

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") IN RELATION TO THE COMPANY'S ANNOUNCEMENT TITLED "PROPOSED DIVESTMENT OF ENTIRE 30% INTEREST IN GLOBAL VISION LOGISTICS SDN. BHD." DATED 24 MARCH 2023 ("ANNOUNCEMENT")

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 27 March 2023 in relation to the Announcement.

SGX-ST's Query 1

We note that the Company's indirect subsidiary, Aspen Vision Properties Sdn. Bhd. ("**AVP**") has entered into a Sale and Purchase Agreement to sell its entire shareholding of 30% in Global Vision Logistics Sdn. Bhd. ("**GVL**") to Hartamas Mentari Sdn Bhd ("**HMSB**") and Swift Haulage Bhd ("**SHB**") for an aggregate cash consideration of RM32.85 million.

We also note that HMSB and SHB will cause GVL to repay the RM7.15 million advances made by AVP to GVL, whereas AVP had invested RM750,000 in ordinary shares and RM22.49 million in redeemable preference shares ("**RPS**") in GVL.

- (a) Please disclose who are the shareholders, director of HMSB and SHB and whether they are related to any directors, key executives, substantial shareholders or their respective associates.
- (b) Please disclose why GVL is only required to repay RM7.15 million of the RM22.49 million of advances it made in RPS.
- (c) Please disclose the factors taken into account to arrive at the consideration of RM32.85 million when the latest market valuation of the land, which represents 96.2% of the total assets of GVL amounts to RM 435 million.
- (d) Please provide the basis why the Company did not dispose its share of investment in GVL based on the current market valuation of RM435 million, which will be substantially higher than the current sales consideration. Please substantiate your response and the considerations by the Board for the basis of its decision in arriving at the sales consideration.

Company's Response

- (a) The shareholders or substantial shareholders (as applicable), directors of HMSB and SHB and their relationship to any directors, key executives, substantial shareholders or their respective associates are as follows:

HMSB

| Directors | Shareholders | Percentage of shareholdings (%) |
|--|---|--|
| <ul style="list-style-type: none">• Tan Jing Jeong• Valerie Oh Yeok Cheng• Jonathan Tan Boon Siang | Ideal Force Sdn Bhd (“IFSB”) ⁽¹⁾ | 25 |
| | Betan Holdings Sdn Bhd | 70 |
| | Tan Kim Kock | 5 |

Note:

- (1) IFSB is a substantial shareholder holding 6.21% (direct and deemed interest) of the issued shares of the Company. IFSB is wholly owned by Mr Oh Kim Sun and his associates. Mr Oh Kim Sun is a substantial shareholder holding 10.03% (direct and deemed interest) of the issued shares of the Company. The Company has, on 30 March 2023, released a clarification announcement regarding this matter.

SHB

| Directors and Shareholders | No. of shares (Direct) | Percentage of shareholdings (%) | No. of shares (Indirect) | Percentage of shareholdings (%) |
|---|-------------------------------|--|---------------------------------|--|
| <u>Directors</u> | | | | |
| <ul style="list-style-type: none">• Tan Sri Dato Sri Abi Musa Asa’ari Bin Mohamed Nor | 500,000 | 0.057 | - | - |
| <ul style="list-style-type: none">• Loo Yong Hui | 50,000 | 0.006 | - | 38.347 |
| <ul style="list-style-type: none">• Loo Hooi Keat | 13,791,600 | 1.565 | 337,921,102 | 38.347 |
| <ul style="list-style-type: none">• Dato’ Haji Md Yusoff @ Mohd Yusoff Bin Jaafar | - | - | 337,921,102 | 38.347 |
| <ul style="list-style-type: none">• Dato’ Gopikrishnan A/L N.S. Menon | 650,000 | 0.074 | - | - |
| <ul style="list-style-type: none">• Datuk Noripah Binti Kamso | 565,000 | 0.064 | - | - |
| <ul style="list-style-type: none">• Rozainah Binti Awang | 100,000 | 0.011 | - | - |
| <u>Substantial Shareholders</u> | | | | |
| <ul style="list-style-type: none">• Kumpulan Wang Persaraan (Diperbadankan) | 79,496,094 | 9.021 | - | - |
| <ul style="list-style-type: none">• Persada Bina Sdn. Bhd. | 337,921,102 | 38.347 | - | - |
| <ul style="list-style-type: none">• Loo Yong Hui | 50,000 | 0.006 | 337,921,102 | 38.347 |
| <ul style="list-style-type: none">• Loo Hooi Keat | 13,791,600 | 1.565 | 337,921,102 | 38.347 |
| <ul style="list-style-type: none">• Dato’ Haji Md Yusoff @ Mohd Yusoff Bin Jaafar | - | - | 337,921,102 | 38.347 |

