

## **PROPOSED DISPOSAL OF ASPEN GLOVE SDN BHD'S RIGHTS TITLE AND INTEREST IN LEASE LAND AND FACTORY BUILDING**

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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 Glove Sdn. Bhd. ("**AGSB**"), has on 15 December 2022 entered into a Sale and Purchase Agreement ("**SPA**") with Sustainable Waste Management Holdings Pte. Ltd. ("**SWMH**") to sell all rights, title and interest of AGSB in all that piece of land held under Geran No. 218490 Lot 60230 Seksyen 11 (formerly known as Hakmilik Sementara No. H.S.(D) 73801, No. PT 4065) Seksyen 11, Bandar Lunas, Daerah Kulim, Negeri Kedah measuring approximately 117,200.00 square meters (the "**Lease Land**") and factory buildings with built-up area of approximately 426,191.44 square metres (the "**Factory**") erected thereon for an aggregate cash consideration of RM200.0 million (approximately SGD 61,199,510.40<sup>1</sup>) ("**Consideration**") (the "**Proposed Disposal**").

The Proposed Disposal 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 herein for further details.

Accordingly, the Proposed Disposal 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 Proposed Disposal at an extraordinary general meeting ("**EGM**") to be convened.

### **2. BACKGROUND OF THE PROPOSED DISPOSAL**

#### **2.1 Rationale of the Proposed Disposal**

As announced by the Company on 7 October 2022, AGSB had entered into a sale and purchase agreement with Cambridge Real Estate Partners Pte Ltd ("**Cambridge**") to sell all rights, title and interest of AGSB in the Lease Land and Factory erected thereon for an aggregate cash consideration of RM200.0 million.

As announced by the Company on 7 December 2022, the sale and purchase agreement entered between AGSB and Cambridge in respect of the Lease Land and Factory was terminated on 6 December 2022 due to non-fulfillment of conditions precedent therein. Following the termination, AGSB has evaluated various options on the future direction of AGSB including disposing the Lease Land and Factory to other interested parties.

The Proposed Disposal will enable the Group to unlock the value of the Lease Land and the Factory, realise cash and thereby place the Group in a better position to strengthen its financial position and improve the Group's working capital and will facilitate an

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<sup>1</sup>Based on exchange rate of S\$ 1 : RM3.2680 as at 15 December 2022

amicable full and final global settlement of all claims and proceedings between Tialoc Malaysia Sdn Bhd (“**Tialoc**”) and AGSB as announced by the Company in its announcements dated 17 November 2022, 10 May 2022, 26 April 2022, 13 April 2022, 4 March 2022 and 3 March 2022. Please refer to paragraph 3.3 herein for further details.

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

## 2.2 Information on the Lease Land and the Factory

The Lease Land is an industrial land with a land area of approximately 117,200.00 square meters and is located at Kulim Hi-Tech Park, Daerah Kulim, Kedah.

The Lease Land is currently leased by AGSB from Kulim Technology Park Corporation Sdn. Bhd. (“**KTPC**”) for a lease term of 60 years pursuant to a lease agreement entered between the parties on 1 September 2020 (“**Existing Lease**”) for a consideration sum of RM51,107,040.00 (“**Existing Lease Consideration**”). The Existing Lease Consideration is to be paid in accordance with the payment schedule agreed between KTPC and AGSB. As of to date, AGSB has paid KTPC an aggregate sum of RM25,553,520.00 in respect of the Existing Lease Consideration. Accordingly, there is a balance sum of RM25,553,520.00 to be paid by AGSB to KTPC (“**Balance Existing Lease Consideration**”).

AGSB had constructed the Factory on the Lease Land for the purpose of manufacturing and distributing rubber and nitrile gloves and other related activities.

For securing the banking facilities granted by Standard Chartered Bank Malaysia Berhad (“**SCB**”) to AGSB, AGSB has charged the Lease Land to SCB and issued a debenture over all present and future assets of AGSB which includes the Factory (the “**Encumbrances**”).

