ASPEN (GROUP) HOLDINGS LIMITED
Company Registration No.: 201634750K
(Incorporated in the Republic of Singapore)

ENTRY 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 on even date in relation to the entry of the Company, Kulim Technology Park Corporation Sdn. Bhd. ("**KTPC**") and Dynamic Tune Sdn. Bhd. ("**DTSB**") into a Subscription Cum Shareholders' Agreement (the "**Agreement**") in relation to the joint venture between KTPC and the Company for the purpose of undertaking a proposed sub-lease and the Company's subscription of shares in DTSB (the "**Announcement**").

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

1.2 Further to the Announcement, the Board wishes to announce that KTPC and the subsidiary of the Company, DTSB, have entered into a lease agreement ("**Lease Agreement**") on 6 June 2023, in respect of a portion of land measuring approximately 12.15 acres held under part of Geran No. 218490, Lot No. 60230 of Section 11, City of Lunas, District of Kulim, State of Kedah within Industrial Zone Phase 4, Kulim Hi-Tech Park, Kedah together within the factory buildings erected thereon (the "**Demised Premises**") for a period of 60 years at a lease consideration of RM46,170,160.00 ("**Lease Consideration**") to be satisfied by DTSB by way of allotment and issuance of 46,170,160 redeemable non-convertible preference shares ("**RPS**") at an issue price of RM1.00 per RPS ("**Issue Price**") in DTSB to KTPC.

2. THE LEASE AGREEMENT

2.1 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.

2.2 Information on Demised Premises

The Demised Premises forms part of the land previously leased by Aspen Glove Sdn Bhd

("**AGSB**"), the Company's indirect subsidiary, from KTPC, which lease has been mutually terminated by AGSB and KTPC ("**Termination of AGSB's Lease**").

The Demised Premises is located in KHTP, an industrial park for high technology enterprises located in the district of Kulim – a growing township in the state of Kedah, the northern region of Peninsular Malaysia. With excellent infrastructure, quick intermodal logistics connectivity, exceptional support services and abundant quality talents, KHTP has become an ideal location for both local and multinational companies to set up their operation and produce their high-value products in a conducive world-class business environment.

3. SALIENT TERMS OF THE LEASE AGREEMENT

The salient terms of the Lease Agreement are set out below:

(i) **Tenure of the lease:** 60 years commencing from the date of the Lease Agreement;

(ii) **Payment Of Lease Consideration:** The Lease Consideration shall be paid by way of allotment and issuance of 46,170,160 RPS at an issue price of RM1.00 per RPS within seven (7) days from the date of the Lease Agreement;

(iii) **Use Of The Demised Premises:** To sublease and/or sublet the Demised Premises to a sub-lessee whose business activity at the Demised Premises shall fall within the promoted industries of Kulim Hi-Tech Park.

4. RATIONALE FOR THE LEASE AGREEMENT

The Lease Agreement will enable the Company to own a completed and readily tenable international standard industrial asset within a matured high-tech industrial park which houses multiple global multi-national corporations and has the potential to generate stable recurring income for the Company at a yield in excess of 20% per annum via the proposed sub-lease for up to 20 years and potentially for the subsequent remaining period of 40 years. The entry of the Lease Agreement also does not require any further capital from the Company.

5. VALUATION AND LEASE CONSIDERATION

The Board is of the view that the Lease Consideration is fair and reasonable taking into consideration the following:

(i) the previous valuation report dated 22 September 2022 available to the Company via AGSB;
(ii) the market insights conducted by the management on the market value of similar properties within the vicinity of the Demised Premises with similar specifications and conditions;
(iii) that the Company has managed to procure a reputable multi-national corporation as a sub-lessee of the Demised Premises in accordance with the Subscription Cum Shareholders Agreement which will translate to substantial foreign direct investment into Malaysia and creation of job opportunities in Kulim, Kedah; and
(iv) the potential gross rental yield (ie rental income over lease consideration) which will be in excess of 20% per annum.

In view of the above, the Board is of the view that the Lease Consideration will not warrant the Company to commence a new valuation.

6. FINANCIAL EFFECTS OF THE LEASE AGREEMENT

6.1 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 30 June 2022 and under the following assumptions:

(a) that the entry of Lease Agreement 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 entry of Lease Agreement 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 entry of Lease Agreement and the Termination of AGSB's Lease nor a projection of the future financial performance or position of the Group after the completion of the entry of Lease Agreement.