Save as disclosed in Note (1) above, none of the Company’s directors, key executives, substantial shareholders or their respective associates has any interest, direct or indirect, in the Proposed Divestment.

- (b) AVP's total investment in GVL was RM22,560,000.00 consisting of ordinary shares ("**OS**") amounting to RM75,000.00, redeemable preference shares ("**RPS**") amounting to RM22,485,000.00. In addition, AVP had also advanced RM7,148,983.00 (the "**Shareholder's Advance**") to GVL. Pursuant to the terms of the sale and purchase agreement entered between the parties, HMSB and SHB (collectively the "**Purchasers**") shall pay AVP an aggregate cash consideration of RM32,851,017.00 ("**Consideration**") for the OS and RPS. Apart from the Consideration, the Purchasers will also cause GVL to repay the Shareholder's Advance to AVP. Hence, the RM7,148,983.00 (Shareholder's Advance) is in addition to the Consideration and does not form part of the RM22,485,000.00 to be paid by the Purchasers for the RPS.
- (c) The Consideration was arrived at after arm's length negotiations between AVP and the Purchasers and on a willing-buyer and willing-seller basis, taking into account, inter alia, the factors stated in the Company's Response to SGX-ST's Query 1(d) below.
- (d) The Board has based its evaluation of the Proposed Divestment and the Consideration on multiple factors including the following:-
- i. Based on GVL's initial cost estimation, the Project is expected to cost GVL RM2.1 billion (the "**Project Cost**"). As previously announced by the Company on 8 March 2023, GVL has lodged with the Securities Commission Malaysia an Islamic medium-term notes (the "**ASEAN Green SRI Sukuk Murabahah**") programme of up to RM1.5 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) based on the Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk framework and the ASEAN Capital Markets Forums ASEAN Green Bond Standards (the "**Programme**"). Based on the terms and conditions of the Programme, the total Project cost will be funded up to 70% by the proceeds raised from the issuance of the ASEAN Green SRI Sukuk Murabahah under the Programme. Whereas the remaining 30% of the total Project cost will be funded by a proportionate equity contribution by the existing shareholders of GVL including AVP. The equity contribution is required to be contributed upfront before the commencement of each tranche of the Programme. The first tranche comprising RM620 million in nominal value ASEAN Green SRI Sukuk Murabahah ("**Tranche 1**") is expected to be issued in Q2 2023. An estimated RM104 million upfront equity contribution will be required from the shareholders of GVL for the Programme. Accordingly, in proportionate to AVP's 30% shareholding in GVL, the Group will be required to invest a further RM31.2 million in GVL for the upfront equity contribution of the Programme. Thereafter, another RM104 million is expected to be required from the shareholders of GVL within twelve (12) months from the first issuance of Tranche 1. As such, the Group will be required to invest another RM31.2 million in GVL for the purposes of the Programme. Accordingly, the total investment of the Group in GVL for the purposes of the Programme would eventually add up to RM62.4 million. GVL also intends to initiate a rights issue to raise the required equity contribution from the shareholders for the Programme ("**Proposed Rights Issue**"). If AVP does not take part in the Proposed Rights Issue to contribute the required capital investment, AVP's shareholding in GVL will be diluted. Given the high investment value of the Project, GVL is only expected to be profitable after the completion of the Project and achieving a steady flow of income which will be very much dependent on market conditions and demand. Hence, the Proposed Divestment will provide the Company a clean exit with all cash proceeds up front instead of holding an investment asset that requires significant capital investment and is subject to longer gestation periods before realising any potential profits.

