



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

**ENTRY INTO JOINT VENTURE AND SHAREHOLDERS' AGREEMENT BY ASPEN
VISION CITY SDN. BHD.**

1. INTRODUCTION

The Board of Directors (the "**Board**") of Aspen (Group) Holdings Limited (the "**Company**") and together with its subsidiaries, "**Aspen**") is pleased to announce that the Company's indirect subsidiary, Aspen Vision City Sdn. Bhd. ("**AVC**") has on 9 May 2024, entered into a Joint Venture Agreement ("**JVA**") with Kerjaya Property JV Sdn. Bhd. ("**KPJV**") for the purpose of jointly developing all that piece of freehold land situated in Aspen Vision City, Batu Kawan and held under Geran 185665 known as Lot 21895 in Mukim 13, Daerah Seberang Perai Selatan, Negeri Pulau Pinang with a net area of 2.055 hectares (approximately 221,198 square feet) ("**Land**") via a special purpose vehicle ("**SPV**") wherein KPJV and AVC will hold 70% and 30% of shares in the SPV respectively. (the "**Joint Venture**").

Pursuant to the JVA, AVC and KPJV, had on 9 May 2024, entered into a Shareholders' Agreement ("**SHA**") to regulate the relationship of the parties in respect of the SPV.

2. INFORMATION ON KPJV

KPJV is a company incorporated under the laws of Malaysia and is a wholly owned subsidiary of Kerjaya Prospek Property Berhad ("**KPProp**"). KPProp is a company listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") and is principally engaged in investment holding activities whilst its subsidiaries are principally involved in property development and hotel operations.

To the best knowledge of the Board, KPJV is not related to the Directors or controlling Shareholders of the Company and their respective associates save and except that, as disclosed in KPProp's announcement to Bursa Malaysia dated 9 May 2024 in respect of the Joint Venture, Datuk Tee Eng Ho ("**DTEH**") and Dato' Tee Eng Seng ("**DTES**"), the major shareholders of KPProp by virtue of their shareholdings in Jawawana Sdn. Bhd, holds 2.22% shares in the Company via a company jointly controlled by DTEH and DTES.

3. PRINCIPAL TERMS OF THE JVA

a) Joint Venture

The Joint Venture is undertaken for the purpose of jointly developing the Land into a mixed development comprising hotel, residences, serviced apartments, retail units and office blocks (the "**Development**").

Pursuant to the JVA, the Development will be undertaken by the SPV and the Land will be transferred by AVC to the SPV for the purposes of the Development ("**Transfer of the Land**").

b) Conditions Precedent

The JVA is conditional upon the fulfilment of the following conditions:-

- i) AVC shall apply for and obtain the consent in writing of the Penang State Authority for the transfer of the Land by AVC to SPV;
- ii) AVC shall apply for and obtain, if required, the consent in writing of Penang Development Corporation to the transfer of the Land by AVC to SPV; and
- iii) the approval of KPProp's and the Company's shareholders, if required.

within ninety (90) days from the date of the JVA or any extended period mutually agreed by AVC and SPV ("**Unconditional Date**").

c) AVC's Entitlement

AVC is entitled to a sum of RM46,138,752.00 ("**AVC's Entitlement**") to be paid by the SPV in the following manner within three (3) months from the Unconditional Date with an automatic extension of a further one (1) month from the expiry of the said three (3) months:-

- i) a sum of RM32,297,126.00 by way of cash ("**Cash Entitlement**"); and
- ii) the balance sum of RM13,841,626.00 only by way of issuance of redeemable preference shares ("**RPS**") in the SPV to AVC.

AVC's Entitlement for the Land, which is approximately RM160.00 per square foot (based on a gross area of approximately 288,367.2 square feet), was arrived at after arm's length and commercial negotiations between KPJV and AVC, taking into consideration the current market prices of land parcels owned by AVC in the surrounding area and the market value of the Land at RM47.0 million as ascribed by KPJV's valuer in its certificate of valuation dated 9 May 2024. The original cost of acquisition of the Land is approximately RM11.1 million and the book value of the Land is RM25.1 million as at 30 June 2023.

