

---

## ENTRY OF DEED OF MUTUAL TERMINATION OF LEASE AGREEMENT

---

### 1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Aspen (Group) Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcement dated 2 September 2020 in relation to (1) the entry of the Group’s indirect subsidiary, Aspen Glove Sdn. Bhd. (“**AGSB**”) into the Lease Agreement dated 1 September 2020 (“**Lease Agreement**”) with Kulim Technology Park Corporation Sdn. Bhd. (“**KTPC**”) in relation to the leasing of all that piece of land held under Geran No. 218490, Lot 60230 of Seksyen 11, Bandar Lunas, Daerah Kulim, Negeri Kedah (the “**Lease Land**”) for a period of 60 years for a consideration sum of RM51,107,040.00 (the “**Lease Consideration**”) and for the purpose of constructing an industrial factory thereon to manufacture and distribute rubber and nitrile gloves and other related activities and (2) its announcement dated 12 November 2021 in relation to AGSB’s acceptance of a Facility Agreement (the “**Facility Agreement**”) with Standard Chartered Bank Malaysia Berhad (“**SCB**”) in connection with a term loan and trade line facilities of an aggregate amount of RM60 million (the “**Facility**”) (the “**Announcements**”).

*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Announcements.*

- 1.2 Further to the Announcements, the Board wishes to announce that AGSB and KTPC have entered into a Deed of Mutual Termination (“**Deed of Mutual Termination**”) on 31 May 2023 to terminate the Lease Agreement and surrender the Lease Land and the Factory Buildings (defined hereinafter) to KTPC in accordance to the terms of the Lease Agreement as AGSB has ceased its operation on the Lease Land and is unable to complete the transactions to dispose of its assets and interest in the Lease Land to Cambridge Real Estate Partners Pte Ltd (“**CREP**”) and subsequently to Sustainable Waste Management Holdings Pte. Ltd. (“**SWMH**”) (“**Proposed Transactions**”) which would lead to severe deterioration of its financial position without any tangible revenue or income.

### 2. BACKGROUND ON THE DEED OF MUTUAL TERMINATION

- 2.1 As of to date, AGSB has paid KTPC an aggregate sum of RM28,423,120.00 (“**Paid Sum**”) in respect of the Lease Consideration and there is a balance sum of RM22,683,920.00 to be paid by AGSB to KTPC (“**Balance Lease Consideration**”).
- 2.2 For securing the Facility granted by SCB to AGSB, AGSB has charged the Lease Land to SCB and issued a debenture over all present and future assets of AGSB (“**SCB Charge**”) which includes the factory buildings comprising a single-storey detached factory cum office with three-level mezzanine floor, four-storey detached warehouse building and five other ancillary buildings having a total built-up area of approximately 426,191.44 square feet (collectively the “**Factory Buildings**”) erected on the Lease Land. As at 31 May 2023, the outstanding amount owing to SCB was RM52,743,692.87 (the “**Outstanding Facility Amount**”).
- 2.3 AGSB had intended to fully satisfy the Balance Lease Consideration payable to KTPC and

the Outstanding Facility Amount owed to SCB using the proceeds from the Proposed Transactions with CREP and subsequently with SWMH. However, as disclosed by the Company's earlier announcement dated 7 December 2022 and 21 April 2023, the Proposed Transactions have both been terminated.

- 2.4 Based on the forecasted cashflow of AGSB post-termination of the Proposed Transactions, AGSB is unable to pay KTPC the Balance Lease Consideration which would have resulted in a breach and an event of default under the Lease Agreement. AGSB also would not have been able to meet its obligations to SCB under the Facility Agreement which could have given rise to SCB having the right to call on the corporate guarantee provided by the Company pursuant to the Facility Agreement ("**Corporate Guarantee**"). Such events could trigger a cross-default across all banking facilities granted to the Group.
- 2.5 Having taken into consideration the interests of the Company and the shareholders and the projected cashflow forecast of AGSB and upon discussions with KTPC and SCB, the Board is of the view that it is in the best interests of the Company for AGSB to enter into the Deed of Mutual Termination in order to avoid KTPC terminating the lease in accordance with the Lease Agreement and SCB exercising its rights under the Facility Agreement.

### 3. **TERMS OF THE DEED OF MUTUAL TERMINATION**

In consideration of AGSB agreeing to peacefully surrender the vacant possession of the Lease Land and ensuring that the Factory Buildings are in a tenable condition satisfactory to KTPC, and negotiating with SCB to obtain its consent to the terms of the Deed of Mutual Termination and confirmation on the sum payable to SCB for the release and discharge of the SCB Charge ("**Redemption Sum**"), KTPC has:-

- i) refunded the Paid Sum to AGSB; and
- ii) paid AGSB RM25,000,000.00 as ex gratia payment ("**Ex Gratia Payment**") for improvement conducted on the Lease Land.

The Lease Land together with Factory Buildings and all fittings and fixtures therein (save for certain plant, equipment and machineries which shall be removed from the Factory Buildings by AGSB) have been surrendered by AGSB to KTPC.

Consequently, the Lease Agreement is terminated and the parties are released and discharged of their obligations to one another under the Lease Agreement and shall have no claims against the other party arising out of the Lease Agreement.

### 4. **RATIONALE**

The Deed of Mutual Termination has enabled AGSB and the Company to discharge and be released from its obligations under the Lease Agreement with KTPC and Facility Agreement and the Corporate Guarantee respectively. Following the receipt of the Paid Sum and the Ex Gratia Payment from KTPC, AGSB has utilised the Paid Sum and Ex Gratia Payment to fully settle the Redemption Sum to SCB on 1 June 2023.

### 5. **FINANCIAL EFFECTS OF THE DEED OF MUTUAL TERMINATION**

#### 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 30 June 2022 and under the following assumptions:

- (a) that the Deed of Mutual Termination 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 Deed of Mutual Termination 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 Deed of Mutual Termination nor a projection of the future financial performance or position of the Group after the completion of the Deed of Mutual Termination.

#### NTA per Share

	<b>Before the Deed of Mutual Termination</b>	<b>After the Deed of Mutual Termination</b>
NTA (RM'000)	384,471	280,980
Number of Shares ('000)	1,083,270	1,083,270
NTA per Share (RM cent)	35.49	25.94

#### EPS

	<b>Before the Deed of Mutual Termination</b>	<b>After the Deed of Mutual Termination</b>
Net profit attributable to shareholders after tax from continuing operations (RM'000)	(180,026)	(283,517)
Number of weighted average shares ('000)	1,083,270	1,083,270
Earnings per share (RM cent)	(16.62)	(26.17)

#### Loss over the Book Value

The expected loss arising from the Deed of Mutual Termination will be approximately RM98.2 million, which represents the loss over book value, based on the Group's unaudited consolidated financial statements for HY2023.

Following the Deed of Mutual Termination, AGSB will completely exit the glove business but will continue to defend and pursue its claims and counterclaims in the current legal proceedings.

The Deed of Mutual Termination is expected to have a material adverse impact on the consolidated net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 30 June 2023.

#### **BY ORDER OF THE BOARD**

Aspen (Group) Holdings Limited

Dato' Murly Manokharan  
 President and Group Chief Executive Officer  
 6 June 2023