

PRESS RELEASE - FOR IMMEDIATE RELEASE

Aspen Group to diversify into rubber gloves manufacturing in JV with CMY Capital Sdn. Bhd. with target production by 3Q 2021

- *The Group intends to diversify its existing scope of core business activities to include the business comprising manufacturing and distributing rubber gloves and other related activities via its wholly-owned subsidiary Aspen Vision All Sdn. Bhd. (“AVA”)*
- *AVA have agreed to participate in a joint venture arrangement with CMY Capital Sdn. Bhd. in which Aspen Glove Sdn. Bhd. shall act as the special purpose vehicle for the operations of the proposed new business. The initial investment of approximately RM105 million for phase 1A is targeted to produce a total capacity of 1.1 billion pieces of gloves per annum from 3Q 2021*
- *Acceptance of Letter of Offer from Kulim Technology Park Corporation Sdn. Bhd. (“KTPC”) to lease a piece of industrial land measuring 29.331 acres located at Kulim Hi-Tech Park (“Land A”) and a first right of refusal (“FRR”) with KTPC for the lease of a piece of land measuring 37.031 acres located adjacent to Land A (“Land B”). Both lands totalling 66.362 acres can support a total production capacity of 28 billion pieces of glove annually*
- *Entry into a memorandum of understanding with Invest Kedah Berhad, a state government-linked company to provide Aspen Glove Sdn. Bhd. the necessary support and facilitation for the establishment and operation of the new venture*

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Singapore, 12 August 2020 – Aspen (Group) Holdings Limited (“**Aspen**” and together with its subsidiaries, the “**Group**”), co-developer of Aspen Vision City at Batu Kawan Penang with IKEA Southeast Asia, today announced its wholly-owned subsidiary AVA has agreed to participate in a joint venture arrangement with CMY Capital Sdn. Bhd. (“**CMY**”) to diversify the Group’s existing business (“**Existing Business**”) to include the business comprising manufacturing and distributing rubber gloves and other related activities (“**Proposed New Business**”) (the “**Proposed Diversification**”).

The Proposed Diversification will involve a new business which is substantially different from the Existing Business. It is envisaged that the Proposed Diversification will change the existing risk profile of the Group. An extraordinary general meeting (“**EGM**”) will be convened by the Company to seek approval from the Shareholders for the Proposed Diversification.

The Joint Venture

The Group together with CMY and Encik Iskandar Basha Bin Abdul Kadir (“**Mr. Iskandar**”) intend to jointly develop the Proposed New Business and the parties have agreed that Aspen Glove Sdn. Bhd. (“**AGSB**”) shall act as the special purpose vehicle through which the parties shall jointly operate the Proposed New Business. AVA and CMY will contribute to the capital requirements of AGBS in such manner to be determined by AVA and CMY in due course.

CMY is an investment holding company, founded by prominent Malaysian businessman Tan Sri Dato’ Chua Ma Yu. CMY, incorporated in Malaysia, is an active global capital market investor. The principal activities of CMY involve investment holdings, equity investments, hotel and real estate developments.

Rationale for the Proposed Diversification

The medical gloves market is expected to grow at a compound annual growth rate of over 15% during the period 2019–2025¹. The increasing usage of gloves to protect healthcare professionals from the risk of contamination and infections like Covid-19 and the improving hygiene standards at F&B establishments, hospitality and travel sector are major factors contributing to the growth.

According to the Malaysian Rubber Glove Manufacturers Association (“**MARGMA**”), there will be a global shortage of rubber gloves due to a coronavirus-driven surge in demand which will carry over into the next year². The increased demand is due to the pandemic, stock piling

¹ https://www.researchandmarkets.com/reports/5067356/medical-gloves-market-global-outlook-and?utm_source=dynamic&utm_medium=GNOM&utm_code=bwvzgl&utm_campaign=1397492+-+Insights+on+the+Global+Medical+Gloves+Industry+to+2025+-+Key+Drivers%2c+Trends+and+Restraints+&utm_exec=jamu273gnomd

² <https://www.reuters.com/article/us-health-coronavirus-malaysia-gloves/top-supplier-malaysia-sees-no-quick-end-to-shortages-in-8-billion-gloves-industry-idUSKBN23B105>

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and new users following the pandemic.³ MARGMA expects the global demand for rubber medical gloves to be about 345 billion in 2020 against 298 billion in 2019⁴.

Latex and nitrile medical examination gloves are commonly used in healthcare settings, F&B establishments, as well as the hospitality and travel sectors. Currently, Malaysia is the world's largest source of medical gloves, with a global market share of about 65%⁵. According to the Department of Statistics Malaysia, the highest exports by item in April 2020 was rubber gloves with a value of RM1,984.4 million, an increase of 11.6% compared to March 2020⁶.

