ASPEN (GROUP) HOLDINGS LIMITED
Company Registration No.: 201634750K
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") IN RELATION TO THE COMPANY'S CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 ("1HFY2021 RESULTS")

The Board of Directors (the "**Board**") of Aspen (Group) Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the SGX-ST on 6 September 2021 in relation to the Company's 1HFY2021 Results.

SGX-ST's Query 1

Please provide a breakdown of the administrative expenses incurred for 1H2021 compared against 1H2020 and provide reasons for the specific expenses that resulted in the material increase of 23% in administrative expenses.

Company's Response

The breakdown of the Company's administrative expenses for 1H2021 in comparison to the Company's administrative expenses for 1H2020 are as follows:-

	Group		
	6 months ended		**%**
	30.06.21	**30.06.20**	**Change**
	Unaudited	**Unaudited**	
	RM'000	**RM'000**	
Staff payroll	(9,006)	(5,001)	80
Directors' remuneration	(4,589)	(3,402)	35
Staff welfare	(736)	(691)	7
Depreciation	(7,248)	(6,915)	5
Rental and maintenance	(1,075)	(815)	32
Consultancy fees	(882)	(3,665)	(76)
Other administrative expenses	(6,791)	(4,076)	67
Total administrative expenses	(30,327)	(24,565)	23

The increase in administrative expenses was mainly due to increase in staff payroll, directors remuneration, rental, maintenance and other administrative expenses (such as small asset items, bank charges, advertisement, testing, inspection fee, insurance and etc.) arising from the newly set-up manufacturing facilities for Aspen Gloves Sdn Bhd ("**AGSB**"). This was offset by the decrease in consultancy fees due to reduce in corporate advisory fees.

SGX-ST's Query 2

In the Company's profit guidance announced, it was disclosed that "the expected loss for HY2021 is mainly attributed to the Company's Healthcare sector. AGSB had incurred significant pre-operating expenses for HY2021 since January 2021. Hence, AGSB is loss-making for HY2021 as it only recorded one month of revenue". Please quantify and disclose a breakdown of the pre-operating expenses incurred by the AGSB for HY2021 which resulted in a consolidated net loss for the Group of RM20.47 million and how these pre-operating expenses were accounted for in the income statement.

Company's Response

The breakdown of pre-operating expenses incurred by AGSB for HY2021 are as follows:-

	RM'000
Cost of sales[(1)]	(6,425)
Administrative expenses[(2)]	(8,399)
Finance costs[(3)]	(238)
	(15,062)

Note:
(1) Trial run material costs, direct labour costs and direct overhead.
(2) Includes staff payroll, directors' remuneration, staff welfare, depreciation, rental and maintenance, consultancy fees and other administrative expenses.
(3) Interest on hire purchase.

SGX-ST's Query 3

The Company disclosed decrease in trade and other receivables from RM20.8 million to RM6.7 million mainly due to capitalisation of advances to associate into equity. Please disclose identity of the associate as well as the nature of advances previously given to the associate and explain why the amount was being capitalized instead of repaid to the Company.

Company's Response

The advances to associate were to Bandar Cassia Properties (SC) Sdn. Bhd. ("**BCP**") took place since financial year 2019 and were capitalized as redeemable preference shares in 1HFY2021 in accordance with the shareholder agreement with Ikano Pte Ltd.

SGX-ST's Query 4

Please elaborate on the underlying factors which the management had considered which led to the conclusion that there are no major aspects that could affect the fair value of investment properties and that no valuation is required for the investment properties as at 30 June 2021.

Company's Response

The Group does not have any investment properties. However, there are investment properties at the associate level.

The Group's associate company, Global Vision Logistics Sdn. Bhd. ("**GVL**") which the Group owns 30% currently, is in the progress of having capital injection from LOGOS SE Asia Pte. Ltd. ("**LOGOS**") amounted to RM296.67 million which the consideration price is based on the fair value of the land as disclosed in the audited financial statements of the Company for the financial year ended 31 December 2020. Post completion, the percentage of equity shareholding will decrease to 12%, hence any changes in fair value will have minimal impact on the Group.

For the Group's 30% associate company, BCP, the investment properties consist of a piece of vacant land and a building that will form part of the Integrated Regional Shopping Centre and will be integrated with the existing IKEA store in Aspen Vision City once completed. As the building is still in progress, it will be stated at cost until its completion. For the vacant land, the fair value of the investment property is maintained as there is no land transaction in that area in the current year according to independent valuers.

BY ORDER OF THE BOARD
Aspen (Group) Holdings Limited

Dato' Murly Manokharan
President and Group Chief Executive Officer
8 September 2021