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## DIVESTMENT OF ENTIRE 30% INTEREST IN BANDAR CASSIA PROPERTIES SDN BHD

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### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Aspen (Group) Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s indirect subsidiary, Aspen Vision Land Sdn. Bhd. (“**AVL**”), has on 29 November 2021 entered into a sale and purchase agreement (“**SPA**”) with Ikano Pte. Ltd (“**Ikano**”) for the sale of its entire shareholding of 30% of the issued and paid-up share capital, comprising of 5,100,000 ordinary shares and 40,947,000 cumulative redeemable preference shares (“**Sale Shares**”), in Bandar Cassia Properties (SC) Sdn. Bhd. (“**BCP**”) to Ikano for an aggregate cash consideration of RM47,000,000.00 (approximately SGD 15,190,200.70) (“**Consideration**”) (the “**Divestment**”).

The Divestment will constitute a major transaction under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Manual**”). Please refer to paragraph 5 of this announcement for further details.

Accordingly, the Divestment is subject to the approval of the shareholders of the Company (“**Shareholders**”) under Rule 1014 of the Listing Manual by way of an ordinary resolution. The Company will be seeking the approval of its Shareholders for the Divestment at an extraordinary general meeting (“**EGM**”) to be convened.

### 2. BACKGROUND OF THE DIVESTMENT

#### 2.1 Rationale of the Divestment

The Divestment is in line with the Group’s efforts to strengthen the liquidity and cash flow position and ensuring that adequate resources are available for future investment needs for long term and sustainable growth. The Divestment presents a good opportunity to re-deploy the proceeds to potentially higher yielding assets to optimise returns to the Shareholders instead of holding an investment asset that requires further capital investment and is subject to longer gestation periods before realising profits.

Despite the Divestment, the Group and Ikano will continue to develop the 170 acres mixed development land project undertaken by Aspen Vision City Sdn. Bhd. (“**AVC**”), a joint venture between AVL and Ikano, pursuant to the existing joint venture agreement and shareholder agreement between the parties in relation to AVC. The Divestment will not in any way affect the established good partnership between the Group and Ikano and the parties are fully committed to developing Aspen Vision City based on the approved business plan by AVC’s Board. Currently, AVC has approximately, completed 64 acres of development land, has 39 acres under construction and 67 acres that will be developed in future phases.

In light of the above, the Board believes that the Divestment is in the best interests of the Group and the Shareholders.

## **2.2 Information on BCP**

BCP was incorporated in Malaysia on 19 August 2014. The principal activity of BCP is acquiring, developing and holding investment property, shares and other related securities.

AVL holds 30% of the issued share capital in BCP while the remaining 70% is held by Ikano. BCP intends to construct and develop a regional shopping centre (“**Shopping Centre**”) which will be integrated into the IKEA Store in Aspen Vision City, Batu Kawan, Penang. On 12 December 2019, BCP launched the first phase of the Shopping Centre, Batu Kawan Link Building with more than 80,000 sqft of space leased to popular brands. The second phase of the Shopping Centre, a drive-thru concept adjacent to IKEA Batu Kawan was launched in November 2021. BCP will develop the subsequent phases of the Shopping Centre as the township of Aspen Vision City grows.

Based on the Group’s unaudited consolidated financial statements for the period ended 30 June 2021 (“**HY2021**”), the book value attributable to the Sale Shares is approximately RM64.63 million.

## **2.3 Information about Ikano**

Ikano Pte. Ltd. is part of the Ikano Group of companies and is the only IKEA franchisee owned by the family of IKEA founder Ingvar Kamprad. A franchise of Swedish origin, IKEA offers some 8,000+ furniture and home accessories at affordable prices. Ikano owns and operates the IKEA stores and e-commerce operations in Malaysia, Singapore, Thailand, the Philippines and Mexico. The company also develops, owns and operates Ikano Centres, shopping centres anchored by IKEA, in Malaysia and Thailand.

## **2.4 Valuation and Use of Sale Proceeds**

The Sale Shares are not listed or traded on any securities exchange and no valuation of the Sale Shares was commissioned for the purpose of the Divestment. Pursuant to Rule 1014(5) of the Listing Manual, the Company will be appointing a competent and independent valuer to value the Sale Shares before the EGM. The proceeds arising from the Divestment will be utilised for the general working capital of the Group.

## **3. PRINCIPAL TERMS OF THE DIVESTMENT**

### **3.1 Consideration**

The Consideration was arrived at after arm’s length negotiations between AVL and Ikano and on a willing-buyer and willing-seller basis, taking into account, inter alia, the following factors:

- i. the current market conditions (including the impact of Covid-19 on the global market); and
- ii. the rationale for and benefits to the Group arising from the Divestment, details of which are set out in paragraph 2.1 of this announcement.

Pursuant to the terms of the SPA, the Consideration shall be paid in the following manner

- (a) RM20,000,000.00 to be paid within three (3) business days from the date of the SPA (“**First Tranche**”); and
- (b) RM27,000,000.00 to be paid within three (3) business days from the Unconditional Date (as defined herein) (“**Final Tranche**”).

### 3.2 Condition Precedent

The SPA is conditional upon the approval of Shareholders of the Company being obtained at an EGM of the Company to be convened in relation to the Divestment. The SPA shall become unconditional on the date Ikano receives a certified true extract of the EGM approval (“**Unconditional Date**”).

Completion of the SPA will be upon payment of the Final Tranche.

