



Kingsmen Creatives Ltd.

(Company Registration Number 200210790Z)

PROPOSED ACQUISITION OF 7.8% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KINGSMEN (NORTH ASIA) LIMITED

1. THE PROPOSED ACQUISITION

The Board of Directors (the “**Board**”) of Kingsmen Creatives Ltd. (the “**Company**”) wishes to announce that the Company has on 2 June 2015 entered into a sale and purchase agreement (the “**SPA**”) with Peok Chong Eng (the “**Vendor**”), in relation to the proposed acquisition of 117,000 ordinary shares (the “**Shares**”) in the share capital of Kingsmen (North Asia) Limited (“**KNA**”) (the “**Sale Shares**”), which represent 7.8% of the issued and paid-up share capital of KNA (the “**Proposed Acquisition**”).

Pursuant to the Proposed Acquisition, the Company will consequently increase its shareholding in KNA from 1,383,000 Shares, which represent 92.2% of the issued and paid-up share capital of KNA, to 1,500,000 Shares, which represent 100.0% of the issued and paid-up share capital of KNA.

2. INFORMATION ON KINGSMEN (NORTH ASIA) LIMITED

KNA is a company incorporated in Hong Kong on 22 October 1997, which, as at the date of this announcement, has an issued and paid-up share capital of HK\$1,500,000, comprising 1,500,000 Shares. The principal activity of KNA is investment holding and the principal activities of its subsidiaries are the design and production of interiors, exhibitions, decorations and museums.

The book value and net tangible asset value of KNA and its subsidiaries (the “**KNA Group**”) for the financial year ended 31 December 2014 (“**FY2014**”) was HK\$126,222,000 (approximately S\$21,559,000). The profit before income tax of the KNA Group for FY2014 attributable to the Sale Shares was HK\$2,576,000 (approximately S\$422,000).

3. PURCHASE CONSIDERATION

3.1 Details of the Purchase Consideration

The aggregate consideration for the Proposed Acquisition will be S\$3,170,009 (the “**Purchase Consideration**”), of which (i) S\$1,804,782.60 shall be satisfied by the allotment and issuance of new ordinary shares in the capital of the Company (the “**Consideration Shares**”), with a total aggregate value of S\$1,804,782.60, to the Vendor; and (ii) S\$1,365,226.40 shall be satisfied in cash.

The issue price of S\$0.98622 for each of the Consideration Shares (the “**Issue Price**”) was calculated based on the weighted average price of the shares of the Company for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the five (5) business days period prior to the date of the SPA, and was not priced at more than ten per cent. (10.0%) discount to the weighted average price of the shares of the Company for trades done on the SGX-ST on 29 May 2015, being the full market day preceding the date the SPA is signed.

The Purchase Consideration was arrived at pursuant to arms' length negotiations between the Company and the Vendor (collectively, the "**Parties**" and each a "**Party**") on a willing-buyer willing-seller basis, after taking into account (i) the valuation conducted by an independent valuer on 22 May 2015 that was jointly commissioned by the Parties, (ii) the unaudited net assets of the KNA Group as at 31 March 2015, and (iii) the earnings and growth potential of the KNA Group. The value placed on the Sale Shares by the independent valuer was S\$3,170,009.

3.2 Funding of the Purchase Consideration

The cash component of the Purchase Consideration will be funded through the Company's internal resources.

3.3 Listing of and Quotation for the Consideration Shares

An application will be made to the SGX-ST for the listing of and quotation for the Consideration Shares on the main board of the SGX-ST (the "**Main Board**"). An appropriate announcement will be made by the Company upon receipt of the approval in-principle from the SGX-ST for the listing of and quotation for the Consideration Shares on the Main Board.

The Consideration Shares when allotted and issued, shall rank *pari passu* in all respects with the then existing issued shares of the Company as at its date of allotment and issuance.

4. MATERIAL CONDITIONS OF THE AGREEMENT

4.1 Conditions Precedent

The sale and purchase of the Sale Shares is conditional upon, *inter alia*:

- (a) legal opinions confirming the validity and enforceability of the SPA being obtained to the Company's satisfaction;
- (b) all necessary regulatory approvals being obtained and all necessary reports to the competent authorities being made (as applicable) by the Company for: (i) the purchase of the Sale Shares; and (ii) the issue of new ordinary shares of the Company as part of the Purchase Consideration pursuant to the terms of the SPA and all transactions contemplated therein, and if such approvals are granted subject to conditions, such conditions being reasonably acceptable to the Company;
- (c) no material or adverse change in the affairs and financial condition of the KNA Group occurring on or before the Completion Date (defined below); and
- (d) no breach of warranties or undertakings by the Vendor and the Company occurring before the Completion Date (defined below).