- ii. The constitution of GVL stipulates that RPS in GVL may only be transferred to existing RPS holders. The Group had considered divesting the OS and RPS separately in order to maximise the value of its investment in GVL. However, potential buyers approached by the Group had reservations about taking up a minority stake in GVL and the significant capital investment required to part finance the Project. Hence, AVP was unable to secure any meaningful offers from third parties.
- iii. GVL had originally intended to develop the land as a sustainable integrated logistics consisting of warehousing, e-commerce hub and other mixed developments on the land which was to be financed through a combination of internal source of funds and external bank borrowings.

Subsequently, GVL and the existing shareholders of GVL, entered into a subscription agreement (the “**Subscription Agreement**”) with Logos SE Asia Pte. Ltd. (“**LOGOS**”) pursuant to which LOGOS would have subscribed 60% of GVL’s shares and taken a lead in the development of the land. The collaboration with LOGOS pursuant to the Subscription Agreement would enable GVL to tap on the expertise of LOGOS to manage the construction and operations of the proposed developments of the land and would have also partially relieved the significant capital investment commitments required from the existing shareholders of GVL to execute the proposed development on the land. LOGOS had revamped the original development plans envisaged for the land and had come up with a master plan which upon its completion was expected to be one of the largest one-stop logistics solutions providers in Malaysia (the “**Masterplan**”). The Subscription Agreement was subsequently mutually terminated by the parties. Thereafter, GVL intended to continue with the proposed development of the land based on the Masterplan culminating in the Project, without a lead investor.

However, given the nature, magnitude and scale of the Project, AVP had made known to the other shareholders of GVL its reservations regarding their proposal to proceed with the Project without a lead investor. AVP had even tried to secure a new potential investor to undertake the Project which, however, did not come to fruition. Despite AVP’s reservations, the other shareholders of GVL wish to proceed with the Project without further delay and without waiting for a new lead investor.

In order to resolve the impasse with the other shareholders amicably and avoid possible protracted legal proceedings, and considering the various factors stated above, AVP decided to sell its entire 30% shareholding in GVL to the Purchasers at the current sale consideration for a clean exit.

Despite the current market valuation of the land, the current sale consideration was arrived at after arm’s length negotiations between AVP and the Purchasers, taking into account, inter alia, the total commitment amounting to RM102.4 million to be undertaken by the Purchasers in relation to AVP’s 30% shareholding in GVL, being RM32,851,017.00 for the OS and RPS, RM7,148,983.00 for repayment of the Shareholder’s Advance and the further RM62.4 million investment in GVL for the Programme to finance the Project.

- iv. Taking into consideration the minimum total investment of RM102.4 million required by any potential buyer of AVP’s 30% equity, the Board is of the view that the Proposed Divestment is a fair and reasonable exit for AVP in all cash payments, especially considering the current economic climate and heightened risk of global recession. Therefore, the Board is of the view that it would be more prudent for AVP to make a

clean exit with all cash proceeds up front.

- v. The Proposed Divestment presents a good opportunity for the Group to realise cash flow to improve the Group's cash position. This would cushion the impact of micro and macroeconomic shocks and place the Group in a better position to combat any risks of a global economic recession and meet short-term commitment.
- vi. The Proposed Divestment will also allow the management to better focus its time and attention on its core property development business.

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

SGX-ST's Query 2

Please disclose the relative figures under Listing Rule 1006 after adjusting for the effects of the recent disposal of land and buildings by Aspen Glove Sdn Bhd to Sustainable Waste Management Holdings Pte Ltd pursuant to the Sale and Purchase Agreement dated 15 December 2022.

Company's Response

The relative figures of the Proposed Divestment computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual based on the latest announced unaudited consolidated financial statements of the Company for HY2023, after adjusting for the effects of the recently approved disposal of land and buildings by Aspen Glove Sdn Bhd to Sustainable Waste Management Holdings Pte Ltd pursuant to the Sale and Purchase Agreement dated 15 December 2022 ("**Disposal of AGSB's Assets**"), being adjusted unaudited consolidated financial statements of the Company for HY2023 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. | 15.66% ⁽¹⁾ |
| 1006(b) | The net profits/loss attributable to the assets acquired or disposed of, compared with the Group's net profits/loss. | (4.15%) ⁽²⁾ |
| 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. | 27.62% ⁽³⁾ |
| 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 ⁽⁴⁾ |

| | | |
|---------|--|-------------------------------|
| 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 ⁽⁵⁾ |
|---------|--|-------------------------------|

