



KINGSMEN CREATIVES LTD.

(Company Registration Number: 200210790Z)

PROPOSED DISPOSAL OF PROPERTY IN JOHOR, MALAYSIA BY K-FIX PRODUCTION SDN. BHD.

1. 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 indirect wholly owned subsidiary, K-Fix Production Sdn. Bhd. (the “**Vendor**”), and Hiroyuki Industries (M) Sdn. Bhd. (the “**Purchaser**”, and together with the Vendor, the “**Parties**”), had on 11 March 2024 entered into a sale and purchase agreement (the “**Agreement**”), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, a property located at Geran 237182 Lot 2592 in Mukim Senai, District of Kulai, State of Johor, Malaysia (the “**Property**”), subject to and on the terms of the Agreement (the “**Proposed Disposal**”).

2. THE PROPOSED DISPOSAL

2.1 Information on the Property and Purchaser

As at the date of this announcement, the Property is owned by the Vendor. The Property is freehold in tenure, comprises industrial land area and built-in area of approximately 37,104 square metres and 14,446 square metres respectively, and includes three (3) units of detached factory buildings.

A portion of the Property is currently used by the Group as office, production and storage facilities, while another portion of the Property is presently leased by the Vendor to tenants unrelated to the Group.

Burgenns Valuation Sdn. Bhd., a licensed property valuation firm in Malaysia (the “**Independent Valuer**”), has been commissioned by the Vendor to perform an independent valuation of the Property. According to the valuation report by the Independent Valuer (the “**Valuation Report**”), the market value of the Property was RM 44,800,000 (SGD 12,705,000) as at 23 February 2024 (the “**Independent Valuation**”), the basis of the valuation was market value, and the cost method of valuation was applied.

The net tangible asset value and book value of the Property were SGD 9,384,000 as at 31 December 2023, and the net profit attributable to the Property for the financial year ended 31 December 2023 (“**FY2023**”) was SGD 82,000. The Consideration (as defined below) constitutes an excess of SGD 3,662,000 over the book value of the Property as at 31 December 2023.

The Purchaser, a private limited company (*Sendirian Berhad*) incorporated under the laws of Malaysia, is an independent third party in relation to the Group.

3. RATIONALE AND USE OF PROCEEDS

The Proposed Disposal is part of the Group’s ongoing efforts to streamline business operations and allows the Group to focus and reallocate resources to improve business planning and management in line with the Group’s business strategies and direction. The Consideration (as defined below) is above the Independent Valuation.

The Proposed Disposal is expected to result in a net gain of SGD 3,022,000.

The net proceeds from the Proposed Disposal are intended to be used for the repayment of bank loan secured by the Property and general working capital requirements of the Vendor.

4. KEY TERMS OF THE AGREEMENT

4.1 Consideration

The aggregate consideration for the Proposed Disposal is RM 46,000,000 (SGD 13,046,000) (the “**Consideration**”). The Consideration was arrived at pursuant to arm’s length negotiations between the Parties on a willing-buyer, willing-seller basis, after taking into consideration, *inter alia*, the location of the Property, the recent transacted prices for similar properties in the vicinity of the Property, the Independent Valuation, the availability of potential buyers, and the prevailing market conditions.

Pursuant to the terms of the Agreement, the Consideration shall be paid in cash by the Purchaser to the Vendor in the following manner:

- (a) RM 4,600,000, being 10% of the Consideration and the deposit and part payment towards the Consideration, shall be paid in the following manner:
 - (i) prior to the execution of the Agreement, the Purchaser shall pay RM 920,000, being 2% of the Consideration (the “**Initial Deposit**”), to the Vendor’s solicitors as stakeholders;
 - (ii) upon the execution of the Agreement, the Purchaser shall pay RM 3,680,000, being 8% of the Consideration (the “**Balance Deposit**”), to the Vendor’s solicitors as stakeholders, such sum to be released by the Vendor’s solicitors in the following manner:
 - (A) RM 1,380,000, being 3% of the Consideration, to the Purchaser’s solicitors as stakeholders to hold as retention sum for the purposes of paying any tax payable on the Proposed Disposal under the Real Property Gains Tax (“**RPGT**”) Act 1976 of Malaysia (in accordance with Clause 7 of the Agreement), within seven (7) working days after the Unconditional Date (as defined below); and
 - (B) RM 2,300,000, being 5% of the Consideration, to the Vendor together with interest earned on the Balance Deposit, within seven (7) working days after the Unconditional Date (as defined below); and
- (b) RM 41,400,000, being the balance of the Consideration (the “**Balance Consideration**”), shall be paid within four (4) months from the Unconditional Date (as defined below) subject to Clause 6 of the Agreement (the “**Completion Period**”).

