



Securities Investors Association (Singapore)

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Issuer: Kingsmen Creatives Ltd.

Security: Kingsmen Creatives Ltd.

Meeting details:

Date: 30 April 2019

Time: 10.00 a.m.

Venue: 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032

Company Description

Kingsmen Creatives Ltd. is a Singapore-based company engaged in investment holding and providing corporate marketing and other related services. The Company operates through five business segments: Exhibitions and Museums, which is engaged in the production of exhibition displays for trade shows and promotional events, interiors and displays for museums and visitor centers, as well as production of thematic and scenic displays for theme parks; Retail and Corporate Interiors, which is engaged in providing interior fitting-out services to commercial and retail properties; Research and Design, which provides design works for upmarket specialty stores, departmental stores, eateries, museums, visitors' centers, corporate offices, showrooms, trade shows, events, promotional functions and festivals; Alternative Marketing, which is engaged in event management, branding consultancy services and custom publishing, and Corporate and Others, which provides corporate services.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5MZ)

Q1. As noted in the chairman’s message, the year 2018 was pivotal to the group as it moved into the new HQ, The Kingsmen Experience. There is also a major shift in the group’s business as the group acquired a licence from Hasbro International, Inc costing \$1.337 million to co-conceptualise, create, build and operate multiple NERF family entertainment centres across Asia Pacific. This was followed up soon after with a collaboration to launch of TOYBOX.

The group will also be venturing into co conceptualise, create, build and operate multiple Animal Planet travelling experiences partnering with Discovery Licensing.

- (i) What was the experience gained by management in organising TOYBOX?**
- (ii) How did TOYBOX influence the way the group thinks about the experience it wants to give visitors to the new NERF attraction?**
- (iii) Is the risk profile of the group substantially changed as the group expands into owning and operating experiential attractions?**
- (iv) What kind of due diligence and market research have been carried out to ensure that the new attractions will be a hit with the masses?**

Q2. As seen in the Financial highlights (page 8 of the annual report), the group’s earnings appear to be slipping in the past 5 years:

	FY2014	FY2015	FY2016	FY2017	FY2018
Key Ratios (%)					
Revenue growth	13.6	(2.5)	0.6	(6.8)	17.5
Gross profit margin	25.2	25.5	25.3	25.1	22.7
Net profit margin	5.1	5.8	3.6	3.2	2.3
Return on shareholders’ funds	18.8	18.3	10.4	8.2	6.7
Debt equity	6.7	12.0	9.5	11.5	29.4

(Source: Company annual report)

While FY2018 saw the group returning to positive revenue growth, the gross profit margin continues to slip. As a result, the group’s net profit margin is possibly at an all-time low of 2.3% while the debt-equity ratio is at the highest in 10 years (possibly all-time high as well).

- (i) Would the board clearly articulate the group’s business model and identify the key value drivers?**
- (ii) How sustainable is the business given that the margin appears to be being eroded?**

(iii) In the board’s long term plans, how big can the experiential attractions segment be in 3-5 years?

Q3. The attendance of directors at board and board committee meetings is shown in the table below:

The number of Board and Board committees meetings held in FY2018 and the attendance of our directors at these meetings are as follows:

Name of Director	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Soh Siak Poh Benedict	4	4	4	4*	1	1	1	1*
Simon Ong Chin Sim	4	4	4	4*	1	1	1	1*
Cheng Oon Teck	4	4	4	4*	1	1*	1	1*
Chong Siew Ling	4	4	4	4*	1	1*	1	1*
Alex Wee Huat Seng	4	4	4	4*	1	1*	1	1*
Prabhakaran S/O Narayanan Nair	4	4	4	4	1	1	1	1
Tan Cher Liang	4	4	4	4	1	1	1	1
Tan Guan Hiang	4	4	4	4	1	1	1	1

* Attendance by invitation

(Source: Company annual report)

The executive directors (including the two founders and the managing directors) have been invited to the board committee meetings.

- (i) Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?**
- (ii) Were there specific agenda items or reasons to invite the executive directors to all the board committee meetings?**
- (iii) What is the dynamics of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?** Such board committee meetings would have included agenda items on performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.
- (iv) Do the invited directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from the board meeting?**