



Kingsmen Creatives Ltd.

(Company Registration Number 200210790Z)

PROPOSED ACQUISITION OF 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KINGSMEN INDOCHINA PTE LTD

1. THE PROPOSED ACQUISITION

The Board of Directors (the “**Board**”) of Kingsmen Creatives Ltd. (the “**Company**”) wishes to announce that the Company has on 7 January 2019 entered into a sale and purchase agreement (the “**SPA**”) with Lim Hock Chye Stephen (the “**Vendor**”), in relation to the proposed acquisition of 10,000 ordinary shares (the “**Shares**”) in the share capital of Kingsmen Indochina Pte Ltd (“**KIC**”) (the “**Sale Shares**”), which represent 10% of the issued and paid-up share capital of KIC (the “**Proposed Acquisition**”).

Pursuant to the Proposed Acquisition, the Company will consequently increase its shareholding in KIC from 90,000 Shares, which represent 90% of the issued and paid-up share capital of KIC, to 100,000 Shares, which represent 100% of the issued and paid-up share capital of KIC.

2. INFORMATION ON KINGSMEN INDOCHINA PTE LTD

KIC is a company incorporated in Singapore on 26 January 1990, which, as at the date of this announcement, has an issued and paid-up share capital of S\$100,000, comprising 100,000 Shares. The principal activity of KIC is investment holding and the principal activities of its subsidiary, Kingsmen Vietnam Co., Ltd, are the design and production of interiors, exhibitions, decorations and museums.

The book value and net tangible asset value of KIC and its subsidiary, Kingsmen Vietnam Co., Ltd, (the “**KIC Group**”) for the financial year ended 31 December 2017 (“**FY2017**”) was approximately S\$2,692,000. The profit before income tax of the KIC Group for FY2017 attributable to the Sale Shares was approximately S\$74,000.

3. PURCHASE CONSIDERATION

3.1 Details of the Purchase Consideration

The aggregate consideration for the Proposed Acquisition will be S\$917,000 (the “**Purchase Consideration**”) which shall be satisfied by the allotment and issuance of new ordinary shares in the share capital of the Company (the “**Consideration Shares**”), with a total aggregate value of S\$917,000.

The issue price of S\$0.4996 for each of the Consideration Shares 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) market days period prior to the date of the SPA, and was not priced at more than ten per cent. (10%) discount to the weighted average price of the shares of the Company for trades done on the SGX-ST on 4 January 2019, being the full market day preceding the date the SPA was signed.

The Purchase Consideration was arrived at pursuant to arm's 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, Nexia TS Advisory Pte Ltd, on 14 December 2018 that was jointly commissioned by the Parties, (ii) the unaudited net asset value of the KIC Group of approximately S\$3,150,000, as at 30 September 2018, and (iii) the earnings and growth potential of the KIC Group. The indicative value placed on the Sale Shares by the independent valuer was between S\$851,000 to S\$982,000 with a mean of S\$917,000.

3.2 Funding of the Purchase Consideration

The Purchase Consideration will be satisfied wholly by the allotment and issuance of the Consideration Shares.

3.3 Listing and Quotation of the Consideration Shares

An application will be made to the SGX-ST for the listing and quotation of 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 and quotation of 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 the 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 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 KIC 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 February 2019 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 KIC 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 KIC Group; and
- (c) there are no unusual contracts or guarantees which he has entered into for and on behalf of the KIC Group in his capacity as General Director/Senior 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 Constitution; and
- (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 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 KIC 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 FY2017 are set out below:

6.1 Net tangible assets (“NTA”)

	As at 31 December 2017	After the Proposed Acquisition
NTA (S\$'000)	112,287	112,556
Number of shares as at 31 December 2017	199,107,061	200,942,529
NTA per share (S\$ cents)	56.40	56.01

6.2 Earnings per share (“EPS”)

	As at 31 December 2017	After the Proposed Acquisition
Net profit for FY2017 (S\$'000)	9,741	9,800
Weighted average number of shares for FY2017	198,778,791	200,614,259
EPS for FY2017 (S\$ cents)	4.90	4.88

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 KIC Group, compared with the net profits of the Group	0.9%
Rule 1006(c)	The aggregate consideration for the Proposed Acquisition, compared with the Group's market capitalisation	0.9%
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.

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

7 January 2019