
ENTRY INTO SUBSCRIPTION CUM SHAREHOLDERS' 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**") wishes to announce that the Company and Kulim Technology Park Corporation Sdn. Bhd. ("**KTPC**") have, on 6 June 2023, entered into a Subscription Cum Shareholders' Agreement (the "**Agreement**") in relation to the joint venture between KTPC and the Company in Dynamic Tune Sdn Bhd ("**DTSB**") for the purpose of undertaking the Lease (defined hereinafter), subject to the condition, amongst others, that the Company secure a tenant ("**Proposed Tenant**") to accept the sub-lease of the Demised Premises (defined hereinafter) from DTSB by entering into a sub-lease agreement ("**Sub-Lease Agreement**") with DTSB on terms to be agreed between DTSB and the Proposed Tenant ("**Proposed Sub-Lease**").

1.2 Upon entering into the Agreement, DTSB will simultaneously enter into a lease agreement ("**Lease Agreement**") with KTPC whereby KTPC will lease and DTSB will take the lease in respect of a portion of all that piece of land (approximately 12.15 acres) being part of Geran No. 218490, Lot 60230 of Seksyen 11, Bandar Lunas, Daerah Kulim, Negeri Kedah (the "**Lease Land**") and the factory buildings having a total built-up area of approximately 426,191.44 square feet ("**Factory Buildings**") erected on the Lease Land (collectively the "**Demised Premises**") for a period of 60 years at a lease consideration of RM46,170,160.00 ("**Lease Consideration**") ("**Lease**").

2. INFORMATION ON KTPC

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

KTPC is a private limited company wholly owned by Kedah State Development Corporation (PKNK), a government body responsible for promoting development in Kedah. KTPC is entrusted with the development and management of Kulim Hi-Tech Park ("**KHTP**"), a national project fully funded by the Malaysian Federal Government through the Ministry of Finance.

Essentially, as the developer and manager of KHTP, KTPC is responsible to develop and manage the whole ecosystem of KHTP, promote and facilitate the investment for KHTP and provide corporate and management support services. The Lease Land and the Factory Buildings are located in KHTP.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Subscription of Ordinary Shares in DTSB

DTSB was incorporated with an issued share capital of RM100.00 divided into 100 Ordinary Shares, all of which are fully paid up and held by KTPC.

Premised on paragraph 1.1 above:

- (i) KTPC has subscribed for and DTSB has allotted and issued to KTPC 200 Ordinary Shares (“**KTPC’s Ordinary Shares**”) in DTSB at a sum of Ringgit Malaysia Two Hundred (RM200.00) only; and
- (ii) The Company has subscribed for and DTSB has allotted and issued to the Company 700 Ordinary Shares (“**the Company’s Ordinary Shares**”) in DTSB at a sum of Ringgit Malaysia Seven Hundred (RM700.00) only,

Following the subscription of KTPC’s Ordinary Shares and the Company’s Ordinary Shares, the equity interest of KTPC and the Company in the enlarged share capital of DTSB shall be 30% and 70% respectively, making DTSB a subsidiary of the Company.

3.2 Subscription of RPS

Pursuant to the Agreement, DTSB shall issue to KTPC and KTPC shall subscribe for 46,170,160 redeemable non-convertible preference shares (“**RPS**”) at an issue price of RM1.00 per RPS (“**Issue Price**”) within seven (7) days from the date of the Agreement. The purpose of the issuance and allotment of the RPS in DTSB to KTPC is to satisfy the Lease Consideration.

The salient terms of the RPS are as follows:

Dividends	:	Cumulative preferential dividends at the rate of 8% per annum based on Issue Price payable monthly in arrears
Tenure	:	Ten (10) years from issuance date and including the Issuance Date
Maturity Date	:	On the day falling ten (10) years from issuance date
Redemption price and redemption period	:	Subject always to the Companies Act 2016, of Malaysia the RPS (<i>at any number</i>) are redeemable at the option of the Issuer at the Issue Price each at any time after the issuance date and up to the Maturity Date (both dates inclusive).
Ranking	:	The RPS shall rank <i>pari passu</i> among themselves and shall rank as to dividends and payment of capital up to the amount specified above in priority to the existing Ordinary Shares
Voting rights	:	<p>The RPS holder shall have the right to receive notices, reports and audited financial statements and attend meetings of the issuer, but shall not be entitled to vote in person or by proxy or by attorney in a general meeting of the Issuer except at such meeting in each of the following circumstances:</p> <ul style="list-style-type: none"> (a) on a proposal to reduce the issuer’s share capital; (b) on a proposal for the disposal of the whole of the Issuer’s property, business and undertaking; (c) on a proposal that affects the rights attached to the RPS; (d) on a proposal to wind up the issuer; and (e) during the winding up of the issuer. <p>Whenever the RPS holder has the right to vote at a general meeting, the RPS holder has the same right to vote as the holder of one (1) Ordinary Share for each RPS held.</p>

Transferability	:	Save and except where there is early termination of Proposed Sub-Lease as stipulated in paragraph 3.6 below, the RPS is not transferrable to any party.
Convertibility	:	The RPS is not convertible.
Board Composition	:	The holder of the RPS shall be entitled to appoint one (1) person as director, and to remove any persons so appointed. Upon the full redemption of the RPS, the appointed director shall immediately resign from the Board by providing DTSB a letter of resignation.