6.2 NTA per Share

	Before the entry of Lease Agreement	**After the entry of Lease Agreement**
NTA (RM'000)	384,471	384,211
Number of Shares ('000)	1,083,270	1,083,270
NTA per Share (RM cent)	35.49	35.47

NTA per Share adjusted pro forma[i] after the Termination of AGSB's Lease

	After the Termination of AGSB's Lease	**After the entry of Lease Agreement and the Termination of AGSB's Lease**
NTA (RM'000)	280,980	280,720
Number of Shares ('000)	1,083,270	1,083,270
NTA per Share (RM cent)	25.94	25.91

6.3 EPS

	Before the entry of Lease Agreement	**After the entry of Lease Agreement**
Net profit attributable to shareholders after tax from continuing operations (RM'000)	(180,026)	(180,286)
Number of weighted average shares ('000)	1,083,270	1,083,270

[i] Adjusted Pro forma is the figures based on most recently audited consolidated financial statements of the Group, after taking into consideration both the entry of the Lease Agreement and the Termination of AGSB's Lease

Earnings per share (RM cent)	(16.62)	(16.64)

<u>EPS adjusted pro forma[i] after the Termination of AGSB's Lease</u>

	After the Termination of AGSB's Lease	After the entry of Lease Agreement and the Termination of AGSB's Lease
Net profit attributable to shareholders after tax from continuing operations (RM'000)	(283,517)	(283,777)
Number of weighted average shares ('000)	1,083,270	1,083,270
Earnings per share (RM cent)	(26.17)	(26.20)

The Lease Agreement is not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of the Group for the financial year ending 30 June 2023.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures of the entry of the Lease Agreement computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual based on the latest unaudited consolidated financial statements of the Company for HY2023, being the latest announced consolidated financial statements of the Company 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.	Not applicable%[(1)]
1006(b)	The net profits/loss attributable to the assets acquired or disposed of, compared with the Group's net profits/loss.	(2.22%)[(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.	29.17%[(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	Not applicable[(5)]

[i] Adjusted Pro forma is the figures based on most recently audited consolidated financial statements of the Group, after taking into consideration both the entry of the Lease Agreement and the Termination of AGSB's Lease.

	such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	

The relative figures of the entry of the Lease Agreement computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual based on the adjusted pro forma[i] after the Termination of AGSB's Lease as announced on the even date 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.	Not applicable%[(1)]
1006(b)	The net profits/loss attributable to the assets acquired or disposed of, compared with the Group's net profits/loss.	0.33%[(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.	29.17%[(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) This basis is not applicable as the entry of the Lease Agreement is an acquisition and not a disposal.

(2) Based on 70% of the net loss attributable to the entry of the Lease Agreement approximately RM0.4 million and the net profit value of the Group of RM12.6 million as at HY2023. Net profit/loss is defined to be profit or loss before income tax, minority interests and extraordinary items.

Adjusted pro forma after the Termination of AGSB's Lease
Based on 70% of the net loss attributable to the entry of the Lease Agreement approximately RM0.4 million and the adjusted net loss value of the Group of RM85.6 million as at HY2023. Net profit/loss is defined to be profit or loss before income tax, minority interests and extraordinary items.

(3) Based on 70% of the consideration of RM46,170,160.00. The Consideration

[i] Adjusted Pro forma is the figures based on the latest announced financial statements of the Company for HY2023 after taking into consideration both the entry of the Lease Agreement and the Termination of AGSB's Lease.

expressed as a percentage of the Company's market capitalisation of approximately RM110.8 million (based on the exchange rate of S$ 1 : RM3.4095) on 31 May 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 31 May 2023 S$0.03.

(4) No equity securities will be issued by the Company in connection with the Lease Agreement.

(5) The Company is not a mineral, oil and gas company.

Although the relative figure under Rule 1006(c) of the Listing Manual exceeds 20%, the Company regards the entry of the Lease Agreement as within the ordinary course of business of the Group, with no change in the risk profile as the Lease Agreement relates to the Demised Premises which was previously under the Group and accordingly Chapter 10 of the Listing Manual would not apply and as such the Company is not required to obtain the approval of shareholders in a general meeting. Notwithstanding, the Company will consult with SGX on the applicability of Chapter 10 of the Listing Manual and will update shareholders on the outcome accordingly.

If required, the Company will seek specific shareholders' approval for the Lease Agreement via an extraordinary general meeting.

8. 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 Lease Agreement (other than through their respective effective shareholding interests in the Company).

9. SERVICE CONTRACTS

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

10. DOCUMENTS FOR INSPECTION

A copy of the Lease Agreement 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
6 June 2023