Note:

- (1) Under Rule 1002(3)(a) of the Listing Manual, “net assets” means total assets less total liabilities. Based on 30% of the net asset value of the investment of approximately RM242.5 million as at HY2023 and adjusted net assets value of the Group of RM464.6 million as at HY2023 (after taking into account the net asset effect of the Disposal of AGSB’s Assets amounting to RM14.9 million).
- (2) Based on 30% of the net loss attributable to the Proposed Divestment approximately RM3.8 million as at HY2023 and adjusted net profit value of the Group of RM27.5 million as at HY2023 (after taking into account the net profit effect of the Disposal of AGSB’s Assets amounting to RM14.9 million). Net profit/loss is defined to be profit or loss before income tax, minority interests and extraordinary items.
- (3) The aggregate amount to be received by AVP is RM40 million, being Consideration of RM32,851,017.00 and repayment of Shareholder’s Advance of RM7,148,983.00 (“**Adjusted Consideration**”). The Adjusted Consideration expressed as a percentage of the Company’s market capitalisation of approximately RM144.8 million (based on the exchange rate of S\$ 1 : RM3.3422) on 24 March 2023 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 24 March 2023 (S\$0.04).
- (4) The Proposed Divestment is a disposal of asset not an acquisition of assets. No equity securities will be issued by the Company in connection with the Proposed Divestment.
- (5) The Company is not a mineral, oil and gas company.

SGX-ST’s Query 3

We note that the land owned by GVL represents 96.2% of its total asset value. The Company had appointed One Asia Property Consultants (Pg) Sdn. Bhd. as the independent valuer who valued the land at RM435 million.

- (a) Please disclose the qualifications of the valuer and whether the valuer has any experience undertaking such valuation for similar industry and for listed companies.
- (b) Please disclose the HY2023 financial statements of GVL, showing the latest profitability and financial position of GVL. Please also disclose the revalued net asset value (RNAV) of GVL after taking into account the latest land valuation of RM435 million.

Company's Response

(a) The Valuation Report was undertaken by a team led by Sr Chandra Mohan Krishnan ("Sr Chandra"), an executive director of the Independent Valuer. Sr Chandra is a Member of the Royal Institution of Chartered Surveyors (MRICS), Member of the Royal Institution of Surveyors Malaysia (MRISM), Member of Malaysian Institute of Estate Agents (MMIEA), Member of the Association of Valuers & Property Consultants in Private Practice Malaysia (MPEPS), a Registered Valuer, Estate Agent and Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers and a Licensed Auctioneer in the state of Penang. Sr Chandra also holds a Certificate in Plant & Machinery Valuation from the Sardar Patel University Gujarat, India. With over 47 years of experience, Sr Chandra has expertise in all landed and stratified properties of all classes for compulsory land acquisition, mortgage, auctions, corporate, rating, statutory bodies, way leaves, security commission, rental valuation, livestock and chattel valuations. Sr Chandra has conducted plant & machinery valuations including gantry, RTG cranes, marine vessels and ship appraisals. Sr Chandra has also conducted various property management including offices, condominiums, warehouses and port terminals, feasibility and viability studies. As a licensed auctioneer, Sr Chandra does public auctions for high court, land office and some private auctions. Sr Chandra has previous experience in undertaking valuation for similar industries and for listed companies.

(b) Unaudited financial statements of GVL for HY2023 are as follows:

| | Revalued ⁽¹⁾ | |
|--|-------------------------|-----------------|
| | HY2023 | HY2023 |
| | RM'000 | RM'000 |
| Revenue | - | - |
| Loss after tax | (3,783) | (57,783) |
| Total comprehensive loss | (3,783) | (57,783) |
| Non-current assets | 509,927 | 455,927 |
| Current assets | 2,585 | 2,585 |
| Non-current liabilities | (270,040) | (270,040) |
| Current liabilities | (16) | (16) |
| Net assets | 242,456 | 188,456 |
| Attributable to the Group | 72,737 | 56,537 |
| Carrying amount of interest in associate as at HY2023 | 72,737 | 56,537 |
| Group's interest in net assets of investee at beginning of the year | 73,872 | 73,872 |
| Group's share of: | | |
| - Loss after tax | (1,135) | (17,335) |
| - Total comprehensive loss | (1,135) | (17,335) |
| Carrying amount of interest in investee as at HY2023 | 72,737 | 56,537 |

Note:

(1) Revalued unaudited financial statement by adopting latest land valuation of RM435 million.

