- Lease liabilities	(3,499)	-
- Loans and borrowings	(172)	-
	(3,671)	(4)

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 7. Other operating expenses

	Note	Group	
		2020 \$'000	2019 \$'000
Amortisation of intangible assets	15	807	573
Impairment of intangible assets	15	777	-
Impairment of property, plant and equipment	13	185	-
Write-off of property, plant and equipment	13	10	10
Others		-	1
		1,779	584

## 8. Profit before tax

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

	Note	Group	
		2020 \$'000	2019 \$'000
Amortisation of intangible assets	15	807	573
Audit fees to auditors of the Company		347	307
Non-audit fees:			
- Auditor of the Company		5	94
- Other auditors		40	83
Depreciation of property, plant and equipment	13	3,925	3,056
Depreciation of investment properties	14	40	-
Depreciation of right-of-use asset	16	31,656	-
Impairment of intangible assets	15	777	-
Impairment of property, plant and equipment	13	185	-
Employee benefits expenses	9	50,695	57,458
Directors' fees		200	200
Lease expenses on operating leases		-	38,200
Lease expenses not capitalised in lease liabilities*		1,674	-
Cleaning charges		2,284	2,781
Utility charges		8,804	9,057
Packaging materials and other expendables		3,366	2,912
Repair and maintenance		2,176	2,208
Property tax expense#		55	102

\* During the financial year ended 30 September 2020, the Group recognised COVID-19 related rent concessions of \$5,272,000 recorded against leases expenses not capitalised in lease liabilities.

# Included in the property tax expense is property tax rebates of \$58,000 received by the Group. In the COVID-19 (Temporary Measures) Act 2020, owners of qualifying non-residential properties ("qualifying properties") are granted a property tax rebate of up to 100% on their property tax payable from 1 January 2020 to 31 December 2020. Owners of qualifying properties are required to unconditionally and fully pass on their tenants the property tax rebate that is attributable to the rented property based on the period it was rented out.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 9. Employee benefits expenses

	Group	
	2020	2019
	\$'000	\$'000
Employee benefits expenses (including Executive Directors):		
- Salaries, bonuses and other costs	45,772	52,203
- Central Provident Fund contributions	3,249	3,338
- Other short-term benefits	1,508	1,867
- Share-based payments (Kimly Performance Share Plan)	166	50
	50,695	57,458

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

### *Jobs Support Scheme*

The Jobs Support Scheme ("JSS") was introduced in the Budget 2020 and enhanced subsequently in the four supplementary budgets to provide wage support to employers to help them retain their local employees during the period of economic uncertainty. Under the JSS, the Government co-funds the first \$4,600 of gross monthly wages (include employee CPF contributions but exclude employer CPF contributions) paid to each local employee.

During the financial year ended 30 September 2020, the Group recognised grant income under the JSS of \$7,229,000 against salaries, and bonuses and other costs.

### *Foreign worker levy rebates and waiver*

Foreign worker levy rebates and waiver was first introduced in the Solidarity Budget that the foreign worker levy due in April 2020 would be waived, and companies would receive a rebate of \$750 in that month for each work permit or S-Pass holder, from levies paid this year. The waiver and rebate were extended by a month following the extension of the Circuit Breaker period for another month.

During the financial year ended 30 September 2020, the Group recognised foreign worker levy rebates and waiver of \$1,994,000 against salaries, bonuses and other costs.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 9. Employee benefits expenses (cont'd)

### *Kimly Performance Share Plan*

Under the Kimly Performance Share Plan, share awards are granted to the Operations Managers who can elect to receive up to 40% of the share awards in cash on grant date and the remaining in fully-paid shares of the Company. The share awards granted are dependent on achieving key performance indicators over the performance periods that are approved by the Remuneration Committee which includes the successful achievement of certain quantifiable performance condition or targets, such as sales, gross profit margin, occupancy rate target and profit before taxation. The Operations Managers must remain in service in order to vest the share awards from the date of the grant, which will be vested over 36 months as follows:

- (i) 40% after 12 months;
- (ii) 30% after 24 months; and
- (iii) 30% after 36 months.

On termination of employment, all unvested options will be cancelled.

The expense recognised in profit or loss for share awards granted under Kimly Performance Share Plan during the financial year is \$166,000 (2019: \$50,000), and the carrying amount of the liability recognised in the Group's statement of financial position relating to such share awards at 30 September 2020 is \$153,000 (2019: \$16,000).

During the financial year, the Company granted 750,493 (2019: 152,982) share awards. A total of 224,280 shares were released via the transfer of treasury shares (2019: Nil).

## 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	
	2020	2019
	\$'000	\$'000
Rental paid to director-related companies	7,284	8,150
Rental paid to an associate	306	-

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 10. Related party transactions (cont'd)

### (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:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Lease commitment with director-related companies</i>		
Not later than one year	8,561	8,150
Later than one year but not later than five years	25,684	270
	<b>34,245</b>	<b>8,420</b>
<i>Lease commitment with a joint venture</i>		
Not later than one year	42	-
Later than one year but not later than five years	41	-
	<b>83</b>	<b>-</b>
<i>Lease commitment with an associate</i>		
Not later than one year	1,224	-
Later than one year but not later than five years	7,077	-
	<b>8,301</b>	<b>-</b>

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 10. Related party transactions (cont'd)

### (c) *Compensation of key management personnel*

	Group	
	2020 \$'000	2019 \$'000
Salaries, bonuses and other costs	2,745	2,001
Central Provident Fund contributions	87	87
	2,832	2,088
<i>Comprise amounts paid to:</i>		
Directors of the Company	2,196	1,718
Other key management personnel	636	370
	2,832	2,088

### (d) *Transaction with key management personnel*

The transaction related to key management personnel in which the key management personnel has control is as follows:

Related party	Transaction	Group	
		Transactions during the year	
		2020 \$'000	2019 \$'000
Mr Lim Hee Liat	Purchase of leasehold property at 143 Teck Whye Lane #01-243 Singapore 680143	-	1,955

On 24 September 2019, Jin Wei Food Holdings Pte. Ltd., a wholly-owned subsidiary of the Company, paid an aggregate amount for the Option to Purchase and stamp duty, of \$1,955,000 to Teck Whye 143 Food House Pte. Ltd., a director-related company, for a leasehold property at 143 Teck Whye Lane #01-243 Singapore 680143. The amount is included in "Prepayment" in the consolidated statements of financial position as at 30 September 2019.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 11. Income tax expense

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

The major components of income tax expense for the years ended 30 September 2020 and 2019 are:

	Group	
	2020 \$'000	2019 \$'000
<i>Current income tax</i>		
- Current income taxation, representing total income tax expense recognised in profit or loss	4,372	3,765
- (Over)/under provision in respect of previous years	(95)	74
	4,277	3,839
<i>Deferred income tax</i>		
- Amortisation and reversal of temporary differences	194	51
Income tax expense recognised in profit or loss	4,471	3,890

### (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 2020 and 2019 is as follows:

	Group	
	2020 \$'000	2019 \$'000
Profit before tax	29,696	23,943
Tax at corporate tax rate of 17% (2019:17%)	5,048	4,070
Adjustments:		
- Non-deductible expenses	1,266	324
- Income not subject to taxation	(1,241)	(27)
- Effect of partial tax exemption and tax relief	(600)	(572)
- (Over)/under provision in respect of previous years	(95)	74
- Deferred tax assets not recognised	48	-
- Others	45	21
Income tax expense recognised in profit or loss	4,471	3,890

As at 30 September 2020, the Group has unutilised tax losses and unabsorbed capital allowances of approximately \$221,000 and \$59,000 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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 12. Earnings per share

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 September:

	Group	
	2020	2019
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share (\$'000)	25,225	20,053
Weighted average number of ordinary shares for basic earnings per share computation ('000) *	1,157,275	1,153,685
Effect of dilution:		
Share awards granted under the Kimly Performance Share Plan ('000)	285	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000) *	1,157,560	1,153,685
Basic earnings per share (cents)	2.18	1.74
Diluted earnings per share (cents)	2.18	1.74

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 13. Property, plant and equipment owned