4.2 Completion

The completion date is 15 July 2015 or such other date as the Parties may mutually agree in writing (the "**Completion Date**"), subject to the satisfaction of all the conditions precedent set out in the SPA (unless waived by the Company).

4.3 Effect of Non-Fulfilment of Conditions Precedent

In the event that any of the conditions precedent set out in the SPA is not fulfilled by the relevant Party or is not waived by the Company prior to or on the Completion Date or such other date as the Parties may mutually agree, the SPA shall *ipso facto* cease and determine and none of the Parties shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise, save for any claim by a Party against the other arising from antecedent breaches of the terms of the SPA.

4.4 Vendor's Warranties and Undertakings

The Vendor has, *inter alia*, warranted and undertaken to the Company (to the best of his knowledge, information and belief) that prior to or on completion:

- (a) all relevant information relating to any pending litigation matters of the KNA Group have been disclosed;
- (b) there are no unrecorded liabilities, including tax liabilities or tax penalties which have not been provided for in the financial accounts of the KNA Group; and
- (c) there are no unusual contracts or guarantees which he has entered into for and on behalf of the KNA Group in his capacity as Managing Director.

4.5 Company's Warranties and Undertakings

The Company has, *inter alia*, warranted and undertaken to the Vendor that prior to or on completion, its entry into the SPA does not:

- (a) violate any law or regulation in any jurisdiction (including, without limitation, the requirements of the SGX-ST) to which the Company is subject;
- (b) violate any provision of the Company's Memorandum and Articles of Association; or
- (c) infringe the terms of or constitute a default under or cause to be exceeded any limit imposed by or cause to be terminated or otherwise breached, any agreement or other instrument or obligation to which the Company is a party or which is binding on it or its respective assets.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition will enable the Company to better plan and manage the operations of the KNA Group.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

For illustrative purposes only, the financial effects of the Proposed Acquisition on the Company and its subsidiaries (the "**Group**") prepared based on the audited consolidated financial results of the Group for FY2014 are set out below:

6.1 Net tangible assets (“NTA”)

	As at 31 December 2014	After the Proposed Acquisition
NTA (S\$'000)	89,185	89,564
Number of shares as at 31 December 2014	194,553,261	196,383,261
NTA per share (S\$ cents)	45.84	45.61

6.2 Earnings per share (“EPS”)

	As at 31 December 2014	After the Proposed Acquisition
Net profit for FY2014 (S\$'000)	17,155	17,476
Weighted average number of shares for FY2014	194,166,027	195,996,027
EPS for FY2014 (S\$ cents)	8.84	8.92

7. CHAPTER 10 OF THE SGX-ST MAIN BOARD LISTING MANUAL

7.1 Relative Figures under Rule 1006 of the Listing Manual

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 (b) to (d) ⁽¹⁾⁽²⁾ of the SGX-ST Main Board Listing Manual (the “Listing Rules”) are as follows:

Rule 1006(b)	The net profits attributable to the KNA Group, compared with the net profits of the Group	8.8%
Rule 1006(c)	The aggregate consideration for the Proposed Acquisition, compared with the Group's market capitalisation	1.6%
Rule 1006(d)	The number of Consideration Shares to be issued by the Company, compared with the number of shares previously in issue	0.9%

Notes:

- (1) Rule 1006(a) of the Listing Rules is not applicable as it only applies to a disposal of assets.
- (2) Rule 1006(e) of the Listing Rules is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company

The relative figures computed on the basis set out in Rule 1006(b) to Rule 1006(d) of the Listing Rules do not exceed 20%. Accordingly, the approval of shareholders of the Company for the Proposed Acquisition will not be required. Nonetheless, the Proposed Acquisition constitutes a discloseable transaction.

8. SERVICE CONTRACT

No person will be appointed to the Board in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into by the Company.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company has any interest, whether direct or indirect, in the Proposed Acquisition (other than through their shareholdings in the Company).

10. DOCUMENTS FOR INSPECTION

A copy of the SPA and the valuation report will be available for inspection during normal office hours at the Company's registered office for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Soh Siak Poh Benedict
Executive Chairman

2 June 2015