Vacant possession of the Property shall be delivered to the Purchaser within five (5) working days from the date of the full payment of the Balance Consideration. Prior to the delivery of vacant possession, the Vendor shall carry out such removals, repairs, reinstatements and other works as prescribed in the Agreement. The Purchaser shall, at the Vendor’s reasonable request, grant the Vendor such extension of time for the delivery of vacant possession, provided that the Vendor shall pay the Purchaser rent at the rate of RM 10,000 per calendar day from the expiry of the five (5) working days’ period until the date of delivery of complete vacant possession (the “**Handover Date**”), such rent to be paid in arrears and on the Handover Date. The Vendor’s solicitors shall retain from the Balance Consideration, a sum equal to 3% of the Consideration and hold the same as stakeholders as security for the due payment of the rent by the Vendor until the Handover Date. The Vendor’s solicitors are authorised to, within five (5) working days after the Handover Date, pay out of the money so retained, the amount (if any) found due to the Purchaser as at the Handover Date.

The Vendor's solicitors are authorised to deal with the Balance Consideration and other monies paid by the Purchaser under the Agreement in the following manner: (i) to redeem the Property from HSBC Amanah Malaysia Berhad; (ii) to pay all fees, charges, expenses and other payments, if any, payable by the Vendor in respect of the Property; (iii) to retain for RPGT purpose pursuant to Clause 7 of the Agreement; and (iv) subject to Clause 8(b) of the Agreement, to release the balance to the Vendor.

In the event the Purchaser is unable to pay the Balance Consideration within the Completion Period for reasons not attributable to the Vendor's fault, the Vendor shall automatically grant the Purchaser an extension of time of one (1) month (subject to Clause 6 of the Agreement) and the Purchaser shall pay the Vendor, in addition to the outstanding balance of the Consideration, interest at the rate of 8% per annum on a daily basis on the outstanding balance, calculated from the calendar day following the expiry of the Completion Period to the date the Consideration is paid in full by the Purchaser.

4.2 **Conditions Precedent**

The completion of the Proposed Disposal is subject to the fulfilment of, *inter alia*, the following conditions (the "**Conditions Precedent**"):

- (a) the Vendor obtaining all necessary approvals from the Board and the shareholders of the Company within four (4) months from the date of the Agreement, or such other extended period as the Parties may mutually agree ("**CP1**"); and
- (b) the Purchaser obtaining approval from the Johor State Authority to the sale and transfer of the Property (the "**State Consent**") within six (6) months from the date of the fulfilment of the condition in paragraph (a), or such other extended period as the Parties may mutually agree ("**CP2**"). The Vendor shall render to the Purchaser all such assistance required by the Purchaser in obtaining the State Consent including, but not limited to, furnishing all such information and/or documents (including the consent from HSBC Amanah Malaysia Berhad) and executing all such documents as may be necessary for the application of the State Consent. All fees and charges imposed by the Johor State Authority in granting the State Consent shall be borne by the Purchaser.

The Purchaser shall submit the application for the State Consent within 14 calendar days from the date of the Purchaser's solicitors' receipt of the Vendor's notice of the fulfilment of CP1.

The State Consent shall be deemed obtained and CP2 fulfilled, upon receipt by the Purchaser's solicitors of the original letter issued by the Johor State Authority approving the transfer of the Property. The Agreement shall become unconditional on the date of the Purchaser's/Purchaser's solicitors' receipt of the original letter of the State Consent (the "**Unconditional Date**").

4.3 **Termination**

Non-fulfilment of Conditions Precedent

If any of the Conditions Precedent is not fulfilled within the relevant period or such other mutually agreed extended period, among others, the Agreement shall be deemed to be terminated, the Vendor shall refund the Initial Deposit and Balance Deposit together with all interest earned thereon to the Purchaser, and the Purchaser shall withdraw any private caveat it has lodged with the appropriate land registry or office against any dealing with the Property (the "**Caveat**").