	Freehold building \$'000	Leasehold buildings \$'000	Electrical and renovations \$'000	Equipment and fittings \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>						
<b>At cost</b>						
At 1 October 2018	-	4,065	7,215	7,877	1,754	20,911
Additions	-	-	509	1,724	250	2,483
Transfer in/(out)	-	-	5	(5)	-	-
Disposals	-	-	(64)	(43)	-	(107)
Written off	-	-	(20)	(118)	-	(138)
At 30 September 2019 and 1 October 2019	-	4,065	7,645	9,435	2,004	23,149
Reclassified as right-of-use assets (Note 16)	-	-	-	-	(167)	(167)
Additions	9,265	55,199	1,208	1,915	162	67,749
Disposals	-	-	(8)	(28)	(27)	(63)
Written off	-	-	(10)	(169)	-	(179)
At 30 September 2020	9,265	59,264	8,835	11,153	1,972	90,489
<b>Accumulated depreciation and impairment</b>						
At 1 October 2018	-	885	3,843	4,832	1,025	10,585
Depreciation charge for the year	-	176	1,155	1,483	242	3,056
Disposals	-	-	(8)	(80)	-	(88)
Written off	-	-	(20)	(108)	-	(128)
At 30 September 2019	-	1,061	4,970	6,127	1,267	13,425
Reclassified as right-of-use assets (Note 16)	-	-	-	-	(37)	(37)
Depreciation charge for the year	52	568	1,346	1,748	211	3,925
Disposals	-	-	(35)	(10)	(18)	(63)
Written off	-	-	(9)	(160)	-	(169)
Impairment	-	-	185	-	-	185
At 30 September 2020	52	1,629	6,457	7,705	1,423	17,266
<b>Net carrying amount</b>						
At 30 September 2020	9,213	57,635	2,378	3,448	549	73,223
At 30 September 2019	-	3,004	2,675	3,308	737	9,724

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### *Restoration costs*

Included in the Group's carrying amount of electrical and renovations is \$141,000 (2019: \$171,000) of provision for restoration costs.

### *Asset held under finance lease*

During the financial year ended 30 September 2018, the Group acquired a motor vehicle with an aggregate cost of \$167,000 by means of a finance lease. The carrying amount of the motor vehicle held under a finance lease at the end of the year ended 30 September 2019 was \$130,000.

On adoption of SFRS(I) 16, the Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 October 2019. The Group had reclassified the previously recognised finance lease under SFRS(I) 1-17 as right-of-use assets under Note 16. The impact of adoption is as disclosed in Note 2.2.

### *Impairment of assets*

Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. In particular, management assesses impairment of property, plant and equipment of the restaurants and confectionery businesses, under the trademarks of Tonkichi and Rive Gauche respectively, due to adverse effect on business as a result of the on-going COVID-19 situation.

The recoverable amount of property, plant and equipment owned relating to the restaurants and confectionery businesses were determined based on their value in-use and pre-tax discount rate of 19% (2019: 10%).

An impairment loss of \$185,000 (2019: Nil) representing the write-down of these plant and equipment to the recoverable amount was recognised in "Other operating expenses" (Note 7) line item in the consolidated statement of comprehensive income.

### *Assets pledged as security*

Leasehold and freehold properties with carrying amounts of \$54,808,000 and \$9,213,000, respectively, have been pledged to a bank to secure bank facilities granted as disclosed in Note 26.

Details of freehold property as at 30 September 2020 is as follows:

<b>Location</b>	<b>Description</b>	<b>Tenure</b>	<b>Floor area (sq m)</b>
38 Jalan Pemimpin #01-04 M38 Singapore 377178	Industrial canteen	Freehold	456

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

*Assets pledged as security (cont'd)*

Details of Leasehold properties as at 30 September 2020 are as follows :

<b>Location</b>	<b>Description</b>	<b>Tenure</b>	<b>Floor area (sq m)</b>
143 Teck Whye Lane #01-243, Singapore 680143	HDB coffeeshop	93 years commencing from 1 July 1992	224
Block 7 Everton Park #01-01, Singapore 080007	HDB coffeeshop	84 years commencing from 1 January 1995	381
Block 246 Hougang Street 22 #01-161, Singapore 530246	HDB coffeeshop	88 years commencing from 1 April 1995	394
Block 347 Ang Mo Kio Avenue 3 #01-2150, Singapore 560347	HDB coffeeshop	81 years commencing from 1 March 1996	330
Block 380 Clementi Avenue 5 #01-376, Singapore 120380	HDB coffeeshop	86 years commencing from 1 October 1993	283

## 14. Investment properties owned

	<b>Group \$'000</b>
<b>Consolidated statement of financial position</b>	
<b>At cost</b>	
At 1 October 2018, 30 September 2019 and 1 October 2019	-
Additions	7,130
At 30 September 2020	7,130
<b>Accumulated depreciation</b>	
At 1 October 2018, 30 September 2019 and 1 October 2019	-
Depreciation charge for the year	40
At 30 September 2020	40
<b>Net carrying amount</b>	
At 30 September 2020	7,090
At 30 September 2019	-
<b>Consolidated statement of comprehensive income</b>	
Rental income from investment properties	64
Direct operating expenses (including repairs and maintenance) arising from rental generating properties *	(12)

\* Included in the direct operating expenses is property tax rebates of \$21,000 received by the Group as disclosed in Note 8.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 14. Investment properties owned (cont'd)

The investment properties held by the Group are as follows:

Description	Location	Tenure
Two canteen units with mezzanine level located on the second storey of a 6-storey block known as Bizhub 28, an industrial development	28 Senang Crescent #02-11/12 Bizhub 28, Singapore 416601	Freehold
A restaurant unit with mezzanine level located on the first and second storeys of a 4-storey commercial-cum-residential block	38 Jalan Pemimpin #01-03 M38, Singapore 577178	Freehold

The Group has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

As at 30 September 2020, investment properties with carrying amounts of \$7,090,000 have been pledged to a bank to secure bank facilities granted as disclosed in Note 26.

### *Valuation of investment properties*

The carrying amount of investment properties as at 30 September 2020 approximates fair value. The Group acquired the investment properties during the financial year based on their fair values, being the purchase considerations paid for these properties. The valuations were performed by Edmund Tie & Company (SEA) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with relevant experience in the location and category of the property being valued. The valuations are based on the Direct Comparison Method which makes reference to sales of comparable properties with the consideration of their location, tenure, age, floor area, floor level, condition and standard of finishes.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 15. Intangible assets

	Goodwill \$'000	Lease assignment fees \$'000	Trademarks \$'000	Computer software \$'000	Total \$'000
<b>Group</b>					
<b>Cost</b>					
At 1 October 2018	705	12,940	72	503	14,220
Additions	-	2,200	-	182	2,382
At 30 September 2019 and 1 October 2019	705	15,140	72	685	16,602
Additions	-	-	-	32	32
At 30 September 2020	705	15,140	72	717	16,634
<b>Accumulated amortisation and impairment</b>					
At 1 October 2018	-	9,935	-	133	10,068
Charge for the year	-	405	-	168	573
At 30 September 2019 and 1 October 2019	-	10,340	-	301	10,641
Charge for the year	-	535	-	272	807
Impairment	705	-	72	-	777
At 30 September 2020	705	10,875	72	573	12,225
<b>Net carrying amount</b>					
At 30 September 2020	-	4,265	-	144	4,409
At 30 September 2019	705	4,800	72	384	5,961

### *Amortisation expense*

The amortisation of intangible assets is included in the "Other operating expenses" (Note 7) in the consolidated statement of comprehensive income.

