

**CIRCULAR DATED 3 SEPTEMBER 2020**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

*Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.*

If you have sold or transferred all your shares in the capital of Aspen (Group) Holdings Limited (the “**Company**”) held through The Central Depository (Pte) Limited (the “**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting (“**EGM**”) and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of EGM and the attached proxy form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

*This circular has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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**ASPEN (GROUP) HOLDINGS LIMITED**

*(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201634750K)*

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE  
MANUFACTURING AND DISTRIBUTION OF RUBBER GLOVES AND OTHER RELATED ACTIVITIES**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	: 15 September 2020 at 10:30 a.m.
Date and time of EGM	: 18 September 2020 at 10:30 a.m.
Place of EGM	: Meeting to be held by way of electronic means

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

<i>“Acts”</i>	:	Promotion of Investments Act 1986, Income Tax Act 1967, Customs Act 1967, Excise Act 1976 and Free Zones Act 1990
<i>“Aggregated Transactions”</i>	:	Has the meaning ascribed to it in Section 2.9 of this Circular
<i>“AGSB”</i>	:	Aspen Glove Sdn. Bhd. (Company Registration Number: 202001022163 (1378483-U))
<i>“AVA”</i>	:	Aspen Vision All Sdn. Bhd. (Company Registration Number: 201401013844 (1089929-D))
<i>“Board”</i>	:	The board of Directors of the Company, as at the date of this Circular
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Catalist Rules”</i>	:	SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Circular”</i>	:	This circular to Shareholders dated 3 September 2020
<i>“CMY Capital”</i>	:	CMY Capital Sdn. Bhd. (Company Registration Number: 199201006209 (237713-V))
<i>“Companies Act”</i>	:	The Companies Act, Chapter 50, of Singapore, as amended or modified from time to time
<i>“Company”</i>	:	Aspen (Group) Holdings Limited
<i>“Consideration Sum”</i>	:	a sum of RM51,107,040, calculated at a rate of RM40 per square foot
<i>“Constitution”</i>	:	The constitution of the Company, as may be amended or modified from time to time
<i>“Controlling Shareholder”</i>	:	A person who:- <ul style="list-style-type: none"> <li>a) holds directly or indirectly 15.0% or more of the nominal amount of voting shares in the Company (the SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder); or</li> <li>b) in fact exercises control over the Company</li> </ul>
<i>“Dato’ Seri Nazir Ariff”</i>	:	Dato’ Seri Nazir Ariff bin Mushir Ariff
<i>“Director”</i>	:	A director of the Company, as at the date of this Circular
<i>“Directors”</i>	:	Dato’ Murly Manokharan, President and Group Chief Executive Officer; Mr. Cheah Teik Seng, Chairman and Independent Non-Executive Director; Dato’ Seri Nazir Ariff Bin Mushir Ariff, Executive Deputy Chairman; Ir. Anilarasu Amaranazan, Group Managing Director; Dr. Lim Su Kiat, Non-Independent Non-Executive Director; Dato’ Alan Teo Kwong Chia, Independent Non-Executive Director; Mr. Ching Chiat Kwong, Non-

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## DEFINITIONS

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		Independent Non-Executive Director; Mr. Low See Ching (Liu Shijin), Alternate Director to Mr. Ching Chiat Kwong; and Dato' Choong Khuat Seng, Independent Non-Executive Director
<b>"EGM"</b>	:	The extraordinary general meeting of the Company, to be convened for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Diversification set out in the Notice of EGM
<b>"EPS"</b>	:	Earnings per Share
<b>"Existing Business"</b>	:	Has the meaning as ascribed to it in Section 2.1 of this Circular
<b>"First Major Transaction"</b>	:	Has the meaning as ascribed to it in Section 2.9 of this Circular
<b>"FRR"</b>	:	First right of refusal
<b>"FY"</b>	:	Financial year ended or ending on 31 December (as the case may be)
<b>"Group"</b>	:	The Company and its subsidiaries, collectively
<b>"IKB"</b>	:	Invest Kedah Berhad, a state government linked company in Kedah, Malaysia
<b>"Industry 4.0"</b>	:	The ongoing automation of traditional manufacturing and industrial practices, using modern smart technology
<b>"Initial Start-up Cost"</b>	:	The general costs and expenses used for the business plan, research and/or borrowing for the Proposed New Business
<b>"Issue Date"</b>	:	The issuance date of RCPS in AGSB
<b>"JVSA"</b>	:	Joint venture and shareholders' agreement entered into between the Parties on 1 September 2020
<b>"JVSA Conditions Precedent"</b>	:	Has the meaning as ascribed to it in Section 3.4 of this Circular
<b>"KHTP"</b>	:	Kulim Hi-Tech Park
<b>"KTPC"</b>	:	Kulim Technology Park Corporation Sdn. Bhd. (Company Registration Number: 197901000127 (44351-D))
<b>"Land A"</b>	:	A piece of industrial land measuring 29.331 acres located at Kulim Hi-Tech Park, Bandar Lunas, Daerah Kulim, Kedah Darul Aman
<b>"Land B"</b>	:	A piece of industrial land measuring 37.031 acres located adjacent to Land A, at Bandar Lunas, Daerah Kulim, Kedah Darul Aman
<b>"Latest Practicable Date"</b>	:	28 August 2020, being the latest practicable date prior to the printing of this Circular
<b>"Lease Agreement"</b>	:	Lease agreement dated 1 September 2020 between AGSB and KTPC
<b>"Lease Agreement Conditions Precedent"</b>	:	Has the meaning as ascribed to it in Section 4.2 of this Circular

## DEFINITIONS

<b>“LO”</b>	:	Letter of offer dated 12 August 2020
<b>“Management”</b>	:	The senior management of the Group, as at the Latest Practicable Date
<b>“MARGMA”</b>	:	Malaysian Rubber Glove Manufacturers Association
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Maturity Date”</b>	:	The date of the tenth anniversary of the Issue Date
<b>“MITI”</b>	:	The Ministry of International Trade and Industry (Malaysia)
<b>“Mr. Iskandar”</b>	:	Encik Iskandar Basha Bin Abdul Kadir
<b>“Notice of EGM”</b>	:	The notice of EGM which is as set out on pages N-1 to N-4 of this Circular
<b>“NC”</b>	:	The nominating committee of the Company
<b>“NTA”</b>	:	Net tangible assets
<b>“Ordinary Resolution 1”</b>	:	The ordinary resolution in relation to Proposed Diversification as set out in the Notice of EGM on pages N-1 to N-3 of this Circular
<b>“Parties” or “Party”</b>	:	AVA and CMY Capital
<b>“Phase 1”</b>	:	Comprising Phase 1(a) and Phase 1(b)
<b>“Phase 1(a)”</b>	:	The construction and operation of the first facility at Land A
<b>“Phase 1(b)”</b>	:	Increase of production lines within the first facility at Land A
<b>“Pioneer Status” and “Pioneer Period”</b>	:	Under the Promotion of Investments Act 1986, pioneer status may be granted to companies participating in a promoted activity or producing a promoted product as determined by MITI. The promoted activity includes manufacturing and R&D. The pioneer period is a five-year partial exemption from the payment of income tax, commencing from the production day as determined by MITI.
<b>“PPE”</b>	:	Personal protective equipment
<b>“Products”</b>	:	Latex and nitrile gloves for medical and industrial use and any other rubber-related products
<b>“Proposed Diversification”</b>	:	The proposed diversification of the Existing Business to include the Proposed New Business
<b>“Proposed New Business”</b>	:	Manufacturing and distribution of rubber gloves and other related activities
<b>“R&amp;D”</b>	:	Research and development
<b>“RCPS”</b>	:	Redeemable convertible preference shares of AGSB
<b>“Securities Account”</b>	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent

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## DEFINITIONS

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“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST” or “Exchange”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of Shares in the Register of Members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd.
“Substantial Shareholder(s)”	:	Person(s) (including a corporation) who holds not less than 5% (directly or indirectly) of the total votes attached to all the voting Shares in the Company
“Tan Sri Dato’ Chua”	:	Tan Sri Dato’ Chua Ma Yu
<b>Currencies, Units and Others</b>		
“S\$” and “cents”	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
“MY\$”, or “MR cents”	:	Malaysian Ringgit dollars and cents, respectively, the lawful currency of Malaysia
“%” or “per cent.”	:	Per centum or percentage

The term “**associate**”, “**associated company**” and “**subsidiary**” shall have the meanings ascribed to them respectively in the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, the Act and the Catalist Rules.

The terms “**Depositor**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Act, the SFA, the Catalist Rules or such statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the SFA, the Catalist Rules or such statutory modification thereof, as the case may be, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

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## DEFINITIONS

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### **Cautionary Note on Forward-Looking Statements**

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements. Further, the Company disclaims any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

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## LETTER TO SHAREHOLDERS

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### ASPEN (GROUP) HOLDINGS LIMITED

*(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201634750K)*

**Board of Directors:**

Dato' Murly Manokharan	President and Group Chief Executive Officer
Mr. Cheah Teik Seng	Chairman and Independent Non-Executive Director
Dato' Seri Nazir Ariff Bin Mushir Ariff	Executive Deputy Chairman
Ir. Anilarasu Amaranazan	Group Managing Director
Dr. Lim Su Kiat	Non-Independent Non-Executive Director
Dato' Alan Teo Kwong Chia	Independent Non-Executive Director
Mr. Ching Chiat Kwong	Non-Independent Non-Executive Director
Mr. Low See Ching (Liu Shijin)	Alternate Director to Mr. Ching Chiat Kwong
Dato' Choong Khuat Seng	Independent Non-Executive Director

**Registered Office:**

80 Robinson Road  
#02-00 Singapore 068898

3 September 2020

To: The Shareholders of Aspen (Group) Holdings Limited

Dear Sir/Madam,

#### THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE MANUFACTURING AND DISTRIBUTION OF RUBBER GLOVES AND OTHER RELATED ACTIVITIES

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#### 1. INTRODUCTION

##### 1.1 Proposed Diversification

On 12 August 2020, the Board announced its intention to diversify the Group's existing scope of core business to include manufacturing and distribution of rubber gloves and other related activities ("**Proposed New Business**") (the "**Proposed Diversification**").