The Cash Entitlement received by AVC will be utilised for general working capital of AVC.

d) Transfer of the Land

The Land shall be transferred to the SPV after the JVA becomes unconditional and the payment of AVC's Entitlement.

e) Redemption of the Land

The Land is presently charged to AVC's financiers. AVC shall within one month from the Unconditional Date, fully redeem the Land from the financiers at approximately RM3.3 million.

4. PRINCIPAL TERMS OF THE SHA

a) Subscription of Ordinary Shares in SPV

The initial paid-up capital of the SPV shall be RM100,000.00 to be subscribed by KPJV and AVC in the following proportions:-

Party	Paid-up Capital	Ordinary Shares	Equity Proportions
KPJV	RM70,000.00	70,000	70%
AVC	RM30,000.00	30,000	30%
TOTAL	RM100,000.00	100,000	100%

KPJV and AVC have agreed that, after the JVA becomes unconditional, the paid-up capital of the SPV shall be increased to RM1,000,000.00 to be subscribed by KPJV and AVC in the following proportions:-

Party	Paid-up Capital	Ordinary Shares	Equity Proportions
KPJV	RM700,000.00	700,000	70%
AVC	RM300,000.00	300,000	30%
TOTAL	RM1,000,000.00	1,000,000	100%

b) Subscription of RPS

- (i) After the JVA becomes unconditional, the SPV shall allot and issue, and KPJV and AVC shall subscribe the RPS in proportion to their respective equity proportions in the SPV. Details of the RPS amounting to RM46,138,752.00 to be subscribed by the Parties is as follows:-

Party	Value Of RPS	Number Of RPS
KPJV	RM32,297,126.00	32,297,126
AVC	RM13,841,626.00	13,841,626
TOTAL	RM46,138,752.00	46,138,752

- (ii) The purpose of the issuance of the RPS by the SPV is to (1) enable the SPV to settle AVC's Cash Entitlement amounting to RM32,297,126.00 by utilising KPJV's RPS subscription of RM32,297,126.00, and (2) to satisfy the balance of AVC's Entitlement amounting to RM13,841,626.00, in the form of RPS, in accordance with the JVA.

- (iii) The salient terms of the RPS are as follows:-

Issue Price	:	RM1.00 only for each RPS.
Dividends	:	The holder of the RPS is not entitled to any dividend in respect of the RPS.

Redemption price and redemption period	:	The RPS are redeemable, subject to the provisions of the Companies Act 2016, only at the sole and absolute discretion of the SPV by notice in writing to the RPS holder at the Issue Price.
Liquidation Preference	:	In the event of liquidation or winding up of SPV, save for the RPS which have already been redeemed, the holder of the RPS shall be entitled to repayment of capital paid up on the RPS held by them respectively, in priority to the holders of the ordinary shares of the SPV. Thereafter all remaining funds and assets of the SPV legally available for distribution to shareholders would be distributed pro rata among the holder of the ordinary shares and RPS.
Voting rights	:	The RPS does not carry any voting rights.
Transferability	:	The RPS is not transferable.
Convertibility	:	The RPS is not convertible.

c) Board Composition

The board of SPV shall comprise of six (6) Directors of which four (4) Directors shall be nominated by KPJV and two (2) Directors shall be nominated by AVC. The post of chairman shall be held by the director appointed by KPJV and the chairman shall have casting vote.

d) Reserved Matters

Amongst others, the following matters shall require the unanimous consent of AVC and KPJV:

- (i) Any borrowings and encumbrances not in the ordinary course of business of the SPV or giving loans to third parties.
- (ii) Sale, lease, or transfer of SPV's assets beyond limits established by the SPV's board unless it is in the ordinary course of business of the SPV;
- (iii) the purchase or sale of any real and landed property or building or any leasehold interest or license over any land not in the ordinary course of business of the SPV;
- (iv) the sale, disposal, transfer or other similar dealings in the shares of the SPV;
- (v) any increase, reduction, consolidation, conversion or sub-division of the share capital of the SPV or the alteration of any rights attaching to any class of shares in the capital of the SPV or the issue or grant of any option over the share capital of the SPV or the issue of any new class of shares in the capital of the SPV or the issuing of any convertible securities by the SPV;
- (vi) declaration of dividend;
- (vii) the capitalisation or repayment of any amount standing to the credit of any reserve of the SPV or the redemption or purchase of any shares or any other re-organization of the share capital of the SPV;

- (viii) increase or decrease the number of directors of the SPV or the removal of the directors of the SPV; or
- (ix) any merger, reconstruction or amalgamation of the SPV with any other body corporate or any corporate re-organization of the SPV of any kind including the continuance, re-incorporation or arrangement, or a dissolution liquidation or winding-up of the SPV.