In the event the Shareholders approval is not obtained by the Company, either party may give notice in writing to terminate the SPA upon which AVL shall refund the First Tranche to Ikano free of interest, thereafter, the SPA shall be of no further effect and neither party shall have any further claim against the other pursuant to the terms of the SPA.

## 4. **FINANCIAL EFFECTS OF THE DIVESTMENT**

### 4.1 Assumptions

The pro forma financial effects in this section have been prepared based on the most recently audited consolidated financial statements of the Group for the financial year ended 31 December 2020 and under the following assumptions:

- (a) that the Divestment had been completed on 1 January 2020 for the purposes of illustrating the financial effects on the Group’s earnings per share (“**EPS**”); and
- (b) that the Divestment had been completed on 31 December 2020 for the purposes of illustrating the financial effects on the Group’s net tangible assets (“**NTA**”) per share.

The pro forma financial effects presented below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Divestment nor a projection of the future financial performance or position of the Group after the completion of the SPA.

### 4.2 NTA per Share

	<b>Before the Divestment</b>	<b>After the Divestment</b>
NTA (RM'000)	566,283	539,424
Number of Shares ('000)	1,083,270	1,083,270
NTA per Share (RM cent)	52.28	49.80

#### 4.3 EPS

	<b>Before the Divestment</b>	<b>After the Divestment</b>
Net profit attributable to shareholders after tax from continuing operations (RM'000)	72,712	45,853
Number of weighted average shares	996,401	996,401
Earnings per share (RM cent)	7.30	4.60

#### 4.4 Deficit of Proceeds over the Book Value

The expected loss arising from the Divestment will be approximately RM17.63 million, which represents the deficit of proceeds over book value, based on the Group's unaudited consolidated financial statements for HY2021. The loss was due to a reversal of fair value gain in land owned by BCP in the previous financial year, amounting to RM12.94 million and loss of principal investment of RM4.69 million.

### 5. **RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

The relative figures of the Divestment computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual based on the latest unaudited consolidated financial statements of the Company for HY2021, being the latest announced consolidated financial statements of the Company are as follows:

<b>Listing Rule</b>	<b>Bases of Calculation</b>	<b>Relative Figure (%)</b>
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	0.60% <sup>(1)</sup>
1006(b)	The net profits/loss attributable to the assets acquired or disposed of, compared with the Group's net profits/loss.	1.06% <sup>(2)</sup>
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	9.71% <sup>(3)</sup>
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable <sup>(5)</sup>

Note:

- (1) Under Rule 1002(3)(a) of the Listing Manual, “net assets” means total assets less total liabilities. Based on the net asset value of the investment of approximately RM3.75 million as at HY2021 and the net assets value of the Group of RM623.51 million as at HY2021.
- (2) Based on the net loss attributable to the Divestment approximately RM0.20 million as at HY2021 and the net loss value of the Group of RM18.78 million as at HY2021. Net profit/loss is defined to be profit or loss before income tax, minority interests and extraordinary items.
- (3) Consideration is RM47,000,000.00. The Consideration expressed as a percentage of the Company’s market capitalisation of approximately RM483.99 million (based on the exchange rate of S\$ 1 : RM3.0941) on 29 November 2021 being the last full market day on which shares of the Company were traded on the SGX-ST prior to this announcement. The Company’s market capitalisation was determined by multiplying the number of shares in issue (1,083,269,594) by the weighted average price of such shares transacted on 29 November 2021 (S\$0.1444).
- (4) The Divestment is a disposal of asset not an acquisition of assets. No equity securities will be issued by the Company in connection with the Divestment.
- (5) The Company is not a mineral, oil and gas company.

Based on the unaudited consolidated financial statements of the Group for HY2021, the book value attributable to the Sale Shares is approximately RM64.63 million. The Divestment is expected to result in a loss on disposal of approximately RM17.63 million.

With reference to paragraph 4.4(e) of Practice Note 10.1 of the Listing Manual, the Divestment constitutes a disposal of a loss-making asset by a loss-making issuer where:

- (i) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) of the Listing Manual does not exceed 20%; and
- (ii) the Divestment will result in a loss on disposal of approximately RM17.63 million, which represents 93.88% (i.e. exceeds 10%) of the net loss value of the Group of RM18.78 million as at HY2021.

With reference to paragraph 4.6 of Practice Note 10.1 of the Listing Manual, as the loss on disposal exceeds 10% of the consolidated net loss of the Group for HY2021, the transaction does not fall within the situations in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual, and Rule 1014 shall apply to the Divestment. Accordingly, the Divestment is a “major transaction” that must be made conditional upon approval by shareholders in a general meeting.

The Company will be seeking specific Shareholders' approval for the Divestment at an EGM to be convened and further details of the Divestment will be provided in a circular that will be despatched to Shareholders in due course.

**6. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company (other than in their capacity as Directors or shareholders of the Company) has any interest, direct or indirect, in the Divestment.

**7. SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Divestment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Divestment, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in the Announcement 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 those sources and/or reproduced in its proper form and context.

**9. DOCUMENTS FOR INSPECTION**

A copy of the SPA will be available for inspection during normal business hours at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 for a period of three (3) months commencing from the date of this announcement.

**BY ORDER OF THE BOARD**

Aspen (Group) Holdings Limited

Dato' Murly Manokharan  
President and Group Chief Executive Officer  
29 November 2021