



KINGSMEN CREATIVES LTD.

(Company Registration Number: 200210790Z)

DISPOSAL OF 80% EQUITY INTEREST IN KINGSMEN PROJECTS JAPAN LIMITED

INTRODUCTION

The Board of Directors (the “**Board**”) of Kingsmen Creatives Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its 33.33% owned associated company, Kingsmen Nikko Limited (the “**Seller**”), has on 26 December 2022 entered into a sale and purchase agreement (the “**Agreement**”) with Mr. Koji Kawamura (the “**Purchaser**”), pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase, the Seller’s 80% equity interest in Kingsmen Projects Japan Limited (“**KPJ**”) (the “**Equity Interest**”), on the terms of the Agreement (the “**Disposal**”). The Purchaser currently holds the other 20% equity interest in KPJ.

Upon completion of the Disposal, the Group’s effective equity interest in KPJ will be Nil% and KPJ and its wholly owned subsidiary, Kingsmen Architects & Design Limited (“**KAD**”, and together with KPJ, the “**KPJ Group**”), will cease to be associated companies of the Group.

KPJ is a company incorporated in Japan and its principal activities are those of design and production of architectural interiors, decorations and museums.

KAD is a company incorporated in Japan and its principal activities are those of design consultancy and planning management.

RATIONALE FOR THE DISPOSAL

The Disposal allows the Group to divest the KPJ Group to focus and reallocate resources to improve business planning and management.

PURCHASE CONSIDERATION

The consideration for the Disposal is JPY 160 (the “**Purchase Consideration**”), which was arrived at on a willing-buyer willing-seller basis taking into consideration, *inter alia*, the negative book value and negative net tangible asset value of the KPJ Group as at 30 November 2022 attributable to the Equity Interest of approximately SGD 355,000. The Purchase Consideration represents an excess over the negative book value of the KPJ Group as at 30 November 2022 attributable to the Equity Interest. The gain on the Disposal is expected to be approximately SGD 118,000. The net profit before income tax of the KPJ Group for the half year ended 30 June 2022 (“**HY2022**”) attributable to the Equity Interest was approximately SGD 87,000.

The Purchase Consideration, which is payable in cash within one (1) day from the date of the Agreement, will be used for the general working capital requirements of the Seller.

RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the latest announced unaudited consolidated financial statements of the Group for HY2022, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) are as follows:

Listing Manual	Bases	Relative figures
Rule 1006(a)	The negative net asset value of the Equity Interest, compared with the Group's net asset value as at 30 June 2022.	-0.4%
Rule 1006(b)	The net profit attributable to the Equity Interest, compared with the Group's net profit for HY2022.	7.8%
Rule 1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	#
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as the Disposal is not an acquisition.
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable as the Disposal does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

The relative figure under Rule 1006(c) is less than 0.1%.

As the relative figure under Rule 1006(b) of the Listing Manual exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

FINANCIAL EFFECTS OF THE DISPOSAL

For illustrative purposes only, the financial effects of the Disposal on the Group prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("FY2021") are set out below:

	Before Disposal	After Disposal
Net tangible assets ("NTA")		
NTA as at 31 December 2021 (S\$'000)	104,045	104,524
Number of shares as at 31 December 2021	201,948,299	201,948,299
NTA per share (S\$ cents)	51.52	51.76
Earnings per share ("EPS")		
Net profit for FY2021 (S\$'000)	1,004	1,483
Weighted average number of shares for FY2021	201,948,299	201,948,299
EPS (S\$ cents)	0.50	0.73

SERVICE CONTRACTS

No persons are proposed to be appointed to the Board, and no service contracts are to be entered into by the Company, in connection with the Disposal.

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 Disposal (other than through their shareholdings in the Company).

DOCUMENT FOR INSPECTION

A copy of the Agreement is available for inspection at the registered office of the Company at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Soh Siak Poh Benedict
Executive Chairman

26 December 2022