### *Impairment testing of goodwill and trademarks*

Goodwill is derived from the excess of purchase consideration over the fair value of the identifiable net assets acquired. Goodwill arising from business combinations and trademarks have been allocated to two cash-generating units ("CGUs") for impairment testing as follows:

- Tonkichi
- Rive Gauche

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 15. Intangible assets (cont'd)

### *Impairment testing of goodwill and trademarks (cont'd)*

The carrying amounts of goodwill and trademarks allocated to each CGU are as follows:

	Tonkichi		Rive Gauche		Total	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill	-	36	-	669	-	705
Trademarks	-	36	-	36	-	72

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Tonkichi		Rive Gauche	
	2020	2019	2020	2019
Pre-tax discount rates	10%	10%	19%	10%
Growth rates	1%	1%	1%	1%

### *Key assumptions used in the value in use calculations*

The calculations of value-in-use for both the CGUs are most sensitive to the following assumptions:

*Budgeted gross margins* – Gross margins are based on average values achieved since the Group acquired the respective businesses. These are increased over the budget period for anticipated efficiency improvements and cost saving measures through leveraging on Group synergy.

*Pre-tax discount rates* – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (“WACC”). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group’s investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

*Growth rates* – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 15. Intangible assets (cont'd)

### *Sensitivity to changes in assumptions*

With regards to the assessment of value-in-use for goodwill and trademarks of Tonkichi and Rive Gauche, management had recognised an impairment loss of \$777,000, due to adverse effect on business as a result of the on-going COVID-19 situation, during the financial year ended 30 September 2020. The impairment loss is recognised in "Other operating expenses" (Note 7) in the consolidated statement of comprehensive income.

## 16. Leases

### *Group as a lessee*

The Group has lease contracts for coffeeshops, food courts, restaurants, retail shops, residential units, office and central kitchen premises as well as motor vehicles. Generally, lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leases. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of food outlets and equipment with lease terms of 12 months or less and leases of equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 16. Leases (cont'd)

### Group as a lessee (con'td)

#### (a) Carrying amount of right-of-use assets

	<b>Coffeeshops, food courts, restaurants, and retail shops \$'000</b>	<b>Residential units \$'000</b>	<b>Office and central kitchen premises \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>					
As at 1 October 2019	98,612	537	982	355	100,486
Additions for the year	49,872	1,389	141	80	51,482
Modifications *	15,248	72	-	-	15,320
As at 30 September 2020	163,732	1,998	1,123	435	167,288
<b>Accumulated depreciation</b>					
As at 1 October 2019	-	-	-	37	37
Depreciation charge for the year	30,826	671	81	78	31,656
As at 30 September 2020	30,826	671	81	115	31,693
<b>Net carrying amount</b>					
As at 30 September 2020	132,906	1,327	1,042	320	135,595
As at 1 October 2019	98,612	537	982	318	100,449

\* Modifications relate to change in lease term for certain leases.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 16. Leases (cont'd)

### *Group as a lessee (con'td)*

#### (b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the year are disclosed as below: The maturity analysis of lease liabilities of the Group at each reporting period is disclosed in Note 34(b).

	<b>Group 2020 \$'000</b>
As at 1 October 2019	100,366
Additions	51,029
Modifications *	15,320
Accretion of interests	3,499
Lease payments	(33,080)
At 30 September 2020	137,134
Current	33,181
Non-current	103,953
	137,134

\* Modifications relate to change in lease term for certain leases.

#### (c) *Amount recognised in profit or loss*

The following are the amount recognised in profit or loss:

	<b>Group 2020 \$'000</b>
Depreciation expenses of right of use assets	
- Cost of sales	30,849
- Administrative expense	807
Interest expense on lease liabilities	3,499
Lease expenses not capitalised in lease liabilities:	
- Expenses relating to low value assets	291
- Expenses relating to short-term leases:	
- Lease expense	6,311
- Rental relief	(339)
- Expenses relating to variable lease payments:	
- Contingent rental	344
- Rental relief	(4,933)
Total amount recognised in profit or loss	36,829

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 16. Leases (cont'd)

### (c) *Amount recognised in profit or loss (cont'd)*

The Group had total cash outflows for leases (including lease expenses not capitalised in lease liabilities) of \$34,754,000 for the financial year ended 30 September 2020. The Group also had non-cash additions to right-of-use assets and lease liabilities of \$66,802,000 and \$66,349,000 respectively in the financial year ended 30 September 2020. The Group has not entered into any lease contracts which have not yet commenced as at 30 September 2020.

### *Rental relief*

As part of the Fortitude Budget, the Singapore Government introduced a Rental Relief Framework, comprising of Rental Relief and Additional Rental Relief, for landlords, intermediary landlords and tenants with prescribed criteria for eligibility of the rental relief.

Under the Rental Relief Framework, the Group is entitled to receive Rental Relief as the intermediary landlord which the Group is required to passthrough to its tenant and waive contractual rent of specified months based on its tenant's eligibility. The Group had accordingly recognised Rental Relief received from the landlords systematically from April to December 2020 to commensurate with the Rental Relief it would be disbursing to its tenants.

### *Group as a lessor*

The Group has entered into operating leases on its properties. These leases have terms ranging between one to three years. Rental income recognised by the Group during the financial year ended 30 September 2020 is \$24,846,000 (2019: \$25,004,000).

Future minimum rentals receivable under non-cancellable operating leases as at 30 September 2020 are as follows:

	Group	
	2020 \$'000	2019 \$'000
Not later than one year	6,047	16,442
Later than one year but not later than five years	-	2,992
	6,047	19,434

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 17. Investment in subsidiaries

	Company	
	2020	2019
	\$'000	\$'000
Unquoted equity shares, at cost	122,528	122,478
Issuance of shares for acquisition of non-controlling interests in subsidiaries	116,519	116,519
	239,047	238,997

### Composition of the Group

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

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2020	2019
<b>Held by the Company:</b>				
Kimly Food Holdings Pte. Ltd. <sup>(a)</sup>	Singapore	Manufacture of cooked food preparations	100	100
Chodee Food Holdings Pte. Ltd. <sup>(a)</sup>	Singapore	Provision of management services	100	100
LHL Group Pte. Ltd. <sup>(a)</sup>	Singapore	Provision of management services	100	100
Jin Wei Food Holdings Pte. Ltd. <sup>(a)</sup>	Singapore	Letting and operating of coffee shop	100	100
Kimly Food Products Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of restaurant and confectionary shop	100	100
<b>Held through Kimly Food Holdings Pte. Ltd.:</b>				
Kimly Makan Place Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Kimly MVR Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
Kimly Seafood Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
<b>Held through Chodee Food Holdings Pte. Ltd.:</b>				
Kimly Dim Sum Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 17. Investment in subsidiaries (cont'd)

### *Composition of the Group (cont'd)*

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2020	2019
<b><i>Held through Jin Wei Food Holdings Pte. Ltd.:</i></b>				
Choh Dee (TW143) Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Letting and operating of coffee shops	100	100
Wei Sheng Holdings Pte. Ltd. <sup>(a)(b)</sup>	Singapore	Letting and operating of coffee shops	100	–
Din Yun Pte Ltd <sup>(a)(b)</sup>	Singapore	Letting and operating of coffee shops	100	–
Northstar (2001) Pte. Ltd. <sup>(a)(c)</sup>	Singapore	Investment holding	100	–
<b><i>Held through Kimly Makan Place Pte. Ltd.:</i></b>				
881 Hougang Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
147 Serangoon Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
BN123 Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Chai Chee 29 Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Choh Dee Place (163A) Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Choh Dee Place (346A) Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Gourmet Express Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
881 Hougang Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Jurong West 651 Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Park (E) Crescent Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Park Reservoir Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
PP146 Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Sengkang 266 Food House Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Tampines West Food Court Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
CDP Kimly Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Yong Yun Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Foodclique (Capeview) Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100
Foodclique Pte. Ltd. <sup>(a)</sup>	Singapore	Operating of coffee shop	100	100

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 17. Investment in subsidiaries (cont'd)

### Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2020	2019
<b>Held through Kimly MVR Pte. Ltd.:</b>				
Kimly MVR Central Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
Kimly MVR East Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
Kimly MVR West Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
<b>Held through Kimly Seafood Pte. Ltd.:</b>				
Kimly Seafood Central Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
Kimly Seafood East Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
Kimly Seafood West Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
<b>Held through Kimly Dim Sum Pte. Ltd.:</b>				
Kimly Dim Sum East Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
Kimly Dim Sum West Pte. Ltd. <sup>(a)</sup>	Singapore	Sale of food products	100	100
Kimly Food Manufacturing Pte. Ltd. <sup>(a)</sup>	Singapore	Central food processing centre	100	100

(a) Audited by Ernst & Young LLP, Singapore

(b) During the financial year ended 30 September 2020, the Group acquired 100% of the issued and fully-paid up ordinary shares in these entities which holds leasehold properties and investment properties. The acquisition of these entities is treated as acquisition of assets on the basis that substantially all the fair values of the gross assets acquired are concentrated in these properties acquired.

