

ENTRY OF SUB-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 announcements on even date in relation to (1) 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**”) and (2) the entry of KTPC and DTSB into a lease agreement in respect of a portion of land measuring approximately 12.15 acres held under 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**”) (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 DTSB and a company incorporated, domiciled and carrying on business in Malaysia (“**Sub-Lessee**”) have entered into a sub-lease agreement (“**Sub-Lease Agreement**”) on 6 June 2023, in respect of the Demised Premises.

2. INFORMATION ON THE SUB-LESSEE

The Sub-Lessee is a wholly-owned subsidiary of a leading technology and manufacturing multi-national group of companies that has its base and head office in Europe.

To comply with strict confidentiality obligations by which the Sub-Lessee is contractually bound, the Sub-Lessee has specifically requested for the non-disclosure of its identity and the non-disclosure of the nature of the manufacturing business that the Sub-Lessee intends to undertake at the Demised Premises for the purposes of this Announcement.

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

3. SALIENT TERMS OF THE SUB-LEASE AGREEMENT

The salient terms of the Lease are set out below:

- i. **Tenure of the sub-lease:** Up to 20 years (consisting of an initial term of 5 years with an automatic extension of a further second and third term of 5 years each and an option for the Sub-Lessee to renew the sub-lease for a fourth term of 5 years);

- ii. **Sub-Lease Commencement Date:** The commencement of the first term of the sub-lease is on 1st July 2023;
- iii. **Rent Commencement Date:** The commencement of the payment of the monthly rent is on 1st July 2023;
- iv. **Rental:**

First Term - The monthly rent for the 1st and 2nd year of the first term shall be fixed at RM800,000.00 per year. The rent for the 3rd to 5th year of the first term shall be subject to a five per cent (5%) increment annually based on the rate of the monthly rent payable for the preceding year.

Second Term – The monthly rent for the 6th to 10th year shall be subject to a five per cent (5%) increment annually based on the rate of the monthly rent payable for the preceding year.

Third Term - The monthly rent for each year comprised in the 11th to 15th year shall be determined at the prevailing market rate provided that it shall not be five per cent (5%) higher or five per cent (5%) lower than the monthly rent payable for the preceding year.

Fourth Term – if the option to renew is exercised in accordance with the terms of the Sub-Lease Agreement, the monthly rent for the 16th to 20th year shall be at the prevailing market rate to be agreed upon by the parties.

- v. **Termination:**

Termination by the Sub-Lessee

In the event that the Sub-Lessee elects to terminate Sub-Lease Agreement (except in case of a material breach by DTSB) it shall give at least six (6) months prior notice to DTSB of its intention to terminate or pay the equivalent in monthly rent in lieu of such notice and DTSB shall be entitled to compensation by way of agreed liquidated damages and not by way of penalty as follows:

- a) in the event that the termination shall occur in the first term of the sub-lease, the Sub-Lessee shall be liable to DTSB for a sum equivalent to twenty-four (24) months' rent;
- b) in the event that the termination shall occur in the second term of the sub-lease, the Sub-Lessee shall be liable to DTSB for a sum equivalent to twelve (12) months' rent; and
- c) in the event that the termination shall occur in the third term of the sub-lease, the Sub-Lessee shall not be liable for the payment of any compensation and DTSB shall not be entitled to any compensation whatsoever.

Termination by DTSB

Unless there is a material breach by the Sub-Lessee, the Sub-Lease Agreement shall not be terminated by DTSB except by effluxion of time.

vi. Sub-Lessee's First Right of Refusal

DTSB shall be at liberty to sell and transfer the ownership of the Demised Premises at any time during the tenure of the Sub-Lease and in the event of such sale DTSB hereby grants to the Sub-Lessee the right of first refusal to purchase the Demised Premises.

4. RATIONALE

The Sub-Lease Agreement will enable the Company to fulfil its undertaking to KTPC under the Agreement and at the same time, it is expected to contribute positively to the earnings of the Group during the tenure of the sub-lease.

5. FINANCIAL EFFECTS

The Sub-Lease Agreement is expected to contribute positively to the earnings of the Group during the tenure of the sub-lease but is not expected to have a 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 Sub-Lease Agreement (other than through their respective effective shareholding interests in the Company).

BY ORDER OF THE BOARD

Aspen (Group) Holdings Limited

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