



KINGSMEN CREATIVES LTD.

(Company Registration No: 200210790Z)

PROPOSED DISPOSAL OF A PROPERTY IN MALAYSIA

The Board of Directors (the “**Board**”) of Kingsmen Creatives Ltd. (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) wishes to announce that its 71% indirectly owned subsidiary, Kingsmen Projects Sdn Bhd (the “**Seller**”) has on 10 October 2023 entered into a sale and purchase agreement (the “**Agreement**”) with Avars (M) Sdn Bhd (the “**Purchaser**”), an unrelated party, pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase, a property located at No. 5 Jalan 6/2B, Taman Industri Selesa Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia (the “**Property**”), subject to the terms and conditions set out in the Agreement (the “**Proposed Disposal**”).

The Seller is a company incorporated in Malaysia and its principal activities are the design and production of interiors, exhibitions, decorations and museums.

The Property is of a freehold tenure and comprises land and built-in area of 38,813 square feet and 19,824 square feet respectively. The Property is currently rented to a tenant for rental income.

Pursuant to the terms and conditions of the Agreement, the consideration for the Proposed Disposal is Ringgit Malaysia (“**RM**”) 13,000,000 (the “**Consideration**”) and shall be paid in cash. The Consideration was determined on a “willing buyer-willing seller” basis after taking into account various factors including the location of the Property, the recent transacted prices for similar properties in the vicinity of the Property and the prevailing market conditions.

As at the date of this announcement, the Purchaser has paid a deposit of RM 260,000, and upon execution of the Agreement, the Purchaser shall make a further payment of RM 1,040,000 (collectively, the “**Deposit**”). The balance amount of RM 11,700,000 (the “**Balance Consideration**”) shall be payable within 90 days from the date of the Agreement (the “**Completion Date**”). In the event that the Purchaser fails to pay the Balance Consideration in full by the Completion Date, the Seller shall grant an extension of 30 days for the Purchaser to pay the Balance Consideration, provided that the Purchaser shall pay to the Seller interest at 8% per annum calculated on a daily basis from the Completion Date till the date full payment of the Balance Consideration is made (the “**Extended Completion Date**”). Any further extension beyond the Extended Completion Date requested by the Purchaser is required to be in writing and subject to the agreement of the Seller and provided that the Purchaser has first deposited in advance the late payment interest due until such time when the Balance Consideration shall be paid up.

In the event that the Purchaser fails to pay the Balance Consideration in full by the Extended Completion Date (including any mutually agreed further extension) or comply with any of the terms and conditions of the Agreement, the Seller shall be entitled to terminate the Agreement and forfeit the Deposit as liquidated damages, and the Agreement shall be null and void and neither party shall have any claims whatsoever against the other party save and except for any antecedent breach of the terms and conditions of the Agreement.

Pursuant to the Agreement, the completion of the Proposed Disposal is conditional upon:-

- (a) all warranties, representations and undertakings thereunder by the Seller and the Purchaser being complied with, and true, accurate and correct in all respects as at the Completion Date or Extended Completion Date (including any mutually agreed further extension) (as the case may be);
- (b) all approvals, consents and licences (whether governmental, corporate or otherwise) for the Proposed Disposal described or contemplated therein having been obtained; and
- (c) legal possession of the Property on an “as is where is” basis being delivered by the Seller to the Purchaser within five (5) business days upon receipt of the Balance Consideration.

The Consideration of RM 13,000,000 represents an excess of RM 8,186,000 over the book value of the Property of RM 4,814,000 as at 30 September 2023. The Proposed Disposal will enable the Group to unlock the value of the Property. The net Consideration of RM 11,995,000, after deducting estimated expenses of RM 1,005,000, will be used to repay the mortgage loan secured by the Property and for the general working capital requirements of the Seller. The net gain on the Proposed Disposal is RM 7,181,000, after deducting estimated expenses of RM 1,005,000.

For illustrative purposes only, the financial effects of the Proposed Disposal on the Group prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 (“FY2022”) are set out below:

	Before Proposed Disposal	After Proposed Disposal
Net tangible assets (“NTA”)		
NTA as at 31 December 2022 (S\$'000)	104,483	105,966
Number of shares as at 31 December 2022	201,948,299	201,948,299
NTA per share (S\$ cents)	51.74	52.47
Earnings per share (“EPS”)		
Net profit for FY2022 (S\$'000)	4,637	6,032
Weighted average number of shares for FY2022	201,948,299	201,948,299
EPS (S\$ cents)	2.30	2.99

Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 30 June 2023 (“HY2023”), 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:

Rule 1006(a)	The net asset value of the asset to be disposed of, compared with the Group’s net asset value as at 30 June 2023.	1.3%
Rule 1006(b)	The net profit attributable to the asset disposed of, compared with the Group’s net profit for HY2023.	7.3%
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.	6.6%
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 Proposed Disposal relates to a disposal of asset.
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 Proposed Disposal does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

As the relative figures under Rules 1006(b) and 1006(c) of the Listing Manual exceed 5% but do not exceed 20%, the Proposed Disposal constitutes a disclosable transaction under Chapter 10 of the Listing Manual.

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

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

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 the normal business hours for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

Soh Siak Poh Benedict
Executive Chairman

12 October 2023