(c) Incorporated on 22 January 2020 with a share capital of \$10,000

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 18. Investment in an associate

	<b>Group</b>
	<b>2020</b>
	<b>\$'000</b>
Investment in an associate	6,081
Investment in joint ventures (Note 19)	3,652
Investment in an associate and joint ventures	9,733

The Group has a 25% interest in North View Investments LLP, which is involved in the letting of coffee shop. The Group's interest in North View Investments LLP is accounted for using equity method in the consolidated financial statements. The summarised information of the Group's investment in North View Investments LLP is set out below:

### Summarised statement of financial position

	<b>2020</b>
	<b>\$'000</b>
Current assets	3,081
Non-current assets	31,388
Current liabilities	200
Non-current liabilities	9,927
Equity	24,342
Group's share in equity - 25% (2019: 0%)	6,086
Other adjustments:	
Taxation	(5)
Group's carrying amount of the investment	6,081

### Summarised statement of comprehensive income

Revenue	321
Profit for the year	110
Total comprehensive income	110
Group's share of profit for the year, pre-tax	28
Taxation	(5)
Group's share of profit for the year, after-tax	23

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 19. Investment in joint ventures

The Group's investment in joint ventures are summarised below:

	<b>Group 2020 \$'000</b>
Hong Kah Food Place Pte. Ltd. ("Hong Kah")	1,385
Joo Seng Food Place Pte. Ltd. ("Joo Seng")	1,140
Sin Tong Hong Eating House Pte. Ltd. ("Sin Tong Hong")	1,127
	<b>3,652</b>

The Group's interest in the joint ventures is accounted for using equity method in the consolidated financial statements.

Details of the joint ventures are as follows:

<b>Name of joint ventures</b>	<b>Principal place of business</b>	<b>Principal activities</b>	<b>Proportion (%) of ownership interest 2020</b>
<b><i>Held through Kimly Makan Place Pte. Ltd.:</i></b>			
Hong Kah Food Place Pte. Ltd. <sup>(1)</sup>	Singapore	Operating of coffee shop	49
Joo Seng Food Place Pte. Ltd. <sup>(1)</sup>	Singapore	Operating of coffee shop	49
Sin Tong Hong Eating House Pte. Ltd. <sup>(1)</sup>	Singapore	Operating of coffee shop	49

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 19. Investment in joint ventures (cont'd)

### Summarised statements of financial position

	Hong Kah \$'000	Joo Seng \$'000	Sin Tong Hong \$'000
Cash and cash equivalents	651	627	373
Trade receivables	–	–	9
Other current assets	76	30	30
Current assets	727	657	412
Non-current assets	8	72	231
<b>Total assets</b>	<b>735</b>	<b>729</b>	<b>643</b>
Current liabilities	227	207	343
Non-current liabilities	59	65	12
<b>Total liabilities</b>	<b>286</b>	<b>272</b>	<b>355</b>
Net assets	449	457	288
Proportion of the Group's ownership	49%	49%	49%
Group's share of net assets	220	224	141
Other adjustments:			
Lease assignment fees, net	1,216	971	980
Others	(51)	(55)	6
<b>Carrying amount of the investments</b>	<b>1,385</b>	<b>1,140</b>	<b>1,127</b>
<b>Summarised statements of comprehensive income</b>			
Revenue	158	161	–
Operating expense	(105)	(107)	–
	53	54	–
Income tax expense	(9)	(9)	–
Profit after tax	44	45	–
Total comprehensive income	44	45	–
Group's share of profit for the year	22	22	–
Other adjustment:			
Amortisation of lease assignment fees	(9)	(9)	–
<b>Group's share of profit for the year</b>	<b>13</b>	<b>13</b>	<b>–</b>

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 20. Deferred tax

Deferred tax as at 30 September relates to the following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Deferred tax (liabilities)/assets</b>				
Differences in depreciation for tax purposes	(748)	(328)	420	140
Difference in amortisation of intangible assets	(10)	(28)	(18)	(27)
Fair value adjustments on acquisition of businesses	-	(11)	(11)	-
Leases	258	-	(258)	-
Provisions	96	135	39	11
Unutilised tax losses	-	19	19	(3)
Unutilised capital allowances	197	200	3	(70)
	(207)	(13)		
Deferred tax expense			194	51
Reflected in the statement of financial position as follows:				
Deferred tax assets	240	354		
Deferred tax liabilities	(447)	(367)		
Deferred tax liabilities, net	(207)	(13)		

### *Tax consequences of proposed dividends*

There are no income tax consequences (2019: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 36).

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 21. Trade and other receivables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Trade and other receivables (current)</b>				
Trade receivables	1,521	1,159	-	-
Other receivables				
- Loans to employees	157	188	-	-
- Deposits	2,356	5,331	50	50
- Consideration receivable pursuant to Rescission	2,600	-	2,600	-
- Government grant receivable	4,785	-	-	-
- Rental remission and property tax rebate receivable from landlords	95	-	-	-
- Others	1,867	1,731	7	111
Loans to subsidiaries	-	-	47,862	7,290
GST receivable	-	-	11	8
Amount due from a subsidiary (trade)	-	-	1,933	1,670
Amount due from subsidiaries (non-trade)	-	-	4,821	834
	13,381	8,409	57,284	9,963
<b>Other receivables (non-current)</b>				
Loans to employee	186	205	-	-
Deposits	5,629	3,267	-	-
Consideration receivable pursuant to Rescission	-	2,600	-	2,600
	5,815	6,072	-	2,600
Total trade and other receivables (current and non-current)	19,196	14,481	57,284	12,563
Add:				
Cash and cash equivalents (Note 23)	68,324	87,189	14,536	55,369
Less: GST receivable	-	-	(11)	(8)
Less: Government grant receivable	(4,785)	-	-	-
Total financial assets carried at amortised cost	82,735	101,670	71,809	67,924

A floating charge has been placed on rental receivables with carrying amounts of \$15,000 from lease of certain leasehold, freehold, and investment properties had been pledged to a bank for bank facilities granted as disclosed in Note 26.

### 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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 21. Trade and other receivables (cont'd)

### *Amount due from subsidiaries (trade)/(non-trade)*

Amount due from subsidiaries (trade)/(non-trade) are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

### *Loans to subsidiaries*

Loans to subsidiaries are unsecured, bear interest at 1.48% per annum, repayable on demand 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.

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 ("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 and \$1,400,000 have been repaid to the Company on 29 November 2018 and 8 January 2019 respectively.

The balance amount of \$2,600,000 is repayable by the Vendor on or before 29 November 2020 and 29 November 2021 of \$1,300,000 each year. The balance amount of \$2,600,000 is secured by certain quoted equity securities held by the Vendor (the "Pledged Shares") together with any distributions derived from the Pledged Shares. As at 30 September 2020, the fair value of the Pledged Shares and the distributions from the Pledged Shares amounted to \$1,707,000 (2019: \$2,001,000) and \$122,000 (2019: \$78,000) respectively.

On 26 November 2020, the Company and the Vendor entered into a Deed of Settlement in relation to the settlement of the balance amount of \$2,600,000. The amount has been received on 30 December 2020. The details are disclosed in Note 37(b).

### *Government grant receivable*

The government grant receivable relates to Jobs Support Scheme as disclosed in Note 9.

### *Expected credit losses ("ECL")*

As at 30 September 2020 and 30 September 2019, there are no allowance for expected credit loss of trade receivables computed based on lifetime ECL.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 22. Inventories

	Group	
	2020 \$'000	2019 \$'000
<b>Consolidated statement of financial position:</b>		
Raw materials and consumables, at cost	1,701	1,129
<b>Consolidated statement of comprehensive income:</b>		
Inventories recognised as an expense in cost of sales	69,136	68,063

During the financial years ended 30 September 2020 and 2019, there has been no inventory written off or allowance for inventory obsolescence.