Despite most existing glove makers in Malaysia running at full capacity, there are still production backlogs of 4–6 months in fulfilling orders⁷. Hence, the Group believes that the demand for gloves is likely to remain firm till end 2021, especially from the healthcare, F&B establishments, as well as the hospitality and travel sectors.

As two thirds of the global supply for rubber gloves comes from Malaysia, Malaysia is the ideal location to set up the Proposed New Business where the entire supply chain and supporting industries are within Malaysia and easily connected through good highway, seaport and airport infrastructure.

The Group has been in discussions with various global market supply chain buyers from diverse geographical locations who have shown strong interest to buy and commit to forward purchase up to the capacity of AGSB productions. To this end, AGSB will continue to engage buyers from various countries from the private sector to the public sector to secure sales on a forward booking basis as we finalize the project milestone in the months to come.

“Although being a new entrant during a period of strong market demand, we believe that global demand for rubber gloves will steadily increase in the long run and with strategic planning around pricing, competitors, marketing strategies and distinctive positioning, the Group will be able to penetrate the market and gain a reasonable market share,” said Dato’ M. Murly, President and Group Chief Executive Officer of Aspen Group.

The Proposed Diversification of the Group is expected to enable the Group to expand its revenue base, offer new business opportunities so as to enhance shareholders’ value for the Company and reduce the Group’s reliance on the Existing Business, which remains competitive.

³ <https://kenanga.com.my/wp-content/uploads/2020/07/Rubber-Gloves-200708-3Q20-StrategyKenanga.pdf>

⁴ <https://sme.asia/rubber-glove-industry-to-step-up-productivity/>

⁵ <https://www.onlinecitizenasia.com/2020/04/30/malaysia-as-the-main-global-supplier-of-medical-gloves-amid-the-covid-19-crisis/>

⁶ <https://www.malaymail.com/news/malaysia/2020/06/26/covid-19-gave-malaysian-rubber-products-a-lift-govt-data-shows/1879146>

⁷ <https://www.adb.org/sites/default/files/publication/579121/ppe-covid-19-supply-chains-bottlenecks-policy.pdf>

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Production for the New Business

AGSB will focus on the manufacturing of high-quality latex and nitrile gloves for the medical industry and industrial use. The focus for phase 1 of the Proposed New Business will be on examination gloves which will cater solely for the export market. The operations of the Proposed New Business will be carried out in phases for risk mitigation purposes.

AGSB expects to invest approximately RM105 million to complete Phase 1A and targets to bring to market 1.1 billion pieces of gloves per annum. AGBS is expected to complete the facilities, commence operations and market the products under Phase 1A by 3Q 2021.

For Phase 1B, AGBS intends to ramp-up the capacity to 3.5 billion pieces of gloves per annum by 2Q 2022. AGBS anticipates a further investment of RM40 million to complete Phase 1B.

| Phase | Expected Completion | Investment (RM) | Total Annual Output Capacity |
|-------|---------------------|-----------------|------------------------------|
| 1A | 3Q 2021 | 105 million | 1.1 billion |
| 1B | 2Q 2022 | 40 million | 3.5 billion |

Subsequently, depending on market demand, AGBS may complete another 3 phases within the next three years whereby upon completion of Phases 1, 2, 3 and 4, AGBS can expect to produce a total of 14 billion pieces of gloves annually. In the event there is further market demand, AGBS will seek to negotiate with KTPC for the lease of the Land B and to increase production capacity up to 28 billion pieces of gloves per annum by including more production facilities at the Land B within the next three to five years.

The initial investment of RM105 million required to complete Phase A is expected to be funded through capital injection by shareholders of AGBS. For the funding requirement of Phase 1B, AGBS may consider the option of bringing in new investors, at higher valuation.

As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping into the capital markets including but not limited to share placements and/or issuance of debt instruments.

The Management Team

The Board and the key Management of AGBS will be supported by an experienced senior management team from various areas of the glove manufacturing industry to oversee the day-to-day operation of the business. Currently, the recruitment process is underway to hire key personnel with at least 20 years of relevant experience and further announcements on their appointments will be made when their appointments are finalised and approved by the Nominating Committee of the Group.

AGSB will be led by its board of directors consisting of (i) Tan Sri Dato' Chua Ma Yu ("Tan Sri Dato' Chua") and (ii) Datuk Chua Sai Men, both of CMY, (iii) Dato' M. Murly and (iv) Dato' Seri

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Nazir Ariff bin Mushir Ariff both Executive Directors of the Group, (v) Mr Lim Soo Aun, CFO of the Group and (vi) Mr. Iskandar.

