

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

- (1) **EXECUTION OF JOINT VENTURE CUM SHAREHOLDERS' AGREEMENT IN ASPEN GLOVE SDN BHD**
 - (2) **EXECUTION OF LEASE AGREEMENT BETWEEN ASPEN GLOVE SDN BHD AND KULIM TECHNOLOGY PARK CORPORATION SDN BHD**
 - (3) **APPOINTMENT OF ISKANDAR BASHA AS MANAGING DIRECTOR OF ASPEN GLOVE SDN BHD**
 - (4) **APPOINTMENT OF KEY MANAGEMENT OF ASPEN GLOVE SDN BHD ("COO")**
 - (5) **SUBMISSION OF DEVELOPMENT ORDER TO LOCAL COUNCIL AND TARGET MILESTONES IN RELATION TO PROPOSED NEW BUSINESS**
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Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the announcement dated 12 August 2020 (the "**Announcement**").

1. INTRODUCTION

The Board of Directors (the "**Board**") of Aspen (Group) Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 12 August 2020 in relation to inter alia, the Group's subsidiary, Aspen Glove Sdn Bhd's ("**AGSB**") acceptance of a binding letter of offer and a first right of refusal from Kulim Technology Park Corporation Sdn Bhd ("**KTPC**") in relation to the leasing of two industrial lands in Kulim Hi-Tech Park collectively measuring 66.362 acres; and the Group's wholly owned subsidiary, Aspen Vision All Sdn Bhd's ("**AVA**") entry into a joint venture for the Proposed New Business to be undertaken pursuant to the Proposed Diversification of the Group's business.

Further to the Announcement, the Board is pleased to announce the following:

- (i) AGBS has, on 28 August 2020, increased its issued and paid-up share capital from RM100.00 comprising of 100 ordinary shares to RM10,000,000.00 comprising of 10,000,000 ordinary shares via an allotment of 9,999,900 new ordinary shares issued in the capital of AGBS at an issue price of RM1.00 to the existing shareholders in the following manner:

Shareholders	Existing Ordinary Shares	Subscription Shares	Resultant Ordinary Shares	Shareholding Proportions
AVA	70	6,999,930	7,000,000	70%
CMY Capital	25	2,499,975	2,500,000	25%
Mr. Iskandar	5	499,995	500,000	5%
Total	100	9,999,900	10,000,000	100%

- (ii) AVA, CMY Capital Sdn. Bhd. ("**CMY Capital**") and AGSB (collectively, the "**Parties**") have, on 1 September 2020, entered into a formal joint venture and shareholders' agreement ("**JVSA**") to regulate the joint venture and their relationship as shareholders in AGSB;
- (iii) AGSB has, on 1 September 2020, entered into a Lease Agreement with KTPC for the lease of Land A;
- (iv) Mr. Iskandar has been officially appointed as the Managing Director of AGSB;
- (v) AGSB is in the midst of finalising the appointment of a qualified person with over 20 years' experience predominantly in the rubber glove manufacturing industry for the position of AGSB's Chief Operating Officer, and further announcement will be made once the appointment is finalised; and
- (vi) AGSB has, on 1 September 2020, submitted to the local council the application to obtain the development order and building plan approval for the construction of the industrial factory at Land A for the Proposed New Business.

2. **EXECUTION OF JOINT VENTURE CUM SHAREHOLDERS' AGREEMENT IN ASPEN GLOVE SDN BHD**

2.1 **Information on JVSA**

Pursuant to the JVSA, the Parties intend to jointly develop the Proposed New Business and the Parties agree that AGSB shall act as the joint venture vehicle / special purpose vehicle through which the Parties shall jointly operate the Proposed New Business.

The funding of the Proposed New Business is to be financed via a combination of internal funds from shareholders and external borrowings. AVA and CMY Capital will contribute to the initial capital requirements of AGSB which is estimated at RM105 million for the construction and operation of the first facility ("**Phase 1(a)**") on Land A. The initial capital injection of the first RM10 million has been carried out via a subscription of ordinary shares and the remainder RMRM95 million is expected to be invested via a subscription of redeemable convertible preference shares ("**RCPS**") by AVA and CMY Capital, as and when required for the Proposed New Business.

Funding for the future phases after the initial capital of RM105 million shall be financed as far as possible through external borrowings and credit facilities obtained by AGSB.

2.2 **Subscription of Redeemable Preference Shares by AVA and CMY Capital**

Under the terms of the JVSA, subject to the fulfilment and satisfaction of all the JVSA Conditions Precedent (as defined below) and subsequent to the issuance of ordinary shares as described in paragraph 1(i) above, subsequent capital injections shall be contributed by AVA and CMY Capital via subscription of redeemable convertible preference shares of AGSB ("**RCPS**") in the following proportions:

Shareholders	Proportion of Capital Injection
AVA	73.68%
CMY Capital	26.32%
Total	100%

Salient terms of the RCPS:-

(a) Ranking

The RCPS to be issued will be unsecured and shall as between the RCPS holders thereof, rank pari passu in all respects and without discrimination or preference.