The Directors are convening an extraordinary general meeting to be held via electronic means on 18 September 2020 ("**EGM**") at 10:30 a.m. to seek Shareholders' approval for 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. Accordingly, pursuant to the Catalyst Rules, Shareholders' approval is required for the Proposed Diversification ("**Ordinary Resolution 1**").

##### 1.2 Acquisition of Indirect Subsidiary in Malaysia

On 12 August 2020, the Company announced that in connection with the Proposed Diversification and to undertake the Proposed New Business, the Company has, on 11 August 2020, via its wholly-owned subsidiary AVA, acquired from Dato' Murly Manokharan, the Group's President and Chief Executive Officer, 100% interest in a dormant company known as AGSB, with an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares.



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## LETTER TO SHAREHOLDERS

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### 1.3 Joint Venture in AGSB

On 12 August 2020, the Company announced its wholly-owned subsidiary, AVA's intention to enter into a joint venture for the Proposed New Business to be undertaken pursuant to the Proposed Diversification of the Group's Existing Business.

Subsequent to the Company's announcement on 12 August 2020, AGSB has, on 28 August 2020, increased its issued and paid-up share capital from RM100.00 comprising of 100 ordinary shares to RM10,000,000.00 comprising of 10,000,000 ordinary shares via an allotment of 9,999,900 new ordinary shares in the capital of AGSB at an issue price of RM1.00 to the existing shareholders of AGSB in the following manner:

Shareholders	Existing Ordinary Shares	Subscription Shares	Resultant Ordinary Shares	Shareholding Proportions
AVA	70	6,999,930	7,000,000	70%
CMY Capital	25	2,499,975	2,500,000	25%
Mr. Iskandar	5	499,995	500,000	5%
<b>Total</b>	<b>100</b>	<b>9,999,900</b>	<b>10,000,000</b>	<b>100%</b>

On 2 September 2020, the Company further announced that the Parties have, on 1 September 2020, entered into a formal JVSA to regulate the joint venture and the Parties' relationship as shareholders and conduct the Proposed New Business subject to the conditions precedent as elaborated in Section 3 below.

### 1.4 Letter of Offer, First Right of Refusal, Memorandum of Understanding and Lease Agreement

On 12 August 2020, the Company announced that, in connection with the Proposed New Business, AGSB had, on 12 August 2020, entered into the following transactions:

- (i) acceptance of a binding LO from KTPC to lease Land A and a FRR with KTPC for the lease of Land B, both lands totalling 66.362 acres; and
- (ii) entry into a memorandum of understanding with IKB to provide the necessary support and facilitation for the establishment and operation of the Proposed New Business.

On 2 September 2020, the Company further announced that AGSB has entered into a Lease Agreement with KTPC on 1 September 2020 to lease Land A subject to the conditions precedent as elaborated in Section 4 below.

### 1.5 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Diversification, including the rationale for and benefits thereof to the Group, and to seek Shareholders' approval for the Proposed Diversification at the forthcoming EGM, the notice of which is set out on pages N-1 to N-3 of this Circular.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purposes.

The SGX-ST assume no responsibility for the contents of this Circular including the correctness of any of the statements or opinions made or reports contained in this Circular.

### 2. THE PROPOSED DIVERSIFICATION

#### 2.1 Existing Business of the Group

The Group is principally engaged in property development in Malaysia with a focus on developing affordable residential and mixed development properties at strategic locations, with quality infrastructure and amenities, which target middle-income mass market purchasers. The Group also provides value-added options and services for its completed units, such as quality furnishings and home appliances from reputable brands at cost efficient prices ("**Existing Business**").

It is envisaged that the Group will continue to rely substantially on the Existing Business for the short to medium term. The Group remains committed to the Existing Business so long as its continuity is in the best interest of the Group. The Proposed Diversification is meant to increase the Group's business opportunities and thereafter contribute positively to the growth, financial position and long-term prospects of the Group.

#### 2.2 Details of the Proposed New Business

Subject to the approval of the Shareholders for the Proposed Diversification being obtained at the EGM, the Group intends to expand its Existing Business to include the Proposed New Business as described below, as and when appropriate opportunities arise:

- (a) expansion into the business of the manufacture, sale and distribution of the Products; and
- (b) to carry out research and development in connection with the Proposed New Business and the Products.

The Group may also, as part of the Proposed New Business, invest in or dispose of shares or interests in any entity that is in the Proposed New Business.

Notwithstanding that the Proposed New Business shall be primarily conducted in Malaysia, the Group does not plan to restrict the Proposed New Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits. The Group may also explore other joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Proposed New Business as and when the opportunity arises.

The decision on whether an investment should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of the respective business, amount of investment required and risks associated with such an investment, nature of expertise required and economic conditions, taking into account the opportunities available.

Subject to Shareholders' approval for the Proposed Diversification at the EGM, should the Group pursue any of such business opportunities under the Proposed New Business, such business activities shall constitute part of the ordinary course of business of the Group (where it does not change the risk profile of the Group), and the Company will make the requisite announcements to update Shareholders in accordance with the requirements of the Catalyst Rules.

#### 2.3 Rationale of the Proposed Diversification

The Proposed Diversification is part of the Group's corporate strategy to provide it with diversified and long-term growth, by adding to the Group new revenue and earning streams which the Group believes will serve to enhance Shareholders' value.

The rationale for the Proposed Diversification is set out below:

### 2.3.1 *Reducing reliance on and mitigating against volatility of the Existing Business*

The Proposed Diversification is expected to provide additional revenue streams for the Group, enable the Group to expand its revenue base, reduce the Group's heavy reliance on the Existing Business, which is expected to remain challenging due to a supply/demand mismatch, poor market sentiment and decreasing affordability levels, which has been further compounded by the Covid-19 pandemic and domestic political uncertainty.<sup>1</sup>

Given the prevailing uncertainties in the current Malaysian property sector, the Group believes it is more prudent to reduce its heavy dependence on the Existing Business and look into the diversification of the Group's revenue streams. The Proposed Diversification may provide the Group with a more diversified business and stable revenue stream for future growth to enhance Shareholders' value for the Company.

### 2.3.2 *Benefit from the increasing demand and possible global shortage of gloves*

The medical gloves market is expected to grow at a compound annual growth rate of over 15% during the period 2019–2025<sup>2</sup>. 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 sectors are major factors contributing to the growth. According to CGS CIMB's analyst research, even as nations emerge from lockdown, demand for PPE such as rubber gloves will remain strong as a protective measure<sup>3</sup>.

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%<sup>4</sup>. 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 2020<sup>5</sup>.

Even after recovery from the Covid-19 pandemic, the Group can reasonably expect the demand of gloves to continue as it has become an important and essential product. This is based on the fact that the use of gloves has been adopted as a standard operating procedure across sectors to prevent contamination of products. For instance, the use of gloves is envisaged to increase substantially for restaurants and foodservice workers as well as the hospitality and travel sector in the post-Covid-19 era due to heightened emphasis on hygiene.

According to 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 year<sup>6</sup>. The increased demand is due to the Covid-19 pandemic, as well as stock piling and new users following the pandemic<sup>7</sup>. MARGMA expects the global demand for rubber medical gloves to be about 345 billion in 2020 against 298 billion in 2019<sup>8</sup>.

With the demand exceeding supply currently, the urgency of securing orders has led to higher prices being offered to secure inventory<sup>9</sup>. As a result, glove makers are no longer pricing their healthcare gloves using the typical cost-plus mechanism.

Instead, selling prices have been on a sequential uptrend, despite raw material prices trending lower<sup>10</sup>.