## 23. Cash and cash equivalents

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at banks and on hand	59,440	31,847	5,702	27
Short-term deposits	8,884	55,342	8,834	55,342
	68,324	87,189	14,536	55,369

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 2020 for the Group and the Company were 0.50% (2019: 1.88%). Cash and short-term deposits are denominated in SGD.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 24. Trade and other payables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b><i>Trade and other payables (current)</i></b>				
Trade payables	8,501	7,259	-	-
Other payables	3,547	1,737	-	1
GST payable	1,733	1,752	-	-
Deposits from tenants	1,427	1,373	-	-
Amounts due to the then-existing shareholders of subsidiaries (non-trade)	7,517	7,517	-	-
Amount due to an associate (non-trade)	750	-	-	-
Amount due to a subsidiary (non-trade)	-	-	4,250	10,980
	23,475	19,638	4,250	10,981
<b><i>Other payables (non-current)</i></b>				
Deposits from tenants	963	693	-	-
Total trade and other payables	24,438	20,331	4,250	10,981
Add:				
Lease liabilities	137,134	-	-	-
Interest-bearing loans and borrowings (Note 26)	25,514	-	-	-
Accrued operating expenses (Note 25)	9,372	7,603	1,612	1,011
Obligation under finance lease (Note 27)	-	47	-	-
Less:				
GST payable	(1,733)	(1,752)	-	-
Total financial liabilities carried at amortised cost	194,725	26,229	5,862	11,992

There are no trade and other payables denominated in foreign currencies as at 30 September 2020 and 2019.

Trade and other payables are unsecured and non-interest bearing. Trade payables and 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*

Amount due to a subsidiary/an associate is unsecured, interest-free, repayable on demand and is to be settled in cash.

Amounts due to the then-existing shareholders of subsidiaries are unsecured, interest-free and has no fixed repayment terms. Any repayment will be subjected to review and approval by the Audit Committee, taking into account the financial position of the Group.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 25. Other liabilities

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Accrued operating expenses	9,372	7,603	1,612	1,011
Deferred government grant income	4,862	-	-	-
Deferred rental relief payable	1,131	-	-	-
Others	43	16	-	-
	15,408	7,619	1,612	1,011

### *Deferred government grant income*

Deferred government grant income relates to Jobs Support Scheme as disclosed in Note 9.

### *Deferred rental relief payable*

Deferred rental relief payable relates to rental relief payable to tenants of the Group as disclosed in Note 16.

## 26. Interest-bearing loans and borrowings

	Group	
	2020	\$'000
Current	1,104	
Non-current	24,410	
	25,514	
	Maturity	\$'000
<b>Bank loans</b>		
Bank loan 1	2039	5,800
Bank loan 2	2040	2,904
Bank loan 3	2040	4,353
Bank loan 4	2040	3,957
Bank loan 5	2040	8,500
Total interest-bearing loans and borrowings		25,514

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 26. Interest-bearing loans and borrowings (cont'd)

All the bank loans are Singapore Dollars fixed rate loans with effective interest rates ranging from 3.3% to 6.6% per annum.

### *Bank loan 1*

The bank loan is repayable in 240 equal monthly instalments commencing in December 2019. It is secured by corporate guarantee by the Company, mortgage of leasehold property and assignment of rental proceeds from the leasehold property.

### *Bank loan 2*

The bank loan is repayable in 240 equal monthly instalments commencing in September 2020. It is secured by corporate guarantee by the Company, mortgage of leasehold property and assignment of rental proceeds from the leasehold property.

### *Bank loan 3*

The bank loan is repayable in 240 equal monthly instalments commencing in July 2020. It is secured by corporate guarantee by the Company, mortgage of certain properties and assignment of rental proceeds from the properties.

### *Bank loan 4*

The bank loan is repayable in 240 equal monthly instalments commencing in July 2020. It is secured by corporate guarantee by the Company, mortgage of a leasehold property and assignment of rental proceeds from the leasehold property.

### *Bank loan 5*

The bank loan is repayable in 240 equal monthly instalments commencing in October 2020. It is secured by corporate guarantee by the Company, mortgage of certain properties and assignment of rental proceeds from the properties.

The reconciliation of liabilities arising from financing activities are as follows:

	<b>2019</b>	<b>Cash flows</b>	<b>Other</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest-bearing loans and borrowings				
- Current	-	797	307	1,104
- Non-current	-	24,717	(307)	24,410
Total	-	25,514	-	25,514

The "Other" column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 27. Obligation under finance lease

	Group	
	2020 \$'000	2019 \$'000
<b>Current:</b>		
Obligation under finance lease	–	27
<b>Non-current:</b>		
Obligation under finance lease	–	20
	–	47

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 for the financial year ended 30 September 2019. The obligation is denominated in Singapore dollars.

Obligation under finance leases were reclassified to lease liabilities on 1 October 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.2.

## 28. Provision for restoration costs

	Group	
	2020 \$'000	2019 \$'000
At 1 October	880	890
Provision for/(reversal of)	13	(10)
At 30 September	893	880
Current	177	496
Non-current	716	384
	893	880

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 2020

## 29. Share capital, treasury shares and share-based compensation reserve

### (a) *Share capital*

	Group and Company			
	2020		2019	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<b><i>Issued and fully paid ordinary shares:</i></b>				
At 1 October	1,157,787	287,141	1,157,787	287,141
Issuance of ordinary shares	40,000	10,000	-	-
At 30 September	1,197,787	297,141	1,157,787	287,141

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

### (b) *Treasury shares*

	Group and Company			
	2020		2019	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 October	8,604	2,334	2,397	843
Purchase of treasury shares during the year	740	150	6,207	1,491
Treasury shares transferred on vesting of share awards granted under the Kimly Performance Share Plan	(224)	(60)	-	-
At 30 September	9,120	2,424	8,604	2,334

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 740,000 (2019: 6,207,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$150,000 (2019: \$1,491,000) and this was presented as a component within shareholders' equity.

The Company transferred 224,280 (2019: Nil) treasury shares during the year pursuant to the Kimly Performance Share Plan at a weighted average price of approximately \$0.27 (2019: \$Nil) each.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 29. Share capital, treasury shares and share-based compensation reserve (cont'd)

### (c) *Share-based compensation reserve*

Share-based compensation reserve represents the fully-paid share awards granted to employees (Note 9). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of share awards, and reduced by forfeited or vesting of the share awards.

## 30. Other reserves

	Group	
	2020 \$'000	2019 \$'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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 31. Commitments

### (a) *Operating lease commitments - as lessee*

The Group has commercial leases in respect of its retail outlet and operating premises. These non-cancellable operating leases have tenure of between 1 to 18 years. Certain of the leases contain a clause to enable revision of the rental charges on an 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.

As at 30 September 2019, future minimum rental payable under non-cancellable operating leases are as follows:

	<b>Group</b>
	<b>2019</b>
	<b>\$'000</b>
Not later than one year	32,767
Later than one year but not later than five years	30,242
Later than five years	1,058
	<b>64,067</b>

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 September 2019 amounted to \$38,200,000.

### (b) *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:

	<b>2019</b>	
	<b>Minimum lease payments</b>	<b>Present value of payments (Note 27)</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	29	27
Later than one year but not later than five years	20	20
Total minimum lease payments	49	47
Less: Amounts representing finance charges	(2)	-
Present value of minimum lease payments	47	47

Obligation under finance leases were reclassified to lease liabilities on 1 October 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.2.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 32. 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.

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

- (a) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

*Cash and cash equivalents, trade and other receivables and trade and other payables*

The carrying amount of the financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature. The Group does not anticipate the carrying amount at the end of the reporting period would be significantly different from the value that would eventually be received or settled.