5. RATIONALE FOR THE JOINT VENTURE

The Joint Venture is in line with the core business of Aspen and will leverage on KPProp and Aspen's extensive experience in the property sector. Additionally, KPProp's portfolio includes developing, operating hotels and office blocks, which are part of the Development. Considering KPProp's vast experience, its involvement would accelerate the Development on the Land, which will in turn spur the development momentum and growth of ongoing and planned developments in Aspen Vision City, Batu Kawan where AVC is the master developer, thereby increasing its vibrancy.

Therefore, the Board is of the view that the Development will create value for Aspen and aligns with its long-term growth and will enhance Aspen's future revenue and earning streams.

In view thereof, the Board believes that entering into the Joint Venture with KPJV is in the best interest of the Company and the shareholders of the Company.

6. FINANCIAL EFFECTS

a) Transfer of the Land

The pro forma financial effects in this section have been prepared based on the last audited consolidated financial statements of Aspen for the financial year ended 30 June 2023 and under the following assumptions:

- (i) that the Transaction had been completed on 1 July 2022 for the purpose of illustrating the financial effects on Aspen's Earnings per Share ("**EPS**"); and
- (ii) that the Transaction had been completed on 30 June 2023 for the purpose of illustrating the financial effects on Aspen's Net Tangible Assets ("**NTA**") per share.

EPS

	Before Transaction	After Transaction
Total comprehensive loss for the year attributable to the owner of the company (RM'000)	(195,487)	(182,667)
Number of weighted average shares ('000)	1,083,270	1,083,270

Earnings per Share (RM cent)	(18.05)	(16.86)
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NTA per share

	Before Transaction	After Transaction
NTA (RM'000)	190,770	203,590
Number of Shares ('000)	1,083,270	1,083,270
NTA per Share (RM cent)	17.61	18.79

Based on 80% shareholding in AVC, the Transaction will result in an estimated profit of RM12.8 million, which represents the excess of the net AVC's Entitlement (after deducting tax expenses) over the book value of the Land.

b) Shareholders' Agreement

The subscription of the Ordinary Shares in SPV by AVC will be funded through internal resources whereas the subscription of the RPS in SPV by AVC will not require funding as it is to satisfy the balance of AVC's Entitlement pursuant to the JVA. The SHA is not expected to have any material impact on the earnings per share and/or net tangible assets per share of Aspen for the financial year ending 30 June 2024.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures of the Transfer of the Land 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 financial period ended 31 December 2023 ("HY2024"), being latest announced unaudited 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.	5.63% ⁽¹⁾
1006(b)	The net profits/loss attributable to the assets acquired or disposed of, compared with the Group's net profits/loss.	Not applicable ⁽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.	19.47% ⁽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⁾
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Note:

- (1) Under Rule 1002(3)(a) of the Listing Manual, “net assets” means total assets less total liabilities. Based on 80% of the net asset value of the Land of approximately RM25.2 million as at HY2024 and the net asset value of the Group of RM357.9 million as at HY2024.
- (2) Not applicable as the Land is vacant thus does not generate any income or revenue.
- (3) Consideration is RM46,138,752.00. 80% of consideration expressed as a percentage of the Company’s market capitalisation of approximately RM189.6 million (based on the exchange rate of S\$ 1 : RM3.5002) on 8 May 2024, being the last full market day on which shares of the Company were traded on the SGX-ST prior to the date of signing of the JVA. 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 8 May 2024 (S\$0.0500).
- (4) The Transfer of the Land is not an acquisition of assets. No equity securities will be issued by the Company in connection with the Transfer of the Land.
- (5) The Company is not a mineral, oil and gas company.

As the relative figure in respect of the Proposed Disposal calculated pursuant to Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Disposal is classified as a “disclosable transaction” within the meaning of Rule 1010 of the Listing Manual.

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

9. 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
10 May 2024