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<sup>1</sup> <https://www.edgeprop.my/content/1712683/whats-pending-property-sector>

<sup>2</sup> [https://www.researchandmarkets.com/reports/5067356/medical-gloves-market-global-outlook-and?utm\\_source=dynamic&utm\\_medium=GNOM&utm\\_code=bwvvgbl&utm\\_campaign=1397492+-+Insights+on+the+Global+Medical+Gloves+Industry+to+2025+-+Key+Drivers%2c+Trends+and+Restrains+and+utm\\_exec=jamu273gnomd](https://www.researchandmarkets.com/reports/5067356/medical-gloves-market-global-outlook-and?utm_source=dynamic&utm_medium=GNOM&utm_code=bwvvgbl&utm_campaign=1397492+-+Insights+on+the+Global+Medical+Gloves+Industry+to+2025+-+Key+Drivers%2c+Trends+and+Restrains+and+utm_exec=jamu273gnomd)

<sup>3</sup> [https://api2.sgx.com/sites/default/files/2020-06/CGS-CIMB%20-%20Medical%20Equipment%20%26%20Svcs\\_22%20Jun%202020.pdf](https://api2.sgx.com/sites/default/files/2020-06/CGS-CIMB%20-%20Medical%20Equipment%20%26%20Svcs_22%20Jun%202020.pdf)

<sup>4</sup> <https://kenanga.com.my/wp-content/uploads/2020/07/Rubber-Gloves-200708-3Q20-StrategyKenanga.pdf>

<sup>5</sup> <https://www.malaymail.com/news/malaysia/2020/06/26/covid-19-gave-malaysian-rubber-products-a-lift-govt-data-shows/1879146>

<sup>6</sup> <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>

<sup>7</sup> <https://kenanga.com.my/wp-content/uploads/2020/07/Rubber-Gloves-200708-3Q20-StrategyKenanga.pdf>

<sup>8</sup> <https://sme.asia/rubber-glove-industry-to-step-up-productivity/>

<sup>9</sup> [https://api2.sgx.com/sites/default/files/2020-06/CGS-CIMB%20-%20Medical%20Equipment%20%26%20Svcs\\_22%20Jun%202020.pdf](https://api2.sgx.com/sites/default/files/2020-06/CGS-CIMB%20-%20Medical%20Equipment%20%26%20Svcs_22%20Jun%202020.pdf)

<sup>10</sup> [https://api2.sgx.com/sites/default/files/2020-06/CGS-CIMB%20-%20Medical%20Equipment%20%26%20Svcs\\_22%20Jun%202020.pdf](https://api2.sgx.com/sites/default/files/2020-06/CGS-CIMB%20-%20Medical%20Equipment%20%26%20Svcs_22%20Jun%202020.pdf)

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## LETTER TO SHAREHOLDERS

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With new daily cases of Covid-19 still on an uptrend worldwide<sup>11</sup>, the Group believes that the demand for PPE such as gloves will continue and provide support for the current average selling price.

Despite most existing glove makers in Malaysia running at full capacity, there are still production backlogs of 4–6 months in fulfilling orders<sup>12</sup>. 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.

### **2.3.3 Readily available resources**

The Group, having its main operations in Malaysia, has the opportunity to tap into the readily available infrastructure and resources required for the Proposed New Business to capitalise on the demand. Malaysia has ample resources which are essential to the production of rubber gloves. Malaysia also has ample raw materials used in the production of rubber gloves such as latex and petrochemicals which are used to make synthetic latex. It is no surprise that the rubber glove industry in Malaysia has seen a steady growth since the 1980s. MARGMA expects Malaysia's glove industry to continue to dominate global glove exports in the years to come<sup>13</sup>. The glove industry is expected to grow at a firm pace of around 12% per annum in the years to come<sup>14</sup>.

### **2.3.4 Marketability**

The Company 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 potential 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. The Company will make further announcement(s) as and when we have entered into significant sales contracts.

## **2.4 Risk Factors**

If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed New Business, this may have a material and adverse impact on the Proposed New Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly affected.

The risks declared below are not intended to be exhaustive and not presented in any order of importance. There may be additional risks not presently known to the Company or are currently not deemed to be material. New risk factors may emerge from time to time and it is not possible for the Management to predict all risk factors, nor can the Group assess the impact of all factors on the Proposed New Business or the extent to which any factor or combination of factors may affect the Group.

**Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Circular before deciding on whether to vote in favour of the Proposed Diversification.**

### **2.4.1 Risks Relating to the Entry of Proposed New Business**

#### **(a) The Group has no prior track record and operating history in the Proposed New Business**

As the Group does not have a proven track record in carrying out the Proposed New Business, there is no assurance that the Proposed New Business will be commercially successful and

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<sup>11</sup> [https://edition.cnn.com/world/live-news/coronavirus-pandemic-08-24-20-intl/h\\_c7885b830e2ecce2bbd8ab8fc282b24f](https://edition.cnn.com/world/live-news/coronavirus-pandemic-08-24-20-intl/h_c7885b830e2ecce2bbd8ab8fc282b24f)

<sup>12</sup> <https://www.adb.org/sites/default/files/publication/579121/ppe-covid-19-supply-chains-bottlenecks-policy.pdf>

<sup>13</sup> <https://sme.asia/rubber-glove-industry-to-step-up-productivity/>

<sup>14</sup> <https://www.thestar.com.my/business/business-news/2019/11/14/rubber-gloves-industry-to-see-continued-growth-in-2020>

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that the Group will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the Proposed New Business. The Proposed New Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Proposed New Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Proposed New Business effectively, the overall financial position and profitability of the Group may be adversely affected. Further, such financial costs could potentially be incurred in the form of capital commitments, debts, and contingent liabilities as well as increased operating expenses. Additional gearing is subject to interest payments and interest rate fluctuations and may also be subject to conditions that restrict or require consent for corporate restructuring or additional financing or fund raising, or restrictions on the payment of dividends and maintenance of certain financial ratios. These conditions may limit the flexibility of the Group in planning for, or reacting to, changes in the business of industry.

The Group will also be exposed to the risks associated with a different competitive landscape and a different operating environment. In particular, the Group will be affected by factors affecting the trends and developments affecting the rubber glove manufacturing industry in general. The rubber glove manufacturing industry is in turn affected by general economic conditions, other correlated sectors such as the healthcare, F&B, hospitality and travel sectors, changes in interest rates and relevant government policies and measures.

The Group's future plans with regard to the Proposed New Business may not be profitable, may not achieve the targeted sales levels and profitability that justify the investments made and may take a long period of time before the Group could realise any return. The activities of the Proposed New Business may entail financial and operational risks, including diversion of the Management's attention and difficulty in recruiting suitable personnel.

**(b) The Group may not have the ability or sufficient expertise to execute the Proposed Diversification**

The Group's ability to successfully diversify into the Proposed New Business is dependent upon its ability to adapt its existing knowledge and expertise and leverage on such to navigate the Proposed New Business. There is no assurance that the Group's existing experience and expertise will be sufficient for the Proposed New Business now and in the future as it incrementally expands, or that the Group will be able to hire employees with the relevant experience and knowledge, when required. The Group may not be able to successfully implement the Proposed New Business and this may adversely affect the Group's financial performance and profitability.

While the Group has planned the Proposed Diversification based on the Group's understanding of the current market outlook and general economic situation, there is no assurance that such plans will be commercially successful or that the actual outcome of the Proposed Diversification will match the Group's expectations. In such event, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

**(c) The Group may face intense competition from existing competitors and new market entrants in the Proposed New Business**

The rapid development and growth of the rubber glove market in Malaysia may lead to the Proposed New Business facing increasing competition among the market participants. The Proposed New Business competes with both domestic and international companies with respect to factors such as precincts, facilities, technology and pricing. The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger economies of scale and established networks. Intensified competition may result in increased costs for materials and overheads which may adversely affect the Proposed New Business, operations, results of operations and financial position.

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As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition may not have an adverse effect on the Group's business, operations, results of operations and financial position.

**(d) The Proposed New Business will be dependent on the recruitment and retention of qualified employees for its operations**

As the Management currently does not have direct experience in the operations and technical expertise in the Proposed New Business, the Group is dependent on the expertise and experience of the employees to be employed or parties that the Group would be collaborating with. The Proposed New Business would be dependent on the Group's ability to identify, retain, and/or train qualified employees to grow a management team to oversee the Proposed New Business. There is no assurance that the Group is able to identify such qualified employees and retain their continuous service. The operations of the Proposed New Business would adversely be impacted if such qualified employees are not employed or retained, and hence affecting the financial performance of the Group.

### **2.4.2 Risks Relating to the Rubber Glove Industry**

**(a) The Group may be exposed to product safety, quality-related risks and subject to stringent healthcare regulations that may harm its business and reputation and subject it to product liability claims and/or regulatory action**

Product safety and quality will be critical to the Group's business and the Group will have to rely heavily on quality control systems to ensure the safety and quality of its Products.

While the Group will put in place a proper quality control system and conduct regular product inspection checks prior to delivering the Products to the customers, the Group cannot provide any assurance that failures in its quality control systems will not occur. Such failures may occur due to technical malfunctions, including of the equipment used to manufacture gloves, or through negligence or misconduct occurring during the production or operating process which may result in product contamination. The Group's safety and quality inspection systems may not always be able to detect any such contamination or quality-related issues. Contamination and quality-related issues may also result from residues introduced during the storage, handling and transportation phases. Any such contamination or quality-related issues may cause the Group to suffer monetary losses through product liability claims or penalties assessed by government agencies or result in damage to its reputation, which would in turn materially and adversely affect the Group's business, financial condition, results of operations and/or prospects.

Although the Group's gloves will be required to comply with stringent quality assurance procedures, as well as to comply with international standards and requirements, there remains a possibility that the gloves manufactured or distributed may contain chemical substances, including latex protein and/or other substances that are sensitive to certain users.

The customers who use the Products may develop allergic or other adverse reactions despite its safety and quality controls and testing. If customers and users of the Group's products suffer any damage, injury, illness or other adverse reactions as a result of using its Products, the Group may face an inherent risk of exposure to product liability actions and legal claims, and revocation of its product quality standard accreditation.

Further, in the event the Group's products are found to be unfit for their intended purpose, non-compliance with industry requirements or contain material defects, the Group may face product liability claims from customers. In the event of such incidents, the Group may have to spend a significant amount of time and resources to defend itself in the event that legal proceedings are instituted against it, with or without merit. Such claims, if decided unfavourably against the Group, may have an adverse impact on the Group's business, financial condition and results of operation.

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The Group's Products may be exposed to government health regulations in the jurisdictions in which it operates, and is particularly exposed to any regulatory ban on certain glove products or certain materials used to manufacture the glove products. In the event that such ban is implemented in other developed markets and/or in developing markets, the Group's export sales to these markets may be affected and any resultant decrease in or loss of sales of the affected products may have a material adverse financial effect on the Group's business, financial condition, results of operations and/or prospects.