Tan Sri Dato' Chua who is the founder and director of CMY shall be appointed as the Non-Executive Chairman of the Board.

AGSB's Board members are experienced in various areas of business and management, some with direct involvement in commodities trading, manufacturing and export, notably: -

Dato' Seri Nazir Ariff, the director of AGBS, with more than 46 years of vast experience, who has held various key positions and served as board member in the private sector. Currently, he is the Chairman of Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank), one of the leading Development Financial Institution (DFI) in Malaysia which is wholly-owned by the Ministry of Finance and regulated by Bank Negara Malaysia (BNM).

Mr. Lim Soo Aun who has over 15 years' experience in the manufacturing and industrial sector including food products, tools, moulding and machinery manufacturing, steel products, minerals and mining, will be overseeing the financial management of the New Proposed Business.

Meanwhile, AGBS is in the process of finalising the appointment of Mr. Iskandar as the Managing Director of AGBS. An accomplished veteran in the business and government sector, Mr. Iskandar has a string of achievements in leading and executing large scale projects, process improvements, manpower planning, financial planning, listing his consultancy firm in the Amsterdam Stock Exchange (Euronext), government infrastructure projects and fiscal policy advisory. His proven track record provides assurance that he will assemble the best skill sets needed to build and execute a world-class glove manufacturing plant.

Dato' M. Murly will lead the key management team of AGBS as its Chief Executive Officer whilst Mr. Iskandar will, upon finalisation of his appointment, act as Managing Director.

Kulim Hi-Tech Park and Invest Kedah Berhad

In connection with the Proposed Diversification and to carry out the Proposed New Business, AGBS has accepted a Letter of Offer from KTPC, the developer and manager of Kulim Hi-Tech Park ("KHTP"), to lease Land A, and a FRR with KTPC for the lease of Land B for the purpose of constructing an industrial factory thereon to manufacture latex and nitrile gloves. The lease period for Land A is 60 years with an option to extend for a further term of 39 years, calculated at a competitive rate of RM40 per square foot.

Fully funded by the Malaysian Federal Government through the Ministry of Finance and developed and managed by KTPC, which is wholly owned by the Kedah State Development Corporation, KHTP is centrally located within the Northern Corridor Economic Region (NCER) economic growth region and directly linked to North South Highway and East-West

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Expressway. Moreover, KHTP is about 20 minutes away from Penang Port via the Butterworth-Kulim Expressway and 50 minutes away from Penang International Airport. Penang Port will be the main port of commission for the export of the Products.

Setting up in KHTP provides a key advantage as the industrial lands in KHTP comes ready with high quality infrastructure, ready utilities of international standards up to the boundary of the lands including dedicated electricity supply regulated by Energy Commission, dedicated main water supply from Sungai Muda and water quality per World Health Organisation, dedicated water treatment plant for sewerage treatment, piped-in natural gas and high speed telecommunication infrastructure, which will expedite the commencement of the Proposed New Business.

A Memorandum of Understanding was also signed today with Invest Kedah Berhad (“IKB”), where IKB shall use its best endeavours to facilitate, promote and assist AGSB in the submission and approval relating to the Proposed New Business, including the fast-track channel by engaging with the relevant authorities at the state level. As a one stop service centre, IKB will also provide essential local market insight and information; and formulate attractive customised investment packages to the investors.

AGSB will apply the relevant tax incentives that cover investment in the manufacturing sector for the Proposed New Business.

The Board of Directors of the Company believes that the joint venture will enable the Group to leverage off the expertise, business networks and resources of the parties involved, as well as to reduce risks and capital requirements of the Proposed New Business on the Group.

This press release should be read in conjunction with its announcement released on 12 August 2020 on the SGXNET.

About Aspen (Group) Holdings Limited

Listed on the SGX-Catalist in 2017, Aspen (Group) Holdings Limited is a Malaysia-based property group developing residential and mixed development properties at strategic locations with good infrastructure and amenities at affordable price points. The Group’s flagship project, Aspen Vision City, a 245-acres freehold mixed development project well-located in Bandar Cassia, Batu Kawan – Penang’s third satellite city, is a joint-partnership with IKEA Southeast Asia. With a gross development value of over RM13 billion, of which the Group has launched over RM2.17 billion of properties; Aspen Vision City features the first IKEA Store in the Northern Region of Malaysia and a state-of-the-art regional integrated shopping centre. In addition, the Group also has several property developments in Penang Island and Central Region of Malaysia, which captured a total gross development value of over RM2.5 billion. Combining its vision and powered by a dynamic team, Aspen Group is poised to make a significant impact in the marketplace and soar to greater heights in the

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years to come. For more information about the Group and its projects, please visit <http://aspen.sg>.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

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