Default by Purchaser or Vendor

If the Purchaser:

- (a) fails (except upon the rescission of the sale and purchase of the Property) to complete the purchase of the Property;
- (b) commits any material breach of the Agreement and, in the case of the breach being capable of remedy, fails to remedy the breach within seven (7) calendar days after the receipt of a written notice giving full particulars of the breach and requiring it to be remedied; or
- (c) before payment in full of the Consideration, commits an act of bankruptcy or enters into any composition or arrangement with its creditors or, being a company, enters into liquidation, whether compulsory or voluntary,

the Vendor may annul the sale of the Property and forthwith terminate the Agreement. Upon such termination, among others, (i) the Vendor shall be entitled to forfeit absolutely a sum equivalent to 10% of the Consideration as agreed liquidated damages; (ii) all monies paid by the Purchaser towards the Consideration after such forfeiture shall be refunded free of interest to the Purchaser within seven (7) calendar days from such termination; (iii) if the Transfer (as defined below) and/or a charge in favour of the banking, financial or other institution from which the Purchaser obtained a loan to finance the purchase of the Property has/have been registered pursuant to Clause 5(c) of the Agreement, the Purchaser shall re-transfer the Property to the Vendor and/or discharge the charge over the Property (as applicable); (iv) the Purchaser shall withdraw any Caveat; and (v) the Purchaser shall re-deliver to the Vendor vacant possession of the Property and reinstate the Property to its original state and condition if vacant possession of the Property has been delivered to the Purchaser.

If the Vendor:

- (a) fails (except upon the rescission of the sale and purchase of the Property) to complete the sale of the Property;
- (b) commits any breach of the Agreement and, in the case of the breach being capable of remedy, fails to remedy the breach within seven (7) calendar days after the receipt of a written notice giving full particulars of the breach and requiring it to be remedied; or
- (c) before the payment in full of the Consideration, commits an act of bankruptcy or enters into any composition or arrangement with its creditors or, being a company, enters into liquidation, whether compulsory or voluntary,

the Purchaser may annul the purchase of the Property and forthwith terminate the Agreement. Upon such default by the Vendor, among others, the Purchaser shall be entitled at its option (i) to enforce specific performance of the Agreement without prejudice to its other rights and remedies; or (ii) to elect by written notice (the "**Election Notice**") served on the Vendor to accept a sum equivalent to 10% of the Consideration as agreed liquidated damages from the Vendor who shall within seven (7) calendar days from the date of receipt of the Election Notice cause all monies paid by the Purchaser to the Vendor pursuant to the Agreement to be refunded to the Purchaser and pay the Purchaser such liquidated damages. In default of such refund and payment of liquidated damages, the Vendor shall further pay to the Purchaser interest on the aforesaid monies and liquidated damages at the rate of 8% per annum on a daily basis from the expiry of the Election Notice until the date of refund and actual payment. Upon such refund and payment of liquidated damages and interest, if any, among others, the Purchaser shall (i) withdraw any Caveat; and (ii) re-deliver to the Vendor vacant possession of the Property and reinstate it to its original state and condition if vacant possession has been delivered to the Purchaser.

Non-registration of documents

In the event that the memorandum of transfer in respect of the Property in favour of the Purchaser (the “**Transfer**”) cannot be registered with the appropriate authority for reasons not due to the Parties’ default, neglect or omission, the Vendor shall within 14 calendar days from the receipt of the Purchaser’s demand forthwith refund to the Purchaser all monies paid by the Purchaser to the Vendor pursuant to the Agreement free of interest, failing which the Vendor shall be liable to pay interest at the rate of 8% per annum on a daily basis on the sum to be refunded from the expiry of the aforesaid period until the date of actual refund. Upon such refund, the Agreement shall be null and void except for any antecedent breach thereof.

Change in condition of the Property

In the event of any material change in the condition, state, nature or character of the Property between the date of the Agreement and the date of delivery of vacant possession of the Property to the Purchaser, the Purchaser shall be entitled at its option to rescind the Agreement whereupon all monies paid by the Purchaser pursuant to the Agreement shall be refunded by the Vendor to the Purchaser.