3.3 Undertaking by KTPC and the Company

KTPC undertakes to enter into and execute the Lease Agreement with DTSB at the Lease Consideration for a term of sixty (60) years simultaneously on the date of the Agreement.

The Company undertakes to procure the execution of the Sub-Lease Agreement between DTSB and the Proposed Tenant at the sub-lease consideration of at least Ringgit Malaysia Eight Hundred Thousand (RM800,000.00) only per month on terms to be agreed between DTSB and the Proposed Tenant.

As of the date of this announcement, the Company and KTPC have fulfilled the abovementioned undertakings.

3.4 Board Composition

The board of DTSB shall consist of four (4) Directors as follows:

- (a) KTPC as the holder of KTPC's Ordinary Shares and the RPS shall be entitled to appoint two (2) persons as director, and to remove any persons so appointed. Upon the full redemption of the RPS, one (1) director appointed by KTPC as the holder of the RPS shall immediately resign from the DTSB board by providing DTSB a letter of resignation.
- (b) The Company shall be entitled to appoint two (2) persons as directors, and to remove any persons so appointed. The post of chairman shall be held by the director appointed by the Company. The chairman of the board shall have a casting vote.

3.5 Reserved Matters

The DTSB board shall obtain the prior written approval of each shareholder, ie the Company and KTPC, before taking any action or decision in relation to any of the reserved matters below:

- (a) Any change in the nature and/or scope of the business of DTSB.
- (b) The appointment of a liquidator or administrator to DTSB or any proposal (including a resolution) to wind up, dissolve, put into administration or liquidate DTSB, except as required by law.
- (c) Any amendment to the Constitution of DTSB.
- (d) Except for the issuance of the RPS on the RPS completion in accordance with the Agreement, any increase in the issued share capital of DTSB or the issue or grant of

any option over the share capital of DTSB or the issue of any new class of shares in the capital of DTSB or the issuing of any convertible securities by DTSB.

- (e) Any repurchase, cancellation or redemption of DTSB's share capital or any reduction, consolidation, subdivision or reclassification or other alteration of its capital structure.
- (f) The creation of any mortgage, charge or other encumbrance over the whole or any part of the business, undertaking or assets of DTSB or over any shares in DTSB.
- (g) DTSB entering into, or varying, or waiving any breach of, or discharge of any liability under, or terminating the Lease and/or Proposed Sub-Lease.
- (h) Any amalgamation or reconstruction of DTSB, or any merger of DTSB with any corporation, firm or other body.
- (i) Any change in the dividend policy other than as provided in the Agreement.
- (j) Any borrowing to be obtained by DTSB.

3.6 Early Termination of Proposed Sub-Lease

- (a) In the event the Proposed Sub-Lease is terminated prior to the expiry of the term or the extended term (as may be applicable), the Company shall within twelve (12) months from the effective date of such termination, procure a new tenant on terms substantially similar to the Proposed Sub-Lease;
- (b) Should the Company fail to procure the new tenant as above mentioned, KTPC may opt to exit DTSB by giving the Company not less than six (6) month notice. In such a case, the Company shall acquire the RPS at the redemption price, or to procure and ensure that DTSB has sufficient fund to redeem the RPS at the expiry of the date of the prescribed notice; and KTPC shall simultaneously upon such acquisition or redemption, as the case maybe, sell all its Ordinary Shares to the Company at the price of Ringgit Malaysia One (RM1.00) only per share.

3.7 Dividend Policy

Subject to the requirements of the Companies Act 2016, of Malaysia, the board of DTSB shall approve DTSB to distribute the net profit of DTSB after making all necessary, reasonable and prudent provisions and reserves for taxation in the following manner:-

- (a) firstly, the payment of RPS's dividends to RPS shareholders on a monthly basis;
- (b) secondly, the payment of dividends to ordinary shareholders on a monthly basis.

4. RATIONALE FOR THE JOINT VENTURE AND THE AGREEMENT

Post-termination of the Lease Agreement between the Group's indirect subsidiary, Aspen Glove Sdn. Bhd. and KTPC, as announced by the Company on even date, the Board is of the view that the joint venture with KTPC will provide an opportunity for the Group to acquire the lease asset at a very attractive commercial consideration of RM46,170,160.00 for a period of 60 years and streamline the Group's business and operations. The Agreement will also enable DTSB to enter into a sub-lease with a reputable multi-national company with a fixed income for up to 20 years which is expected to contribute positively to the earnings of the Company.

5. FINANCIAL EFFECTS

The Agreement is not expected to have any material 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.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or the controlling shareholders of the Company has any interests, direct or indirect in the Agreement (other than through their respective effective shareholding interests in the Company).

7. FURTHER UPDATES

The Company will make further announcements to keep shareholders and potential investors informed, as and when there are further updates pertaining to the above matter, or, if there are any material developments.

BY ORDER OF THE BOARD

Aspen (Group) Holdings Limited

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