- (b) ***Assets and liabilities not measured at fair value, for which fair value is disclosed***

		2020	
	Note	Carrying amount \$'000	Fair value measurement using significant unobservable inputs (Level 3) \$'000
<b>Group Assets</b>			
Investment properties owned	14	7,130	7,130
<b>Liabilities</b>			
Non-current fixed rate interest-bearing loans and borrowings	26	24,410	24,410

### *Determination of fair value*

The fair values of the Group's interest-bearing loans and borrowings are determined by using the discounted cash flows method using discount rate that reflects the Company's borrowing rate as at the end of the reporting period.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 33. Segment information

### *Business segments*

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

(a) Outlet management

Outlet management segment 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) Outlet investment business

Outlet investment business segment involved in investment in properties (freehold or leasehold) in order to benefit from rental income and/or capital growth.

(c) Food retail

Food retail segment is 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, Seafood "Zi Char" stalls, Teochew Porridge stalls, Tonkichi restaurants, Kanaaji Japanese Tonkatsu stall and Rive Gauche shops.

(d) Others

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

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

### *Allocation basis*

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

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

### *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 2020

## 33. Segment information (cont'd)

	Outlet management \$'000	Food retail \$'000	Outlet investment business \$'000	Others \$'000	Adjustments and eliminations \$'000	Note	Group \$'000
<b>2020</b>							
<b>Revenue</b>							
Revenue from external customers	103,315	104,373	3,085	-	-		210,773
Inter-segment revenue	20,819	28,235	192	28,265	(77,511)	A	-
Total revenue	124,134	132,608	3,277	28,265	(77,511)		210,773
<b>Results:</b>							
Amortisation of intangible assets	575	37	-	195	-		807
Depreciation of investment properties	-	-	40	-	-		40
Depreciation of property, plant and equipment	1,933	951	539	502	-		3,925
Depreciation of right-of-use assets	28,970	2,517	33	136	-		31,656
Employee benefits expense	18,405	25,971	525	5,794	-		50,695
Finance costs							
- Lease liabilities	3,332	121	2	44	-		3,499
- Loans and borrowings	-	-	172	-	-		172
Government grants	1,276	190	13	41	-		1,520
Impairment loss on intangible assets	-	777	-	-	-		777
Impairment loss on property, plant and equipment	-	185	-	-	-		185
Interest income arising from the discount implicit in non-current receivables	185	23	-	6	-		214
Interest income from short-term deposits	73	76	1	621	-		771
Rental expense on short-term leases and low-value assets	1,134	576	13	(49)	-		1,674
Share-based payment expenses (Kimly Performance Share Plan)	166	-	-	-	-		166
Share of profit of an associate and joint venture	26	-	23	-	-		49
Segment profit/(loss)	11,350	24,909	190	(6,753)	-		29,696
Segment assets	176,045	32,649	78,989	32,144	-		319,827
Segment liabilities	153,998	17,812	27,052	10,760	-		209,622

### Note

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

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 33. Segment information (cont'd)

	Outlet management \$'000	Food retail \$'000	Others \$'000	Adjustments and eliminations \$'000	Note	Group \$'000
<b>2019</b>						
<b>Revenue</b>						
Revenue from external customers	111,084	97,215	-	-		208,299
Inter-segment revenue	22,596	21,357	28,437	(72,390)	A	-
Total revenue	133,680	118,572	28,437	(72,390)		208,299
<b>Results:</b>						
Amortisation of intangible assets	442	37	94	-		573
Depreciation of property, plant and equipment	1,665	849	542	-		3,056
Employee benefits expense	23,501	29,166	4,791	-		57,458
Finance cost on obligation under finance lease	-	-	4	-		4
Gain on disposal of property, plant and equipment	-	9	-	-		9
Government grants	1,197	132	41	-		1,370
Interest income arising from the discount implicit in non-current receivables	455	-	-	-		455
Interest income from short-term deposits	107	79	942	-		1,128
Operating lease expenses	34,369	3,747	84	-		38,200
Share-based payment expenses (Kimly Performance Share Plan)	34	-	-	-		34
Write-off of property, plant and equipment	-	10	-	-		10
Segment profit/(loss)	10,392	19,194	(5,643)	-		23,943
Segment assets	35,316	16,132	69,589	-		121,037
Segment liabilities	17,410	8,706	7,028	-		33,144

### Note

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

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 34. 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 and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### (a) *Credit risk (cont'd)*

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

#### Trade receivables

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provisional matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix. ECL on trade receivables is insignificant.

#### *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 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.

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

### (b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

To manage liquidity risk, the Group monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

#### *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
<b>Group</b>				
<b>2020</b>				
<b><i>Financial assets:</i></b>				
Trade and other receivables	8,596	3,951	2,300	14,847
Cash and short-term deposits	68,324	-	-	68,324
Total undiscounted financial assets	76,920	3,951	2,300	83,171
<b><i>Financial liabilities:</i></b>				
Trade and other payables	21,742	963	-	22,705
Accrued operating expenses	9,372	-	-	9,372
Interest-bearing loans and borrowings	1,518	7,072	27,468	36,058
Lease liabilities	36,893	100,326	10,594	147,813
Total undiscounted financial liabilities	69,525	108,361	38,062	215,948
Total net undiscounted financial assets/ (liabilities)	7,395	(104,410)	(35,762)	(132,777)

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 34. 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	Over 5 years \$'000	Total \$'000
<b>Group</b>				
<b>2019</b>				
<b><i>Financial assets:</i></b>				
Trade and other receivables	8,409	6,127	157	14,693
Cash and short-term deposits	87,189	-	-	87,189
Total undiscounted financial assets	95,598	6,127	157	101,882
<b><i>Financial liabilities:</i></b>				
Trade and other payables	17,886	693	-	18,579
Accrued operating expenses	7,603	-	-	7,603
Obligation under finance lease	29	20	-	49
Total undiscounted financial liabilities	25,518	713	-	26,231
Total net undiscounted financial assets	70,080	5,414	157	75,651

# Notes To The Financial Statements

For the financial year ended 30 September 2020

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

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

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

	<b>1 year or less \$'000</b>	<b>1 to 5 years \$'000</b>	<b>Total \$'000</b>
<b>Company</b>			
<b>2020</b>			
<b><i>Financial assets:</i></b>			
Trade and other receivables	57,273	–	57,273
Cash and short-term deposits	14,536	–	14,536
Total undiscounted financial assets	71,819	–	71,819
<b><i>Financial liabilities:</i></b>			
Trade and other payables	4,250	–	4,250
Accrued operating expenses	1,612	–	1,612
Total undiscounted financial liabilities	5,862	–	5,862
Total net undiscounted financial assets	65,947	–	65,947
<b>2019</b>			
<b><i>Financial assets:</i></b>			
Trade and other receivables	9,955	2,600	12,555
Cash and short-term deposits	55,369	–	55,369
Total undiscounted financial assets	65,324	2,600	67,924
<b><i>Financial liabilities:</i></b>			
Trade and other payables	10,981	–	10,981
Accrued operating expenses	1,011	–	1,011
Total undiscounted financial liabilities	11,992	–	11,992
Total net undiscounted financial assets	53,332	2,600	55,932

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital comprises equity attributable to the owners of the Company.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 September 2020 and 2019.

## 36. Dividends

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b><i>Declared and paid during the financial year:</i></b>				
<i>Dividends on ordinary shares:</i>				
- Final exempt (one-tier) dividend for 2019: 0.84 (2018: 0.68) cents per share	9,651	7,853	9,651	7,853
- Interim exempt (one-tier) dividend for 2020: 0.28 (2019: 0.56) cents per share	3,278	6,436	3,278	6,436
	12,929	14,289	12,929	14,289
<b><i>Proposed but not recognised as a liability as at 30 September:</i></b>				
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>				
- Final exempt (one-tier) dividend for 2020: 0.84 (2019: 0.84) cents per share	9,985	9,653	9,985	9,653

# Notes To The Financial Statements

For the financial year ended 30 September 2020

## 37. Events occurring after the reporting period

### (a) *Joint venture with Tenderfresh Fried & BBQ Chicken Pte Ltd to operate and manage halal coffeeshop*

On 3 November 2020, Kimly Makan Place Pte. Ltd. ("KMP"), a wholly-owned subsidiary of the Company, has entered into a joint venture agreement ("JVA") with Tenderfresh Fried & BBQ Pte Ltd ("Tenderfresh") to operate and manage a halal coffeeshop located at Block 380 Clementi Avenue 5 #01-376 Singapore 120380 ("Block 380 Clementi Coffeeshop") leased by Kedai Kopi Pte. Ltd. ("JVCO").