**(b) The Group's profitability may be affected by shortages in raw materials or fluctuations in raw material prices**

The primary raw materials to be used in the Group's production facilities are natural rubber and nitrile, which the Group will purchase from external suppliers. The market prices of raw materials may fluctuate due to, among other reasons, changes in global supply and demand conditions. Nitrile, the main raw material to be used in the production of the Group's nitrile examination gloves, is a petroleum-based product. Any increase in petroleum prices may result in the increase in nitrile prices and consequently, an increase in the Group's production costs. Any increase in the cost of natural rubber may also lead to an increase in the Group's production costs. Factors that may affect the cost of natural rubber include supply and demand as well as weather conditions and seasonality. The price of crude oil may also have an indirect impact on the cost of natural rubber as an increase in the price of crude oil may increase demand for natural rubber as opposed to synthetic rubber.

If the Group is unable to pass on cost increases to customers and it is unsuccessful in alternatively managing its exposure to the effects of natural rubber and nitrile price fluctuations, the Group's financial condition, results of operations and/or prospects could be materially and adversely affected.

Any sudden shortage of supply or reduction of allocation of raw materials from its suppliers, or any increase in raw material prices may result in the Group having to pay a higher cost for these raw materials which may adversely affect its results of operations. In the event that the Group is unable to find a comparable source of supply at similar rates or pass on increases in the costs of such raw materials to its customers on a timely basis, the profit margins of its products may be adversely affected.

**(c) The Proposed New Business is subject to applicable governmental regulations, including licensing requirements**

The Group may be required to obtain certain licences and permits issued by various government authorities and regulatory agencies, and such licences and permits are essential for the conduct of the Proposed New Business. There is no assurance that the Group will be able to obtain such licences, approvals and permits in a timely manner or at all.

These licences and permits are also generally subject to a variety of conditions which are either stipulated in the licences and permits themselves or under the particular legislation and/or regulations. The continuation of these licences and permits may be subject to periodic examinations and/or random inspections by the relevant authorities to ensure that the Group's premises comply with all relevant regulations of the issuing authority. Any breach or material non-compliance with the regulations of the issuing authorities may result in suspension, withdrawal or termination of the relevant licences and permits, financial penalties or cessation of the Group's operations.

In the ordinary course of business, the Group may be required to renew various licences and permits, and the renewal processes may inadvertently be delayed due to administrative lag. The Group cannot guarantee that, upon the expiration of any of its licences and permits, it will be able to renew all necessary licences and permits in the future in a timely manner or at all or that the Group will not be subject to suspension, withdrawal or termination of its licences and permits. Any failure to secure renewal, or any loss, of a required licence or permit, would materially and adversely affect the Group's business, financial condition, results of operations and/or prospects.

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**(d) Rising operational costs could materially and adversely affect the Group's business, financial condition, results of operations and prospects.**

The Group will use various types of fuel including natural gas, biomass and diesel mainly for the boilers and other heating devices to be used in its production process of gloves. As fuel costs will contribute a significant proportion of the Group's cost of production, any increase in global fuel prices may have an adverse effect on its profitability and financial performance in the event the Group is unable to pass on the increase in fuel costs to customers.

Rising cost of electricity and water may also result in increased energy-related costs for the Group's operating activities. In addition, operational costs for compliance with new labour policies may increase exponentially. There can be no assurance that rising labour and utilities costs may not have an increasingly adverse impact upon the Group's operational costs and materially and adversely affect its business, financial condition, results of operations and/or prospects.

**(e) Failure to comply with environmental regulations could harm the Group's operating results, financial condition and reputation.**

The Group's manufacturing operations will be subject to the relevant environmental laws and regulations in Malaysia and any other jurisdictions in which it may operate in the future. These laws and regulations may require the Group to adopt measures to effectively control and properly dispose of waste gases, waste water, industrial waste and other environmental waste materials.

Due to the proposed scale of the Group's operations, it is inevitable that a large quantity of waste and emissions is produced, some of which require appropriate disposal. Although the Group will install and adopt measures to control the disposal of waste gases, waste water, industrial waste and other environmental waste materials and to reduce the environmental impact of the discharged waste, there is no assurance that these measures may be sufficient. In the event that environmental laws, regulations or government policies are amended and more stringent requirements are imposed on the Group, the Group may incur corresponding increased costs and expenses and would need to allocate additional resources to comply with such requirements.

In the course of the Group's operations, it may unknowingly emit pollutants or otherwise cause environmental damage or be in breach of applicable environmental laws and regulations. Any failure by the Group to comply with the applicable environmental laws and regulations may lead to claims, liabilities or the suspension of its operations, and thereby materially adversely affect the Group's business, financial condition, results of operations and/or prospects.

If the Group fails to comply with any of the relevant environmental laws and regulations, depending on the type and severity of any violation, it may be subject to, among other things, warnings from relevant authorities, imposition of fines and/or criminal liability, being ordered to close down business operations and suspension of relevant permits. As a result, the Group's reputation may be harmed and its business, financial condition, results of operations and/or prospects could be materially and adversely affected.

**(f) The Group may be dependent on foreign labour and may face increased costs of labour or labour shortage**

The glove manufacturing industry requires manual labour in certain areas which do not involve automated processes, such as quality control and packing. Any changes in the policies of the foreign workers' countries of origin or any restrictions in the jurisdictions the Group operates in may affect the supply of foreign labour and cause disruptions to its business operations and impact its financial performance.

Changes in labour law such as reduction of overtime allowed and higher work benefits may also be implemented by the Malaysian government under the pressure of the migrant workers' associations. Given the relatively large workforce under the employment of the Group, earnings



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may be affected unless the effects of such measures can be mitigated by improved automation, computerisation and R&D improvement initiatives. In the event that the number of foreign workers that the Group can employ is reduced and/or the Group has to turn to a costlier source of labour, its financial performance may be adversely affected.

**(g) The Group is subject to risks associated with technological changes and advancements in materials technology.**

The Proposed New Business is susceptible to changes in technology. With the advancement of technology and continual R&D in the production process for the manufacturing industry, new manufacturing techniques for the Group's products may be developed. There is no assurance that potential competitors may not in the future adopt newer and cheaper alternatives to replace the raw materials used in the production of the Group's products. This may result in lower production costs per unit. There can be no assurance that potential competitors may not in the future launch new products. In the event that it is unable to adapt its production processes with newer and more efficient manufacturing techniques and/or price its products competitively against other glove manufacturers, the Group may lose its market share and its business, financial condition, results of operations and/or prospects may be adversely affected.

**(h) Any future natural disaster, health epidemics or terrorist attacks may adversely affect the Group's operational results**

The Proposed New Business is subject to general economic and social conditions in the regions where we operate. Natural disasters, epidemics, terrorist attacks and other acts of God, which are beyond our control, may adversely affect the economy, infrastructure and livelihood of people in the regions we operate.

The threat of flood, earthquake, sandstorm, snowstorm, fire, drought, terrorist attacks and pandemics such as the Covid-19 may result in material disruptions to our operations and delays in meeting our clients' orders, which in turn could materially and adversely affect our business, financial condition and results of operations.

**2.4.3 Political instability in Malaysia may adversely affect the economy, which in turn could have a material adverse effect on the Group's business, prospects, financial condition and results of operations**

Political instability brought about by changes in political leadership, and any resulting impacts on government policies and laws, could adversely affect the Malaysian economy, which could lead to extended disruptions in the Group's operations and/or adversely affect the Group's business. The Group cannot assure investors that political instability will not occur in the future, or that any such instability will not, directly or indirectly, materially and adversely, affect the Group's business, prospects, financial condition and results of operations.

**2.4.4 The Group may be exposed to foreign exchange risk**

The Group may be exposed to risks related to exchange rate fluctuations. While the Group's operating expenses and purchases would be denominated mainly in Malaysian Ringgit, its revenues would be primarily denominated in foreign currency as its sales are expected to be principally in markets outside Malaysia. Products manufactured under Phase 1(a) of the Proposed New Business is expected to be 100% for the export market to the United States of America, United Kingdom, Europe, Japan and Middle East. To the extent that the Group's sales, purchases and operating costs are not naturally matched in the same foreign currency and there are timing differences between invoicing and collections/payment, it will be exposed to any adverse fluctuations of the various currencies against Malaysian Ringgit.

While hedging instruments may be available to reduce the Group's exposure to exchange rate fluctuations, the cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced currency volatility. The availability and effectiveness of these hedging instruments may be limited and the Group may not be able to

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hedge its exposure successfully, or at all.

### **2.4.5 General risks of doing business overseas**

There are inherent general risks in doing business overseas. These general risks include unexpected changes in regulatory requirements, social and political instability, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers, variable and unexpected changes in local law, any of which could materially affect the sale and distribution of the Products overseas. These risks may affect the Group's business and financial condition.

## **2.5 Operation and Management of the Proposed New Business**

### **2.5.1 Leadership and Board Representation**

AGSB will be led by its board of directors consisting of (i) Tan Sri Dato' Chua and (ii) Datuk Chua Sai Men, both of CMY Capital, (iii) Dato' Murly Manokharan and (iv) Dato' Seri Nazir Ariff both Executive Directors of the Group, (v) Mr. Lim Soo Aun, Chief Financial Officer of the Group and (vi) Mr. Iskandar.