Based on the Group’s audited consolidated financial statements for the financial period from 1 January 2021 to 30 June 2022 (“**FY2022**”), the book value attributable to the Lease Land and the Factory is approximately RM185.1 million.

## 2.3 Information about SWMH

*The information on SWMH provided below was provided to the Company by SWMH and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.*

SWMH, a Singapore-incorporated company, is the direct wholly owned subsidiary of Nutara Investment Pte. Ltd. (“**Nutara**”). Established in 2001 in Singapore, Nutara is part of a German originated group of companies historically active in the fields of construction and environmental technologies through a number of subsidiaries in Asia and Europe. Nutara also indirectly holds a 49% equity interest in Tialoc.

SWMH is not related to the Directors or controlling Shareholders of the Company and their respective associates.

## 2.4 Valuation and Use of Sale Proceeds

The Consideration for the Proposed Disposal was arrived at after arm’s length negotiations between AGSB and SWMH and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the market value of the Lease Land and the Factory of

approximately RM200.0 million as appraised by Messrs. One Asia Property Consultants Pg Sdn Bhd (the “**Valuer**”), an independent property valuer for the Lease Land and the Factory which was appointed by AGSB, as at 30 June 2022 in its valuation report dated 22 September 2022 (“**Valuation**”) and an updated valuation as at 13 December 2022 by the Valuer in its report dated 13 December 2022 (“**Updated Valuation**”).

The Valuer had carried out the Valuation on both the Lease Land and the Factory together using both the comparison approach and depreciated replacement cost (“**DRC**”) approach. The comparison method of valuation entails comparing the Lease Land and the Factory with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing, adjustments were made for differences in attributes and factors such as time differences, location, accessibility, size, land tenure and other relevant factors to arrive at the value of the Lease Land and the Factory. Under the DRC approach, the Valuer estimated the replacement cost new (“**RCN**”) of the Factory and thereafter deducted for the loss of value caused by physical, functional and economic obsolescence. In arriving at the RCN of the Factory, the Valuer had taken into consideration the actual development cost of the Factory, actual development cost of similar type of building, made reference to handbook on cost of construction in Malaysia and made enquiries with contractors and quantity surveyors. Based on the Updated Valuation, there is no change to the market value of the Lease Land and the Factory as provided in the Valuation.

The Proposed Disposal is expected to result in a gain on disposal of approximately RM14.9 million. As the Company currently holds 75% of AGSB’s shares, the Group is expected to recognise a gain of RM11.2 million.

The proceeds arising from the Proposed Disposal will be utilised for, amongst others, to discharge the Encumbrances, payment of the Balance Existing Lease Consideration, the Settlement Amount (as defined in paragraph 3.3 of this herein) and general working capital.

### **3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

#### **3.1 Consideration**

Pursuant to the terms of the SPA, the Consideration shall be paid by SWMH o the Company in the following manner:-

- (i) a sum of RM10.0 million (which is equivalent to 5% of the amount of the Consideration) within fourteen (14) days from the signing of the SPA, to be held by SWMH’s solicitors as stakeholder; and
- (ii) the balance sum of RM190.0 million (which is equivalent to 95% of the amount of the Consideration) will be paid within seven (7) days from the date of receipt by SWMH’s Solicitors from the AGSB’s Solicitors a copy of the official title search result with the name of SWMH endorsed as a registered lessee.

#### **3.2 Conditions Precedent**

The SPA is conditional upon certain conditions precedent (“**Conditions Precedent**”), including amongst others:-

- (i) securing the Company’s shareholders’ approval in respect of the Proposed Disposal;

- (ii) securing the prior written consent of KTPC to the Proposed Disposal and the execution of the surrender of the Existing Lease and new lease in favour of SWMH (the “**New Lease**”);
- (iii) approval of Kedah State Government pursuant to Section 433B of the National Land Code approving the New Lease, if required;
- (iv) SWMH obtaining a letter of offer for third party financing for the Lease Land and Factory; and
- (vi) obtaining such other orders, approvals, consents, authorisations, permits, directions, decisions and/or waivers necessary or appropriate for the completion of the Proposed Disposal.