The JVCO was incorporated by Tenderfresh, having an initial issued share capital of \$10,000 comprising 10,000 ordinary shares. The JVCO will be allotting 153,000 ordinary shares to KMP and 137,000 ordinary shares to Tenderfresh, at a consideration of \$153,000 and \$137,000 respectively. Following which, KMP will hold 51% of the shares in the JVCO, whilst Tenderfresh shall hold the remaining 49% of the shares in the JVCO.

### (b) *Settlement of balance amount owing to the Company*

On 26 November 2020, the Company and the Vendor entered into a Deed of Settlement in relation to the settlement of the balance amount of \$2,600,000 as disclosed in Note 21, whereby the Vendor has agreed to accelerate and pay the full balance amount of \$2,600,000 owing to the Company as follows:

- (i) transferring to the Company quoted equity securities held by the Vendor with a market value based on quoted prices as at 10 November 2020, being the date of offer from the Vendor proposing early settlement, of \$1,653,764 and dividends accrued in respect of these securities amounting to \$158,559 and
- (ii) paying in cash the remaining amount of \$787,677.

The Company has on 30 December 2020 entered into a side letter to the deed of settlement with the Vendor, whereby the parties have agreed that, as part of the repayment of the balance amount owing from the Vendor, the Vendor shall transfer to the Company, the legal and beneficial interest to the Securities, save for the 6,000 RHT HEALTHTRUST securities which shall remain with the Vendor in consideration for the Vendor paying the Company an amount of \$114.

Following the receipt of the quoted equity securities held by the Vendor with a market value of \$1,653,650.23 as at 10 November 2020, and dividends accrued in respect of these securities amounting to \$158,558.88; and cash of the remaining amount of \$787,790.89 on 30 December 2020, the parties ceased to have any claims against each other.

## 38. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2020 were authorised for issue in accordance with a resolution of the directors on 6 January 2021.

# Statistics of Shareholdings

As at 18 December 2020

## SHARE CAPITAL

Number of Ordinary Shares in Issue (excluding treasury shares and subsidiary holdings)	:	1,188,667,212
Number of treasury shares held	:	9,119,520 (0.77%)*
Number of subsidiary holdings	:	-
Class of Shares	:	Ordinary
Voting Rights	:	One vote for each ordinary shares held

\* Percentage is calculated based on the total number of issued shares, excluding treasury shares.

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.12	50	0.00
100 - 1,000	157	6.48	111,000	0.01
1,001 - 10,000	978	40.33	5,525,944	0.46
10,001 - 1,000,000	1,219	50.27	109,480,277	9.21
1,000,001 & above	68	2.80	1,073,549,941	90.32
<b>TOTAL</b>	<b>2,425</b>	<b>100.00</b>	<b>1,188,667,212</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 18 DECEMBER 2020

NO.	NAME	NO. OF SHARES	%
1	LIM HEE LIAT	493,915,165	41.55
2	PEH OON KEE	99,309,105	8.35
3	DBS NOMINEES (PRIVATE) LIMITED	80,213,339	6.75
4	NG LAY BENG	60,486,866	5.09
5	NG THIAN HOO	48,923,124	4.12
6	NG HAN KEOW	47,406,862	3.99
7	CHIA CHER KHIANG (XIE SHUQIANG)	16,513,391	1.39
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	11,667,500	0.98
9	PEH KIM LEONG SUNNY (BAI JINLONG)	10,944,576	0.92
10	TAN CHING SAN	10,883,700	0.92
11	ONG EE HAR	9,800,000	0.82
12	WONG HONG KOON	9,621,960	0.81
13	ANG KOK HUI	9,393,024	0.79
14	OCBC SECURITIES PRIVATE LIMITED	9,146,200	0.77
15	KOH WAH TECK	8,000,000	0.67
16	TAN PUAY LING	8,000,000	0.67
17	ANG LAY HIONG (HONG LIXIANG)	7,266,191	0.61
18	OW SOON POOH	6,845,850	0.58
19	RAFFLES NOMINEES (PTE.) LIMITED	6,568,400	0.55
20	PHILLIP SECURITIES PTE LTD	6,183,000	0.52
<b>TOTAL</b>		<b>961,088,253</b>	<b>80.85</b>

# Statistics of Shareholdings

As at 18 December 2020

## SUBSTANTIAL SHAREHOLDERS AS AT 18 DECEMBER 2020

As recorded in the Register of Substantial Shareholders

<b>NAME OF SHAREHOLDER</b>	<b>DIRECT INTEREST</b>	<b>%</b>	<b>DEEMED INTEREST</b>	<b>%</b>
LIM HEE LIAT	493,915,165	41.55	-	-
PEH OON KEE	99,309,105	8.35	-	-
NG LAY BENG	60,486,866	5.09	10,300,000 <sup>^</sup>	0.87

<sup>^</sup> This represents Mr Ng Lay Beng's direct interest of 10,300,000 shares held in the name of CGS-CIMB Securities (Singapore) Pte Ltd.

## SHARES HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 December 2020, 42.24% 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

This Notice has been made available on the Company's corporate website (<https://kimlygroup.sg>) and SGXNET. A printed copy of this Notice will not be despatched to members of the Company.

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("**AGM**" or "**Meeting**") of the Company will be held by way of electronic means on Tuesday, 26 January 2021 at 3.00 p.m. for the following purposes:

## AS ROUTINE BUSINESS:

- To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 September 2020 and the Auditors' Report thereon. **(Resolution 1)**
- To declare a Tax Exempt One-Tier final dividend of 0.84 Singapore cents per ordinary share for the financial year ended 30 September 2020. **(Resolution 2)**
- To re-elect the following Directors of the Company retiring pursuant to Regulation 112 of the Company's Constitution:  
  
Mr Chia Cher Khiang **(Resolution 3)**  
Ms Wong Kok Yoong **(Resolution 4)**  
[See Explanatory Note (i)]
- To approve the payment of Directors' fees of up to S\$200,000 for the financial year ending 30 September 2021. (FY2020: S\$200,000) **(Resolution 5)**
- To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
- 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:

### 7. SHARE ISSUE MANDATE

THAT authority be hereby given to the Directors of the Company ("**Directors**") 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:

- (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

# Notice of Annual General Meeting

- (iii) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of 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;
  - (b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist;
  - (c) any subsequent bonus issue, 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 (ii)]

**(Resolution 7)**

# Notice of Annual General Meeting

## 8. 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) (notwithstanding 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 Catalyst) and treasury Shares on the day preceding that date.

[See Explanatory Note (iii)]

**(Resolution 8)**

## 9. 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) (notwithstanding 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,

# Notice of Annual General Meeting

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 (iv)]

**(Resolution 9)**

## 10. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:
- (i) on-market purchases, transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one (1) or more duly licensed dealers appointed by the Company for the purpose of the Share Buyback ("**Market Purchases**"); and/or
  - (ii) off-market purchases made in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchases**")

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

- (b) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held;
  - (ii) the date on which the next annual general meeting of the Company is required by law to be held; and
  - (iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

- (c) in this Resolution:

**"Average Closing Price"** means:

- (i) in the case of a Market Purchase, the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST before the day on which the Market Purchase was made by the Company; or

# Notice of Annual General Meeting

- (ii) in the case of an Off-Market Purchase, the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST before the day on which the making of the offer pursuant to the Off-Market Purchase was made,

and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases were made;

**“date of the making of the offer”** means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

**“Market Day”** means a day on which the SGX-ST is open for trading in securities;

**“Maximum Percentage”** means that number of issued Shares representing 10.0% of the issued Shares (excluding Treasury Shares and subsidiary holdings) as at the date of the passing of this Resolution; and

**“Maximum Price”** in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and
  - (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 105.0% of the Average Closing Price of the Shares; and
- (d) the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (v)]

**(Resolution 10)**

## 11. THE PROPOSED RENEWAL OF THE SHAREHOLDERS’ GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

That:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Rules of Catalist, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Transactions described in the Appendix with any Mandated Interested Persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above shall, unless revoked or varied by the Company in a general meeting, 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 earlier; and

# Notice of Annual General Meeting

- (c) the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (vi)]

**(Resolution 11)**

By Order of the Board

Toh Li Ping, Angela  
Company Secretary

11 January 2021

## Explanatory Notes:

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

**Resolution 4** 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 of the Company.

The information relating to Mr Chia Cher Khiang and Ms Wong Kok Yoong as required under Rule 720(5) of the Rules of Catalist is set out from pages 65 to 71 of the Annual Report.