Tan Sri Dato' Chua who is the founder and a director of CMY Capital shall be appointed as the Non-Executive Chairman of the board of directors of AGBS.

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, who is currently the Chairman of Small Medium Enterprise Development Bank Malaysia Berhad and an independent director of Texchem Resources Berhad, a business which includes the supply of latex chemical to the glove manufacturing industry, started his working career in 1974, holding various key positions at Escoy Holdings Berhad (formerly known as Datuk Keramat Holdings Berhad), which was one of the largest tin smelting company in the world, until the end of his tenure as the Managing Director in 2006. He was the Chairman of the Malaysian International Chamber of Commerce and Industry (Northern Branch) from 1995 to 2018. He served as a board member of the Kuala Lumpur Commodities Exchange and as the founding Board member and Chairman of The Kuala Lumpur Tin Market.

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 Proposed New Business.

Mr. Iskandar has been officially appointed as the managing director of AGBS with effect from 2 September 2020. An accomplished veteran in the business and government sector, Mr. Iskandar, aged 60 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 infra projects and fiscal policy advisory.

Mr. Iskandar was previously the Deputy General Manager of Penang Development Corporation, a Finance Manager/Treasurer in ExxonMobil, Managing Director of Euronext listed software consulting firm (SAP software) and have held other portfolios in banking and shipyard.

In the government sector, Mr. Iskandar held an advisory role in the Economic Planning Unit (EPU) of the Malaysian Prime Minister's Department covering a variety of development projects. He has accumulated an invaluable network with the various ministries.

Mr. Iskandar's 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' Murly Manokharan will lead the key management team of AGBS as its Chief Executive Officer.

### 2.5.2 Management Team

The board and key management of AGSB 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.

AGSB is in the midst of finalising the appointment of a qualified person with over 20 years' experience predominantly in the rubber glove manufacturing industry for the position of Chief Operating Officer. Further announcement will be made on SGXNET once the appointment is finalised.

Currently, the recruitment process is underway to hire other key personnel with at least 10 years of relevant experience and further announcements on the key appointments will be made when their appointments are finalised and approved by the NC and the Board of the Company.

### 2.5.3 Technology and Sustainability

AGSB will leverage on the latest available technology which would efficiently use the required natural resources and energy i.e. water, gas and electricity in the production of gloves. The latest technology will streamline complex processes to increase productivity and profitability. The Group recognises the importance of building a sustainable manufacturing facility to minimize the environmental and health concerns, and conserve energy and natural resources. To that end, the manufacturing factories to be built will have rainwater harvesting tanks for reuse. Further, solar panels that can transform the light energy to electricity will also be installed to reduce the operating cost associated with manufacturing. In addition, AGSB will also leverage on an Energy Management System (EMS) to achieve continual improvement of energy performance, including energy efficiency, energy use and consumption. AGSB will also be committed to continuously improve the health, safety, and environmental performance of the company to prevent wastage, ill health, injury and pollution.

### 2.5.4 Research & Development

An internal R&D team will be set up to carry out intensive research in collaboration with both local and international universities to formulate a more sustainable and environment-friendly manufacturing process that can add value to the environment, society and the economy.

### 2.5.5 Industry 4.0

High on Malaysia's national economic growth agenda<sup>15</sup> is the development of its future generations to prepare for the Industry 4.0. Moving forward, AGSB will also embrace Industry 4.0 which is driven by the digital revolution and the Internet-of-Things to gain a competitive edge in the global arena. Industry 4.0 helps to optimize production, maximize productivity, save costs, increase profitability and efficiency, reduce waste and can increase automation to prevent errors and delays. It can also intervene faster in case of production issues and enhance quality of the Products.

### 2.5.6 Production

AGSB intends to manufacture 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.

#### Proposed Production at Land A

As announced on 2 September 2020, AGSB had submitted an application to the local council in KHTP for development order and building plan approval for phase 1(a), for the construction

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<sup>15</sup> [https://www.miti.gov.my/miti/resources/National%20Policy%20on%20Industry%204.0/Industry4WRD\\_Final.pdf](https://www.miti.gov.my/miti/resources/National%20Policy%20on%20Industry%204.0/Industry4WRD_Final.pdf)

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of the manufacturing facility at Land A. The development order and building plan approval is expected to be approved on a fast track basis.

An application has also been submitted for permission to commence piling works. Subject to Shareholders' approval at the EGM, AGSB plans to commence piling works by 21 September 2020 and complete the piling works within a month. Main building works is expected to commence immediately after, with a targeted completion by Q1 2021.

Under Phase 1(a) of the Proposed New Business, AGSB targets to bring to market 1.1 billion pieces of gloves per annum. AGSB is expected to complete the facilities, commence operations and market the Products under Phase 1(a) by 3Q 2021. AGSB expects to invest approximately RM105 million to complete Phase 1(a). Products manufactured under Phase 1(a) of the Proposed New Business is expected to be 100% for the export to the United States of America, United Kingdom, Europe, Japan and Middle East.

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

Phase	Expected Completion	Investment (RM)	Total Annual Output Capacity
1(a)	3Q 2021	105 million	1.1 billion
1(b)	2Q 2022	40 million	3.5 billion

Subsequently, depending on market demand, AGSB may complete another 3 phases within the next three years whereby upon completion of Phases 1, 2, 3 and 4, AGSB can expect to produce a total of 14 billion gloves annually.

In the event there is further market demand, AGSB will seek to negotiate with KTPC for the lease of the adjacent Land B and to increase production capacity up to 28 billion pieces of gloves per annum by including more production lines at Land B within three to five years.

### 2.5.7 Incentives

In Malaysia, tax incentives, both direct and indirect, are provided for in the Acts which cover investments in the manufacturing, agriculture, tourism and approved services sectors as well as R&D, training and environmental protection activities.

The direct tax incentives grant partial or total relief from income tax payment for a specified period, while indirect tax incentives are in the form of exemptions from import duty and excise duty.

AGSB intends to apply for the relevant and applicable incentives for the Proposed New Business.

AGSB will also apply for a Pioneer Status to enjoy the tax benefits during the Pioneer Period. If successful, any unabsorbed capital allowances incurred during the Pioneer Period can be carried forward and deducted from the post pioneer income of the company. Accumulated losses incurred during the Pioneer Period can also be carried forward and deducted from the post pioneer income of the company for a period of seven consecutive years.

### 2.5.8 Strategic Location

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 Company has identified two pieces of industrial leasehold land measuring a combined area of approximately 66.362 acres i.e. Land A and Land B in Kulim Hi-Tech Park. The lands are

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favoured due to their prime location and immediate readiness for construction of a plant. Further details of the executed LO and FRR are disclosed under Section 5 of this Circular.

### 2.5.9 Strategic Alliances

Considering the tangible economic and social benefits that are engendered due to the establishment of the Proposed New Business by AGSB in Kedah Darul Aman, IKB shall, pursuant to a memorandum of understanding entered into between IKB and AGSB, use its best endeavours to extend the necessary support, direct consultation and facilitation to AGSB in relation to the establishment and operation of the Proposed New Business.

Despite being a new entrant during a period of strong market demand, the Board believes that global demand for the 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.

### 2.5.10 Intellectual Property

AGSB intends to design, manufacture and distribute the Products under the “Aspen Glove” trademark or on an original equipment manufacture (OEM) basis. AGSB will also provide value-added consulting services for Products promoted under the “Aspen Glove” trademark by providing tailor made solutions to cater to its customers’ unique business needs. Depiction of the said trademark are as follows:



AGSB is in the process of registering the above “Aspen Glove” trademark. The registration of trademark will protect the products and services in different markets and signal the actual presence of the company in the market, given the formal requirement that they are used in the market. The registration of trademark would also account for the advertising investment related to the rubber gloves products.

The trademark registration also serves as an indicator of intellectual assets, marketing strategies and diversification strategies.

### 2.6 Funding Requirements

When required, the Group intends to fund the Proposed New Business through a combination of internal resources, bank borrowings and/or other fund-raising activities arranged with financial institutions and/or individuals. As and when necessary and deemed appropriate, the Group may also explore secondary fund-raising exercises by tapping into the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

### 2.7 Financial Impact of the Proposed Diversification

#### 2.7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Diversification will not have any effect on the issued share capital of the Company and the substantial shareholders' shareholdings in the Company as it will not involve any issuance of new shares.

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### 2.7.2 Pro forma financial effects on the NTA per share and EPS

#### (i) Bases and Assumptions

The pro forma financial effects of the completion of Phase 1 on the Proposed New Business in the Company are set out below and are prepared based on the audited consolidated financial results of the Group. The pro forma financial effects set out below are for illustrative purposes only and are therefore not indicative of the actual financial performance or position of the Company upon completion of Phase 1.

For illustrative purposes, the financial effects of the completion of Phase 1 are based on, inter alia, the following assumptions:

- (a) lease of Land A, construction of production facilities in accordance to Phase 1, purchase or lease of plant and machineries and purchase of raw materials do not have an impact on NTA or EPS and the operating expenses are limited to estimated manpower cost and general administration cost of RM 7 million only;
- (b) for the purpose of computing the financial effects of the completion of Phase 1 on the net tangible assets of the Company, Phase 1 is assumed to have been completed on 31 December 2019;
- (c) for the purpose of computing the financial effects of the completion of Phase 1 on the earning per share, Phase 1 is assumed to have been completed on 1 January 2019; and
- (d) excludes all professional fees incurred in connection with the completion of Phase 1.