SGX-ST's Query 4

We note that the Company will earn a gain of RM10.3 million from the proposed disposal arising from its principal investment of RM22.6 million in GVL. This is notwithstanding that the proceeds from the disposal being RM62.4 million lower than the book value of GVL of RM95.2 million.

- (a) Please disclose a breakdown of the principal investment of RM22.6 million, including the date(s) on which the investment(s) were made.
- (b) Please reconcile and provide details how the Company will earn a gain of RM10.3 million based on its "principle investment of RM22.6 million in GVL" even though "the deficit of proceeds over book value" is RM62.4 million. Please disclose how the Company will be reporting a gain when it is disposing of its assets at a loss.
- (c) Please disclose how the Company derived the book value of GVL as RM95.2 million when the land which forms substantially all of its asset is valued at RM435 million.
- (d) Please disclose where the RM62.4 million loss will be recorded in the Company's books.

Company's Response

- (a) The breakdown of the Group's principal investment in GVL was as follows:-

| Investment Dates | Types of shares | No of shares | Investment value (RM) |
|-------------------------|------------------------|---------------------|------------------------------|
| 28 November 2017 | Ordinary Shares | 750,000 | RM75,000.00 |
| 30 November 2017 | RPS | 592,500 | RM5,925,000.00 |
| 25 July 2018 | RPS | 1,656,000 | RM16,560,000.00 |
| | | Total | RM22,560,000.00 |

- (b) Based on the Group's unaudited consolidated financial statements for HY2023, the book value attributable to the Sale Shares is approximately RM95.2 million consisting of principal investment and share of results of equity-accounted investees (including fair value gain on the land). With the Consideration for the Proposed Divestment, the Group will earn a gain of RM10.3 million from the principal investment despite the expected loss of RM62.4 million over the book value.
- (c) The book value of GVL was derived by taking into account the Group's interest in associates amounting to RM72.7 million (refer to the Company's Response to SGX-ST's Query 3(b)) and investment of RPS amounting to RM22.5 million.
- (d) The expected loss of RM62.4 million will be recorded as loss on disposal of an associate in the Company's books.

SGX-ST's Query 5

We note that the reason for the disposal is that "Based on GVL's initial cost estimation, the Project is expected to cost GVL RM2.1 billion". Please provide details of the location, the asset, the size,

the current plan and the expansion plan of the Project and why the Project is expected to cost GVL RM2.1 billion.

Company's Response

The Project will be carried out on three (3) contiguous parcels of industrial land measuring approximately 71 acres situated in Section 16, District Petaling, Selangor Darul Ehsan.

The Project is expected to be developed in two (2) phases. Phase 1 comprises a build-up area of 4.2 million sq. ft. and would, amongst others, comprise of: four (4) storey logistics warehouse with mezzanine floor for each level; two (2) storey of office; two (2) units of worker's canteen; eight (8) storey car park + basement car park; and two (2) storey motorcycle parking area and a workers dormitory. Phase 2 components are to be determined by GVL in the future, but it is also expected to comprise four (4) storey logistics warehouse with mezzanine floor for each level.

Given the nature, magnitude and scale of the Project, it is expected to cost GVL RM2.1 billion. For more information about GVL and the Project, please visit its website at – <https://sailoghub.com/>.

SGX-ST's Query 6

We note that the constitution of GVL stipulates that the RPS in GVL may only be transferred to existing RPS holders, including HMSB and SHB. AVP is therefore unable to offer the RPS together with the ordinary shares to other third parties to get better terms.

Please disclose whether the Company had considered divesting the RPS and ordinary shares separately in order to maximise the value of its investment in GVL and if not, please explain why.

Company's Response

The Group did make efforts for such divestment, however, there were no meaningful offers received by AVP. Potential buyers approached by the Group had reservations about taking up a minority stake in GVL and the significant capital investment required to part finance the Project.

BY ORDER OF THE BOARD

Aspen (Group) Holdings Limited

Dato' Murly Manokharan
President and Group Chief Executive Officer
30 March 2023