- (ii) **Resolution 7** proposed in item 7. 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 7 (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 7, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and any subsequent bonus issue, consolidation or subdivision of shares.
- (iii) **Resolution 8** proposed in item 8. 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.

# Notice of Annual General Meeting

- (iv) **Resolution 9** proposed in item 9. 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.
- (v) **Resolution 10** proposed in item 10. above, if passed, will empower the Directors from the date of the passing of this Resolution until the date the next annual general meeting is to be held or is required by law to be held, whichever is earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate are set out in greater details in the Appendix accompanying this Notice.
- (vi) **Resolution 11** proposed in item 11. above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the shareholders' general mandate for interested person transactions. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at 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.

## Notes:

### General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and members will NOT be allowed to attend the AGM in person.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in this Notice of AGM. The Notice of AGM is also made available on SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> and the Company's website at the following URL: <https://kimlygroup.sg>.

### Participation in AGM proceedings via "live webcast"

3. A member of the Company or their corporate representative (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 3.00 p.m. on 23 January 2021 ("**Registration Deadline**"), at the following URL: <https://events.rajahtann.com/KimlylimitedAGM> (the "**Pre-registration Website**").
4. It is important that you provide your email address in your registration form. Following authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status containing login credentials to access the Live Webcast of the AGM proceedings using the account created.
5. Members who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 3.00 p.m. on 25 January 2021 should contact the Company at the following email address: [kimly.agm@rajahtann.com](mailto:kimly.agm@rajahtann.com), with the following details included: (1) the full name of the shareholder; and (2) his/her/its identification/registration number.
6. Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) and wish to watch the "live" audio-visual webcast of the AGM must approach their respective depository agents to pre-register by 3.00 p.m. on 15 January 2021 in order to allow sufficient time for their respective depository agents to in turn register their interest with the Company.

### Submission of questions prior to the AGM

7. A member of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company will endeavour to address questions which are substantial and relevant prior to or during the AGM proceedings.

# Notice of Annual General Meeting

8. To do so, all questions must be submitted no later than 3.00 p.m. on 23 January 2021:
  - (a) in physical copy by depositing the same at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or
  - (b) by email to the Company at investor.relations@kimlygroup.sg.
9. If the questions are deposited in physical copy at the Company's registered office of the Company's share registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

The Company will endeavour to address questions which are substantial and relevant prior to, or at, the AGM proceedings.

## Voting by Proxy

10. A member will not be able to vote through the Live Webcast. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the meeting as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.
11. The Proxy Form for the AGM can be accessed at the Company's website at the following URL: <https://kimlygroup.sg>, and is made available with this Notice of AGM on SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> on the same day.
12. The Chairman of the Meeting, as proxy, need not be a member of the Company.
13. The Proxy Form must be submitted to the Company in the following manner:
  - (a) If submitted by post, be lodged at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or
  - (b) If submitted electronically, be submitted via email to srs.teamc@boardroomlimited.comin either case, no later than 3.00 p.m. on 23 January 2021 ("**Proxy Deadline**").
14. A member who wishes to submit a Proxy Form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.
15. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms and/or questions relating to the resolutions tabled for approval at the AGM or the Group's business and operations by post, members are strongly encouraged to submit completed proxy forms and/or questions electronically via email.**
16. The instrument appointing the Chairman of the AGM as proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
17. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy).

# Notice of Annual General Meeting

18. Investors who hold their Shares through a relevant Intermediary\* as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 3.00 p.m. on 15 January 2021 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

\*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore 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 under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

#### Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company: (i) consents to the collection, use and disclosure of such 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 such member discloses the personal data of such member's proxy(ies) and/or representative(s) to the Company (or its agents), such 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 such member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

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# Proxy Form

**IMPORTANT:**

- Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the Annual General Meeting ("AGM" or "Meeting") are set out in the Company's Notice of Annual General Meeting dated 11 January 2021 which has been uploaded on SGXNET on the same day. The announcement and the Notice of Annual General Meeting can also be assessed at the Company's corporate website (<https://kimlygroup.sg>).
- A member will not be able to attend the AGM in person. Please see Note 3 below for further details.
- If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 January 2021.
- This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should approach their relevant intermediary as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to ensure their votes are submitted.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC / Passport no.)\*  
of \_\_\_\_\_ (Address)

being a member/members of Kimly Limited (the "Company"), hereby appoint the **Chairman of the Meeting** as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting ("AGM" or the "Meeting") of the Company, to be held by way of electronic means on Tuesday, 26 January 2021 at 3.00 p.m. and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the Notice of Annual General Meeting dated 11 January 2021 in accordance with my/our directions as indicated hereunder.

**(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)**

No.	Resolutions relating to:	For <sup>(1)</sup>	Against <sup>(1)</sup>	Abstain <sup>(1)</sup>
<b>Ordinary Resolutions</b>				
1.	Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2020			
2.	Approval of Tax Exempt One-Tier final dividend of 0.84 Singapore cent per ordinary share for the financial year ended 30 September 2020			
3.	Re-election of Mr Chia Cher Khiang as a Director			
4.	Re-election of Ms Wong Kok Yoong as a Director			
5.	Approval of Directors' fees of up to S\$200,000 for the financial year ending 30 September 2021			
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors			
7.	Approval of the Share Issue Mandate			
8.	Authority for Directors to offer and grant options and allot and issue shares under the Kimly Employee Share Option Scheme			
9.	Authority for Directors to offer and grant awards and allot and issue shares under the Kimly Performance Share Plan			
10.	Approval of the Proposed Renewal of Share Buyback Mandate			
11.	Approval of the Proposed Renewal of the Shareholders' General Mandate for Interested Person Transactions			

<sup>(1)</sup> Voting will be conducted by poll. If you wish the Chairman of the Meeting, as your proxy, to cast all your votes for or against a Resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a Resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.

Dated this \_\_\_\_\_ day of January 2021

\_\_\_\_\_  
Signature(s) of member(s)  
or Common Seal of Corporate Shareholder

\*Delete where inapplicable

Total Number of Shares held in:	No. of shares
(a) CDP Register	
(b) Register of Members	

**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, 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and member will NOT be allowed to attend the AGM in person.
3. A member will not be able to vote through the Live Webcast. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. The Chairman of the Meeting, as a proxy, need not be a member of the Company.
5. The Proxy Form must be submitted to the Company in the following manner:
  - (a) by depositing a hard copy by post at registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or
  - (b) by sending a scanned PDF copy by email to srs.teamc@boardroomlimited.comin either case, no later than **3.00 p.m. on 23 January 2021, and failing which, this Proxy Form will not be treated as valid.**
6. A member who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form**, before submitting it by depositing to the address provided above, or scanning and sending it by email to the email address provided above.
7. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**
8. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

Where this Proxy Form is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
- (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing this Proxy Form under hand and submitting a scanned copy of the signed Proxy Form by email.

Where this Proxy Form is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

9. Investors who hold their Shares through a relevant Intermediary\* as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 3.00 p.m. on 15 January 2021 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore 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 under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Central Provident Fund 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 the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting as proxy). In addition, in the case of members whose shares are entered against their names in the depository register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such members are not shown to have shares entered against their names in the depository register as at 72 hours before the time appointed for the AGM, 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 AGM dated **11 January 2021**.





## **Annual Report 2020**

(Company Registration No.: 201613903R)

(Incorporated in the Republic of Singapore on 23 May 2016)

13 Woodlands Link  
Singapore 738725

[www.kimlygroup.sg](http://www.kimlygroup.sg)