#### (ii) NTA per Share

	Before completion of Phase 1	After completion of Phase 1
<b>NTA of the Company as at 31 December 2019 (RM'000)</b>	399,314	399,314
<b>Number of issued and paid-up shares</b>	963,570,100	963,570,100
<b>NTA per Share (RM cent)</b>	41.44	41.44

#### (iii) EPS

	Before completion of Phase 1	After completion of Phase 1
<b>Earnings / (Losses) for the year attributable to owners of the Company (RM'000)</b>	16,736	9,736
<b>Weighted average number of issued and paid-up shares for FY2019</b>	963,544,988	963,544,988
<b>Earnings / (Losses) per Share for FY2019 (RM cent)</b>	1.74	1.01

### 2.8 Financial Reporting

For the purposes of reporting the financial performance of the Group, in accordance with the applicable accounting standards and the Catalist Rules, where the financial results of the Proposed New Business is material, it will be accounted for and disclosed as a separate segment in the Group's financial statements. The Group's financial statements, which could include the financial results of the Proposed New Business, will continue to be periodically announced in accordance with the requirements set out in Chapter 7 of the Catalist Rules.

### 2.9 Application of Chapter 10 of the Catalist Rules to the Proposed Diversification

As the Proposed New Business is substantially different from the Group's existing core business, it is envisaged that the Proposed Diversification will change the existing risk profile of the Group. Accordingly, the EGM will be convened by the Company to seek Shareholders' approval for the Proposed Diversification.

Upon Shareholders' approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the Proposed New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Proposed New Business and which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Proposed New Business arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained,

- a) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the Proposed New Business) and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting; or
- b) Part III of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

Notwithstanding the above, when the Group enters into its first major transaction as defined under Rule 1014 of the Catalist Rules involving the Proposed Diversification ("**First Major Transaction**"), or where any of the Catalist Rule 1006 figures in respect of several transactions are aggregated over the course of a financial year exceeds 75% ("**Aggregated Transactions**"), such First Major Transaction or the last of the Aggregated Transactions will be made upon Shareholders' approval.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

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## LETTER TO SHAREHOLDERS

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### 3. JOINT VENTURE

#### 3.1 Information on CMY Capital

CMY Capital, incorporated in Malaysia, is an active global capital market investor. The principal activities of CMY Capital involve investment holdings, equity investments, hotel and real estate developments.

Prior to the joint venture and save as disclosed in the foregoing, CMY Capital and its shareholders are independent and unrelated parties to the Group, the Company's directors, and controlling shareholders, and have had no prior business, commercial or trade dealings with the Group.

#### 3.2 Summary of the Joint Venture

Pursuant to the JVSA, the Parties intend to jointly develop the Proposed New Business and the Parties agree that AGSB shall act as the joint venture vehicle / special purpose vehicle through which the Parties shall jointly operate the Proposed New Business.

The funding of the Proposed New Business is to be financed via a combination of internal funds from shareholders and external borrowings. AVA and CMY Capital will contribute to the initial capital requirements of AGSB which is estimated at RM105 million for Phase 1(a). The initial capital injection of the first RM10 million has been carried out via a subscription of ordinary shares and the remainder RM95 million is expected to be invested via a subscription of RCPS by AVA and CMY Capital, as and when required for the Proposed New Business.

Funding for the future phases after the initial capital of RM105 million shall be financed as far as possible through external borrowings and credit facilities obtained by AGSB.

#### 3.3 Subscription of Redeemable Preference Shares by AVA and CMY Capital

Under the terms of the JVSA, subject to the fulfilment and satisfaction of all the JVSA Conditions Precedent and subsequent to the issuance of ordinary shares as described in Section 1.3 above, subsequent capital injections shall be contributed by AVA and CMY Capital via subscription of RCPS in the following proportions:

Shareholders	Proportion of Capital Injection
AVA	73.68%
CMY Capital	26.32%
<b>Total</b>	<b>100%</b>

Salient terms of the RCPS:-

(a) Ranking

The RCPS to be issued will be unsecured and shall as between the RCPS holders thereof, rank *pari passu* in all respects and without discrimination or preference.

(b) Dividend

The RCPS carry a fixed non-cumulative preferential dividend at the rate of 5% per annum on the capital for the time being paid up on those RCPS, payable annually out of distributable profits prior to the tenth anniversary of the date upon which the RCPS is issued, on the anniversary of issue in each year, and on a winding up shall entitle the RCPS holders to repayment of the subscription/issue price paid on the RCPS (together with a sum equal to any arrears or deficiency of the fixed dividend declared) in priority to any payment to the holders of any other class of shares, but the RCPS shall not entitle the RCPS holders to any further or other participation in the profits or assets of AGSB nor to receive notice of or attend or vote at any general meeting save for inter alia proposals or resolutions affecting the rights of the RCPS.



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## LETTER TO SHAREHOLDERS

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Notwithstanding any other provision, no dividend, including preferential dividend or otherwise, shall be accrued, declared or paid unless in the sole discretion of the board of directors of AGSB, there are sufficient distributable profits available for such payment.

(c) Conversion

At any time after the Issue Date, up to and including the Maturity Date of the RCPS, all or any of the fully paid-up RCPS may be converted, at the option of AGSB, into such number of ordinary shares of RM1.00 each in the share capital of the AGSB in such proportion of the shareholdings of the RCPS holders at the relevant date, subject to anti-dilution provisions for the first 105 million issued and paid up ordinary shares of AGSB.

### 3.4 Condition Precedent to JVSA

The completion of the JVSA is conditional upon the prior fulfilment and satisfaction of the following conditions (the “**JVSA Conditions Precedent**”):

- (a) the Shareholders having approved, at a general meeting, the diversification of the Company’s Existing Business to include the Proposed New Business; and
- (b) the Parties receiving from each other a copy certified by the company secretary of such party (as the case may be) a resolution of the board of directors of such other Party has been passed to:
  - (i) approve the JVSA and all other transactions and matters contemplated by it; and
  - (ii) authorise a person or persons to sign and deliver on behalf of such other Party the JVSA.

### 3.5 Rationale for the Joint Venture

The Board believes that the joint venture is in the best interests of the Group as it will further the Group’s intention to carry out the Proposed New Business in connection with the Proposed Diversification, the rationale for which has been explained in Section 2.3 above. In addition, the Board believes that the joint venture will enable the Group to leverage off the expertise, business networks and resources of the Parties, as well as reduce the risks and capital requirements of the Proposed New Business on the Group.

### 3.6 Financial effects of the Joint Venture

The subscription of AGSB’s ordinary shares by AVA will be funded through internal resources and is not expected to have any material impact on the earnings per share and/or net tangible assets per share of the Group for the current FY2020, as the subscription value into AGSB is negligible.

## 4. LEASE AGREEMENT

### 4.1 Summary of the Lease Agreement

In connection with the Proposed Diversification and subsequent to the LO dated 12 August 2020, the Company, on 1 September 2020, has via AGSB, entered into the Lease Agreement with KTPC to lease Land A for the purpose of constructing an industrial factory thereon to manufacture latex and nitrile gloves.

Pursuant to the Lease Agreement, AGSB shall lease Land A from KTPC for a period of 60 years for the Consideration Sum. KTPC further irrevocably grants AGSB an option to renew the lease for a further 39 years, subject to obtaining the necessary approval from the respective authorities.

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## LETTER TO SHAREHOLDERS

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The Consideration Sum is calculated based on the current fixed lease rates of RM40 per square foot for industrial lands in KHTP. The Consideration Sum is to be paid to KTPC in the following manner:-

No.	Payment Schedule	Amount (RM)
1.	1% of the Consideration Sum on execution of the LO	511,070.40
2.	9% of the Consideration Sum on execution of the Lease Agreement, but no later than 3 September 2020	4,599,633.60
3.	10% of the Consideration Sum on or before 28 February 2021	5,110,704.00
4.	20% of the Consideration Sum on or before 31 December 2021	10,221,408.00
5.	20% of the Lease Consideration, on or before 30 June 2022	10,221,408.00
6.	20% of the Lease Consideration, on or before 31 December 2022	10,221,408.00
7.	20% of the Lease Consideration, on or before 31 December 2023	10,221,408.00
	TOTAL	51,107,040.00

As announced on 2 September 2020, the above payment schedule has been varied from the LO as parties have agreed to extend the payment term by another one year and have restructured the percentage of the payment accordingly.

The Lease Agreement further provides that AGSB shall within 6 months from the date of the Lease Agreement, submit building plans to the relevant authority for the approval of the construction of the industrial factory and to commence construction within 3 months from approval. Accordingly, on 2 September 2020, AGSB had submitted an application to the local council in KHTP for development order and building plan approval for phase 1(a), for the construction of the manufacturing facility at Land A.

### 4.2 Condition Precedent of the Lease Agreement

Implementation of the Lease Agreement is conditional upon the prior fulfilment and satisfaction of the following conditions ("**Lease Agreement Conditions Precedent**"):

- (a) the Shareholders having approved, at a general meeting, the diversification of the Company's Existing Business to include the Proposed New Business;
- (b) the approval of the Kedah State Government sanctioning the lease of the Land A in accordance to the National Land Code (Amendments) Act 2016; and
- (c) AGSB to increase its share capital up to the minimum of Ringgit Malaysia One Million (RM1,000,000.00).

As at to date, AGSB has met the condition precedent stated in Section 4.2(c) above.

### 4.3 Rationale of Lease Agreement

Kulim Hi-Tech Park ("**KHTP**") is Malaysia's premier and fully integrated high technology park and is located in the state of Kedah, neighbouring the state of Penang within the Northern Economic Corridor. KHTP is fully funded by the Malaysian Federal Government through the Ministry of Finance and is developed and managed by KTPC, which is wholly owned by the Kedah State Development Corporation.