The last of the Conditions Precedent shall be fulfilled within a period of sixty (60) days from the date of the SPA.

### 3.3 Settlement Agreement

Pursuant to the terms of the SPA, SWMH and AGSB shall use their best endeavors to procure that AGSB and Tialoc enter into a settlement agreement (“**Settlement Agreement**”) to settle all claims between AGSB and Tialoc as referred to in paragraph 2.1 herein at RM55.0 million (“**Settlement Amount**”) only being RM50.0 million in cash and RM5.0 million in properties, as full and final global settlement of all claims between AGSB and Tialoc. The Settlement Agreement shall be subject to and effective upon the completion of the Proposed Disposal and either AGSB or SWMH may by written notice to the other terminate the SPA if the Settlement Agreement is not entered into within seven (7) days from the fulfilment of the Conditions Precedent. Accordingly, the SPA and the Settlement Agreement are inter-conditional.

## 4. **FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

### 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 FY2022 and under the following assumptions:

- (a) that the Proposed Disposal had been completed on 1 January 2021 for the purposes of illustrating the financial effects on the Group’s earnings per share (“**EPS**”); and
- (b) that the Proposed Disposal had been completed on 30 June 2022 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 Proposed Disposal nor a projection of the future financial performance or position of the Group after the completion of the SPA.

#### 4.2 NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RM'000)	384,471	399,386
Number of Shares ('000)	1,083,270	1,083,270
NTA per Share (RM cent)	35.49	36.87

#### 4.3 EPS

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to shareholders after tax from continuing operations (RM'000)	(180,026)	(165,111)
Number of weighted average shares	1,083,270	1,083,270
Earnings per share (RM cent)	(16.62)	(15.24)

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

The relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual based on the most recently audited consolidated financial statements of the Company for FY2022 are as follows:

Listing Rule	Bases of Calculation	Relative Figure (%)
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.	31.37% <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.	Not applicable <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.	188.32% <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 75% of the net asset value of the Lease Land and the Factory of approximately RM138.8 million as at FY2022 and the net assets value of the Group of RM442.4 million as at FY2022. The Company currently holds 75% of ABSB's shares.

- (2) Rule 1006(b) of the Listing Manual is not applicable as the Group did not derive any income from the Lease Land and the Factory. Net profit/loss is defined to be profit or loss before income tax, minority interests and extraordinary items.
- (3) Consideration is RM200,000,000.00. The Consideration expressed as a percentage of the Company's market capitalisation of approximately RM106.2 (based on the exchange rate of S\$ 1 : RM3.2680) on 15 December 2022 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 15 December 2022 (S\$0.03).
- (4) The Proposed Disposal is a disposal of asset not an acquisition of assets. No equity securities will be issued by the Company in connection with the Proposed Disposal.
- (5) The Company is not a mineral, oil and gas company.

As the relative figure computed on the bases set out in Rules 1006(a) and 1006(c) of the Listing Manual for the Proposed Disposal exceeds 20%, the Proposed Disposal constitutes a major transaction and is accordingly subject to the approval of shareholders at an EGM to be convened pursuant to Rule 1014 of the Listing Manual.

The Company will be seeking specific Shareholders' approval for the Proposed Disposal at an EGM to be convened and further details of the Proposed Disposal 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 Proposed Disposal.

## **7. CIRCULAR TO SHAREHOLDERS**

A circular containing further details on the Proposed Disposal and enclosing a notice of EGM in connection therewith will be despatched to the Shareholders in due course.

## **8. SERVICE CONTRACTS**

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

## **9. 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 Proposed Disposal, 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.

## **10. DOCUMENTS FOR INSPECTION**

A copy of the SPA, Valuation and Updated Valuation 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  
15 December 2022