Government acquisition

If a notification or declaration pursuant to the Land Acquisition Act 1960 of Malaysia of the likely or intended acquisition of the Property or any part thereof shall be published prior to the registration of the Transfer in favour of the Purchaser, the Vendor shall immediately give written notice (the “**Acquisition Notice**”) of such notification or declaration to the Purchaser, and the Purchaser shall be entitled at its option by written notice (the “**Rescission Notice**”) served on the Vendor within seven (7) calendar days from the date of receipt by the Purchaser of the Acquisition Notice to treat the sale and purchase under the Agreement as being rescinded on the date of receipt of the Acquisition Notice whereupon, among others, (a) the Vendor shall within seven (7) calendar days from the date of receipt by the Vendor of the Rescission Notice cause all monies paid by the Purchaser pursuant to the Agreement to be refunded to the Purchaser, in default of which refund the Vendor shall pay to the Purchaser interest on the aforesaid monies at the rate of 8% per annum on a daily basis calculated from the expiry of the Rescission Notice until the date of actual refund; and (b) the Purchaser shall upon such refund re-deliver the documents mentioned in Clauses 5(a) and 5(b) of the Agreement and vacant possession of the Property to the Vendor if the same shall then have been delivered to the Purchaser, and withdraw any Caveat.

New laws, regulations, government directives or policies

In the event the obligations under the Agreement cannot be performed after all reasonable attempts, measures, actions and steps required for the fulfilment of or compliance with any new laws, regulations, government directives or policies introduced after the execution of the Agreement, either Party may by written notice to the other terminate the Agreement whereupon, among others, (a) the Vendor shall refund all monies paid by the Purchaser towards the Consideration free of interest to the Purchaser within 14 calendar days from such termination; and (b) the Purchaser shall withdraw or cause to be withdrawn any Caveat, and re-deliver to the Vendor vacant possession of the Property and reinstate it to its original state and condition if vacant possession has been delivered to the Purchaser.

5. **CHAPTER 10 OF THE LISTING MANUAL**

Based on the latest announced unaudited consolidated financial statements of the Group for FY2023, the relative figures for the Proposed Disposal, computed on the following 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 net asset value of the Property, compared with the Group's net asset value.	8.7%
Rule 1006(b)	The net profit attributable to the Property, compared with the Group's net profit.	2.6%
Rule 1006(c)	The aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	24.8%
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 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 Proposed Disposal does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

As the relative figure computed based on Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual and is subject to the approval of the shareholders of the Company at a general meeting to be convened.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Bases and assumptions

The pro forma financial effects of the Proposed Disposal below are presented for illustrative purposes only and have been prepared based on the latest announced unaudited consolidated financial statements of the Group for FY2023, being the most recently completed financial year. Such financial effects are neither indicative of nor intended to reflect the future financial situation of the Company and/or the Group.

6.2 Net tangible assets per share

For illustrative purposes only and assuming the Proposed Disposal was completed on 31 December 2023, the pro forma financial effects of the Proposed Disposal on the net tangible assets ("NTA") per share of the Company for FY2023 are as follows:

	Before Proposed Disposal	After Proposed Disposal
NTA as at 31 December 2023 (S\$)	104,239,000	107,261,000
Number of shares as at 31 December 2023	201,948,299	201,948,299
NTA per share (S\$ cents)	51.62	53.11

6.3 Earnings per share

For illustrative purposes only and assuming the Proposed Disposal was completed on 1 January 2023, the pro forma financial effects of the Proposed Disposal on the earnings per share (“EPS”) of the Company for FY2023 are as follows:

	Before Proposed Disposal	After Proposed Disposal
Net profit for FY2023 (S\$)	2,857,000	5,797,000
Weighted average number of shares for FY2023	201,948,299	201,948,299
EPS (S\$ cents)	1.41	2.87

7. 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 Disposal, other than through their shareholdings in the Company.

8. NO SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company, and no service contract is proposed to be entered into by the Company, in connection with the Proposed Disposal.

9. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company should exercise caution as there is no certainty or assurance that the Proposed Disposal will be completed, or that no changes will be made to the terms thereof. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreement and the Valuation Report are 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

11 March 2024