KHTP is about 20 minutes away from Penang Port via the Butterworth-Kulim Expressway. Penang Port will be the main port of commission for the export of the Products. Setting up in

## LETTER TO SHAREHOLDERS

KHTP provides a key advantage as industrial lands in KHTP comes ready with high quality infrastructure, ready utilities of international standards up to the boundary of the plot of lands therein including dedicated electricity supply, water supply, 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.

### 4.4 Relative figures computed on the bases set out in Rule 1006 in relation to the Lease of Land A

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the lease of Land A and based on the latest announced unaudited financial statements of the Group for the half year ended 30 June 2020 are as follows:

Rule	Bases of computation	Size of relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value	Not applicable <sup>(1)</sup>
1006(b)	Net profit/(loss) attributable to the assets acquired, compared with the Group's net profits	Not applicable <sup>(2)</sup>
1006(c)	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	28.88% <sup>(3)</sup>
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 <sup>(4)</sup>
1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate to the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil and gas company, but not to an acquisition of assets.	Not applicable <sup>(5)</sup>

Notes:

- (1) Not applicable as the transaction is not a disposal.
- (2) Not applicable as this relates to a land lease.
- (3) Based on the Consideration Sum of RM51,107,040 and the Company's market capitalisation of approximately RM176,963,788 (based on the exchange rate of S\$1.00: RM3.0556), being the issued ordinary share capital of the Company of 983,269,594 shares ("**Shares**") (excluding treasury shares) at the volume weighted average price of S\$0.0589 per Share on 11 August 2020, which is the market day preceding the date of the LO.

*Based on the Consideration Sum of RM51,107,040 and the Company's market capitalisation of approximately RM873,785,514 (based on the exchange rate of S\$1.00: RM3.0601) being the Shares (excluding treasury shares), being the issued ordinary share capital of the Company of 983,269,594 shares (excluding treasury shares) at the volume weighted average price of S\$0.2904 per Share on the Latest Practicable Date, the size of the relative figure is at 5.85%*

- (4) Not applicable as there are no equity securities issued as consideration.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figure under Catalist Rule 1006(c) exceeds 5% but does not exceed 75%, the lease of Land A constitutes a discloseable transaction within the meaning of Chapter 10 of the Catalist Rules.

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### 4.5 Financial effects of the Lease Agreement

Assuming the lease of Land A was effected at the end of the most recently completed FY2019, the lease would not have had any material impact on the net tangible assets per share of the Group for FY2019.

Assuming the lease was effected at the beginning of the most recently completed FY2019, the Lease would not have had any material impact on the earnings per share of the Group for FY2019.

## 5 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 5.1 Directors

As at the Latest Practicable Date, the direct and deemed interests of each of the Directors in the Shares of the Company are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%( <sup>1</sup> )	Number of Shares	%( <sup>1</sup> )
Dato' Murly Manokharan <sup>(2)</sup>	-	-	505,877,952	51.45
Cheah Teik Seng	4,480,252	0.456	-	-
Dato' Seri Nazir Ariff	-	-	-	-
Ir. Anilarasu Amaranazan	242,000	0.025	-	-
Dr. Lim Su Kiat	33,152	0.003	-	-
Dato' Alan Teo Kwong Chia	205,516	0.021	-	-
Mr. Ching Chiat Kwong <sup>(3)</sup>	-	-	101,340,620	10.31
Mr. Low See Ching (Liu Shijin) <sup>(4)</sup>	-	-	101,340,620	10.31
Dato' Choong Khuat Seng	-	-	-	-

Note:

- (1) Based on the total issued and fully paid-up ordinary share capital of 983,269,594 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Dato' Murly Manokharan is deemed interested in the shares of the Company held through the following entities:-
  - (a) Aspen Vision Group Sdn. Bhd. – 495,602,146 ordinary shares (50.40%); and
  - (b) Intisari Utama Sdn. Bhd. – 10,275,806 ordinary shares (1.05%).

Dato' Murly Manokharan holds 64.76% and 100% of the ordinary shares of Aspen Vision Group Sdn. Bhd. and Intisari Utama Sdn. Bhd. respectively.

- (3) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr. Ching Chiat Kwong is deemed interested in the shares of the Company held through Oxley Holdings Limited as he holds 42.15% of the total issued shares (excluding treasury shares) of Oxley Holdings Limited.
- (4) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr. Low See Ching (Liu Shijin) is deemed interested in the shares of the Company held through Oxley Holdings Limited as he holds 28.16% of the total issued shares (excluding treasury shares) of Oxley Holdings Limited.

### 5.2 Substantial Shareholders

As at the Latest Practicable Date, the direct and deemed interests of each of the substantial shareholders in the Shares of the Company are as follows:

## LETTER TO SHAREHOLDERS

	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
Aspen Vision Group Sdn. Bhd.	495,602,146	50.40	-	-
Dato' Murly Manokharan <sup>(2)</sup>	-	-	505,877,952	51.45
Ideal Force Sdn. Bhd. <sup>(3)</sup>	63,720,276	6.48	26,000,000	2.64
Oh Kim Sun <sup>(4)</sup>	41,340,000	4.20	89,720,276	9.12
Oxley Holdings Limited	101,340,620	10.31	-	-
Mr. Ching Chiat Kwong <sup>(5)</sup>	-	-	101,340,620	10.31
Mr. Low See Ching (Liu Shijin) <sup>(6)</sup>	-	-	101,340,620	10.31

Note:

- (1) Based on the total issued and fully paid-up ordinary share capital of 983,269,594 Shares (excluding Treasury Shares) as at the Latest Practicable Date.

- (2) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Dato' Murly Manokharan is deemed interested in the shares of the Company held through the following entities:-

(a) Aspen Vision Group Sdn. Bhd. – 495,602,146 ordinary shares (50.40%); and

(b) Intisari Utama Sdn. Bhd. – 10,275,806 ordinary shares (1.05%).

Dato' Murly Manokharan holds 64.76% and 100% of the ordinary shares of Aspen Vision Group Sdn. Bhd. and Intisari Utama Sdn. Bhd. respectively.

- (3) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Ideal Force Sdn. Bhd. is deemed interested in the shares of the Company held by Setia Batu Kawan Sdn. Bhd.

Ideal Force Sdn. Bhd. holds 30% of the issued share capital of Setia Batu Kawan Sdn. Bhd.

- (4) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr. Oh Kim Sun is deemed interested in the shares of the Company held through the following entities:-

(a) Ideal Force Sdn. Bhd. – 63,720,276 ordinary shares (6.48%); and

(b) Setia Batu Kawan Sdn. Bhd. – 26,000,000 ordinary shares (2.64%).

The issued share capital of Ideal Force Sdn. Bhd. is wholly owned by Mr. Oh Kim Sun and his associates.

Mr. Oh Kim Sun holds 20% of the issued share capital of Setia Batu Kawan Sdn. Bhd.

- (5) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr. Ching Chiat Kwong is deemed interested in the shares of the Company held through Oxley Holdings Limited as he holds 42.15% of the total issued shares (excluding treasury shares) of Oxley Holdings Limited.

- (6) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr. Low See Ching (Liu Shijin) is deemed interested in the shares of the Company held through Oxley Holdings Limited as he holds 28.16% of the total issued shares (excluding treasury shares) of Oxley Holdings Limited.

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## LETTER TO SHAREHOLDERS

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### 6 DIRECTORS' SERVICE CONTRACTS

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

However, in relation to AGSB, Mr. Iskandar has been granted an option for a period of 5 years to subscribe into the shares of AGSB at RM1 per share, up to a value of RM5.25 million, which is equivalent to 5% of the initial investment amount of RM105 million to be contributed by AVA and CMY Capital, in accordance with the terms of his appointment. Mr. Iskandar has exercised the option to subscribe for 500,000 ordinary shares as described in Section 1.3 above.

### 7 DIRECTORS' RECOMMENDATIONS

The Directors, having considered the rationale for the Proposed Diversification as set out in section 2.3 of this Circular, are of the opinion that the Proposed Diversification is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution 1, as set out in the Notice of EGM.

### 8 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held by way of electronic means (via live webcast and audio only means) on 18 September 2020 at 10.30 a.m. for the purpose of considering and, if thought fit, passing (with or without any modification) the resolution set out in the Notice of EGM.

### 9 ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current Covid-19 restriction orders in Singapore, Shareholders will NOT be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM through a "live" webcast or "live" audio feed as set out below ("**Live Webcast**"):-

#### (a) Watching the EGM proceedings via Webcast

Shareholders must pre-register at the pre-registration website at the URL: <https://www.egm.aspen.com.my/> from now till **15 September 2020 at 10.30 a.m.** to enable the Company to verify their status as Shareholders.

Following the verification, authenticated Shareholders will receive an email by **10.30 a.m. on 17 September 2020**. The email will contain login credentials and instructions to access the live audio-visual webcast or audio-only of the EGM proceedings. Shareholders who do not receive an email by **10.30 a.m. on 17 September 2020** but have registered by **10.30 a.m. on 15 September 2020**, should contact the Company's Share Registrar, Tricor Barbinder Share Registration Services by phone call at +65 6236 3550 / +65 6236 3555 during operating hours from 8:30 a.m. to 5:30 p.m. for assistance.

Members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, other than SRS Investors, and wish to participate in the EGM should, in addition to pre-registering, approach their respective agents, by **5.00 p.m. on 8 September 2020**, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

#### (b) Submitting questions in advance of the EGM

Shareholders will not be able to ask questions during the live audio-visual webcast of

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the EGM proceedings. Therefore, it is important for Shareholders to pre-register and submit their questions in advance of the EGM.

All questions must be submitted **by no later than 9.00 a.m. on 11 September 2020** to the Company:

- (a) **via email** to: [egm@aspen.com.my](mailto:egm@aspen.com.my); or
- (b) **via post**, to the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898.

For verification purpose, when submitting any questions via email, members **MUST** provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/passport number / company registration number, shareholding type and number of shares held).

The Company will endeavor to address the substantial queries from members prior to the EGM and upload the Company's responses on the SGXNet. Where substantial and relevant questions submitted by members are unable to be addressed prior to the EGM, the Company will address them at the EGM. The minutes of the EGM, including responses to substantial queries from the members which are addressed during the EGM, shall thereafter be published on SGXNet and the Company's corporate website, within one (1) month from the date of the EGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS Investors, can submit their questions in relation to any resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents by **5.00 p.m. on 8 September 2020**, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

### (c) Voting by Proxy

Shareholders (other than CDP) holding Shares who wish to vote, should complete, sign and return the Shareholder Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, must appoint the Chairman of the EGM as their proxy by completing and submitting the Proxy Form to the Company in the following manner:-

- (a) in hard copy **by post** to the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or
- (b) **via email** to: [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com)

in either case, **not less than 72 hours** before the time for holding the EGM and at any adjournment thereof.

In appointing the Chairman of the EGM as Proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting in the Proxy Form, failing which the appointment will be treated as invalid.

If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

**A member who wishes to submit an instrument of proxy by (a) and (b) must first download the proxy form, which is available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> or the Company's website at the URL <https://aspen.listedcompany.com/newsroom.html>, complete**



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**and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.**

**In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically by email.**

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents to submit their votes by **5.00 p.m. on 8 September 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **10:30 a.m. on 15 September 2020**.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case the appointor submits more than one instrument of proxy).

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited at least 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on any or all of the resolution at the EGM by appointing the Chairman of the EGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the EGM. Any Shareholder who is holding his/ her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such shareholder deposits his/her proxy form seventy-two (72) hours before the EGM, the Chairman of the EGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the EGM.

**In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

### **10 DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm after making all reasonable enquires that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in the Circular in its proper form and context.

### **11 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Company's registered office at Tricor Singapore Pte. Ltd., 80 Robinson Road, #02-00 Singapore 068898 during normal business hours from 9:00 a.m. to 5:00 p.m. for a period of three (3) months from the date of this Circular. The Shareholders are required to make an appointment via email to [egm@aspen.com.my](mailto:egm@aspen.com.my) prior to the inspection, in view of the social distancing measures currently in place.



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- (a) the annual report of the Company for FY2019;
- (b) the Constitution of the Company;
- (c) the JVSA;
- (d) the Lease Agreement;
- (e) the LO;
- (f) the FRR; and
- (g) the MOU.

Yours faithfully

For and on behalf of the Board of Directors of  
**ASPEN (GROUP) HOLDINGS LIMITED**

Aspen (Group) Holdings Limited  
Dato' Murly Manokharan  
President and Group Chief Executive Officer

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ASPEN (GROUP) HOLDINGS LIMITED

*(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201634750K)*

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Aspen (Group) Holdings Limited (the “**Company**”) will be held by way of electronic means on 18 September 2020 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

*All capitalised terms in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 3 September 2020 (the “**Circular**”).*

#### **RESOLUTION 1 (ORDINARY RESOLUTION)**

#### **THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE MANUFACTURING AND DISTRIBUTION OF RUBBER GLOVES AND OTHER RELATED ACTIVITIES**

THAT:

- (a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its core business to include the business of the manufacture, sale and distribution of latex and nitrile gloves for medical and industrial use and any other related products that involve the activities as set out section 2.2 of the Circular (the “**Proposed New Business**”), and any other activities related to the Proposed New Business (the “**Proposed Diversification**”);
- (b) the Company be and is hereby authorised to invest in, purchase or otherwise lease, acquire or dispose of, from time to time any such assets, investments and interest that us in line with the Proposed New Business on such terms and conditions as the Directors of the Company deem fit, and such acts or things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, lease, acquisition or disposal; and
- (c) the Directors of the Company and each of them be and are hereby authorised to enter into all such transactions, arrangements and agreements and approve, execute and deliver all documents and do all deeds and things as may be necessary, expedient, incidental or in the interests of the Company, as they or he may consider necessary, desirable, expedient or in the interest of the Company to give effect to this ordinary resolution or the transactions contemplated by the Proposed Diversification.

BY ORDER OF THE BOARD  
**ASPEN (GROUP) HOLDINGS LIMITED**

**DATO’ MURLY MANOKHARAN**  
President and Group Chief Executive Officer  
3 September 2020

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

1. The EGM is being convened, and will be held, by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Due to the current Covid-19 restriction orders in Singapore, members will not be able to attend the EGM in person. Members will be able to watch the proceedings of the EGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by **10.30 a.m. on 15 September 2020**, at <https://egm.aspen.com.my>. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the EGM by **10.30 a.m. on 17 September 2020**. Members who do not receive an email by **10.30 a.m. on 17 September 2020** should contact the Company's Share Registrar, Tricor Barbinder Share Registration Services by phone call at +65 6236 3550 / +65 6236 3555 during operating hours from 8:30 a.m. to 5:30 p.m. for assistance.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, other than SRS Investors, and wish to participate in the EGM should, in addition to pre-registering, approach their respective agents, by **5.00 p.m. on 8 September 2020**, so that the necessary arrangements can be made by the relevant agents for their participating in the EGM.

3. Members who pre-register to watch the "live" webcast or listen to the "live" audio feed may also submit questions relating to the resolutions to be tabled for approval at the EGM. Please note that members will not be able to ask questions at the EGM "live" during the webcast and the audio feed.

All questions by must be submitted by **no later than 9.00 a.m. on 11 September 2020** to the Company:

- (a) via email to: [egm@aspen.com.my](mailto:egm@aspen.com.my);
- (b) via post, to the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898.

For verification purpose, when submitting any questions via email, members **MUST** provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/ passport number / company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from members prior to, or at the EGM and upload the Company's responses on the SGXNet. The minutes of the EGM, which including responses to substantial queries from the Members which are addressed during the EGM, shall thereafter be published on SGXNet, within one (1) month from the conclusion of the EGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS Investors, can submit their questions in relation to any resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents by **5.00 p.m. on 8 September 2020**, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

4. A member will not be able to attend the EGM in person. Members (whether individuals or corporates) who wish to exercise their voting rights at the EGM must appoint the Chairman of the EGM as their proxy to attend, speak and vote on their behalf at the EGM. In appointing the Chairman of the EGM as proxy, members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
5. The Chairman of the EGM, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:
  - (a) in hard copy by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or
  - (b) via email to: [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com)

in either case, not less than 72 hours before the time for holding the EGM and at any adjournment thereof.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents to submit their votes by **5.00 p.m. on 8 September 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **10:30 a.m. on 15 September 2020**.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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7. The Circular in relation to the Proposed Disposal have been made available on SGXNET and may be accessed at <https://www.sgx.com/securities/company-announcements> or the Company's URL <https://aspen.listedcompany.com/newsroom.html>
8. The instrument appointing the Chairman of the EGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
9. Where an instrument appointing the Chairman of the EGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.
10. The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).
11. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

### IMPORTANT REMINDERS

Due to the constantly evolving Covid-19 situation, the Company may be required to change its EGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the EGM. Further, in view of the current Covid-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

### PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guideline (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

## PROXY FORM

### ASPEN (GROUP) HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201634750K)

#### PROXY FORM EXTRAORDINARY GENERAL MEETING

This form of proxy has been made available on SGXNet and may be accessed at the URLs <https://www.sgx.com/securities/companyannouncements>. A printed copy of this form of proxy will NOT be dispatched to members.

I/We\* \_\_\_\_\_ (Name), \_\_\_\_\_ (NRIC / Passport No.)

of \_\_\_\_\_ (Address),  
being a member/members\* of **Aspen (Group) Holdings Limited** (the "**Company**") hereby appoint:

the Chairman of the Extraordinary General Meeting (the "**Meeting**")

as \*my/our \*proxy/proxies to attend, speak and vote for \*me/us on \*my/our behalf at the Meeting of the Company to be held by way of electronic means on 18 September 2020 at 10.30 a.m. \*I/We direct the Chairman of the Meeting to vote for, against and/or to abstain from the resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the Chairman may vote or abstain from voting at his discretion, as he may on any other matter arising at the Meeting.

*\*Delete as appropriate.*

		For**	Against**	Abstain**
No.	Ordinary Resolution			
1.	To approve the proposed diversification of the core business of the Group into the Proposed New Business			

*\*\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) in the "For" or "Against" box. Alternatively, please indicate the number of votes "For" or "Against" as appropriate in the resolution. If you wish to "Abstain" from voting on the resolution, please indicate with a tick (✓) in the "Abstain" box. Alternatively, please indicate the number of shares which you wish to abstain from voting. In the absence of directions for the resolution, the appointment of Chairman of the Meeting as your proxy for the resolution will be treated as invalid.*

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

Total Number of shares held in:	
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) or,  
Common Seal of Corporate Member

**IMPORTANT: PLEASE READ NOTES OVERLEAF.**



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## PROXY FORM

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## PROXY FORM

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