(b) Dividend

The RCPS carry a fixed non-cumulative preferential dividend at the rate of 5% per annum on the capital for the time being paid up on those RCPS, payable annually out of distributable profits after prior to the tenth anniversary of the date upon which the RCPS is issued, on the anniversary of issue in each year, and on a winding up shall entitle the RCPS holders to repayment of the subscription/issue price paid on the RCPS (together with a sum equal to any arrears or deficiency of the fixed dividend declared) in priority to any payment to the holders of any other class of shares, but the RCPS shall not entitle the RCPS holders to any further or other participation in the profits or assets of AGSB nor to receive notice of or attend or vote at any general meeting save for inter alia proposals or resolutions affecting the rights of the RCPS.

Notwithstanding any other provision, no dividend, including preferential dividend or otherwise, shall be accrued, declared or paid unless in the sole discretion of the board of directors of AGSB, there are sufficient distributable profits available for such payment.

(c) Conversion

At any time after its issuance ("**Issue Date**"), up to and including the date of the of the tenth anniversary of the Issue Date ("**Maturity Date**") of the RCPS, all or any of the fully paid-up RCPS may be converted, at the option of AGSB, into such number of ordinary shares of RM1.00 each in the share capital of the AGSB in such proportion of the shareholdings of the RCPS holders at the relevant date, subject to anti-dilution provisions for the first 105 million issued and paid up ordinary shares of AGSB.

2.3 Conditions Precedent to JVSA

The completion of the JVSA is conditional upon the prior fulfilment and satisfaction of the following conditions ("**JVSA Conditions Precedent**"):

- (a) the Shareholders having approved, at a general meeting, the diversification of the Company's Existing Business to include the Proposed New Business; and

- (b) the Parties receiving from each other a copy certified by company secretary of such party (as the case may be) a resolution of the board of directors of such other Party has been passed to:
- (i) approve this JVSA and all other transactions and matters contemplated by it; and
 - (ii) authorise a person or persons to sign and deliver on behalf of such other Party this JVSA.

2.4 Rationale for the Joint Venture

The Board believes that the joint venture is in the best interests of the Group as it will further the Group's intention to carry out the Proposed New Business in connection with the Proposed Diversification. In addition, the Board believes that the joint venture will enable the Group to leverage off the expertise, business networks and resources of the Parties, as well as to reduce risks and capital requirements of the Proposed New Business on the Group.

3. LEASE AGREEMENT

3.1 Summary of the Lease Agreement

Subsequent to the LO dated 12 August 2020, AGSB has, on 1 September 2020, entered into a definitive Lease Agreement with KTPC to lease Land A for the purpose of constructing an industrial factory thereon to manufacture latex and nitrile gloves.

Pursuant to the Lease Agreement, AGSB shall lease Land A from KTPC for a period of 60 years for a consideration sum of RM51,107,040, calculated at a rate of RM40 per square foot ("**Consideration Sum**"). KTPC further irrevocably grants AGSB an option to renew the lease for a further 39 years, subject to obtaining the necessary approval from the respective authorities.

The Consideration Sum is calculated based on the current fixed lease rates of RM40 per square foot for industrial lands in KHTP. The Consideration Sum is to be paid to KTPC in the following manner:-

No.	Payment Schedule	Amount (RM)
1.	1% of the Consideration Sum on execution of the LO	511,070.40
2.	9% of the Consideration Sum on execution of the Lease Agreement, but no later than 3 September 2020	4,599,633.60
3.	10% of the Consideration Sum on or before 28 February 2021	5,110,704.00
4.	20% of the Consideration Sum on or before 31 December 2021	10,221,408.00
5.	20% of the Consideration Sum on or before 30 June 2022	10,221,408.00
6.	20% of the Consideration Sum on or before 31 December 2022	10,221,408.00
7.	20% of the Consideration Sum on or before 31 December 2023	10,221,408.00

	<i>TOTAL</i>	51,107,040.00
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The above payment schedule has been varied from the LO as parties have agreed to extend the payment term by another one year and have restructured the percentage of payment accordingly.

3.2 Conditions Precedent

Implementation of the Lease Agreement is conditional upon the prior fulfilment and satisfaction of the following conditions ("**Lease Agreement Condition Precedent**"):

- (a) the Shareholders having approved, at a general meeting, the diversification of the Company's Existing Business to include the Proposed New Business;
- (b) the approval of the Kedah State Government sanctioning the lease of the Land A in accordance to the National Land Code (Amendments) Act 2016; and
- (c) AGSB to increase its share capital up to the minimum of Ringgit Malaysia One Million (RM1,000,000.00).

As at to date, AGSB has met the condition precedent stated in paragraph 3.2 (c) above.

3.3 Rationale of the Lease Agreement

KHTP is Malaysia's premier and fully integrated high technology park and is located in the state of Kedah, neighbouring the state of Penang within the Northern Economic Corridor. KHTP is fully funded by the Malaysian Federal Government through the Ministry of Finance and is developed and managed by KTPC, which is wholly owned by the Kedah State Development Corporation.

KHTP is about 20 minutes away from Penang Port via the Butterworth-Kulim Expressway. Penang Port will be the main port of commission for the export of the Products. Setting up in KHTP provides a key advantage as industrial lands in KHTP comes ready with high quality infrastructure, ready utilities of international standards up to the boundary of the plot of lands therein including dedicated electricity supply, water supply, water treatment plant for sewerage treatment, piped-in natural gas and high speed telecommunication infrastructure, which will expedite the commencement of the Proposed New Business.

4. OFFICIAL APPOINTMENT OF MR. ISKANDAR AS THE MANAGING DIRECTOR OF ASPEN GLOVE SDN BHD

The Board having considered the recommendation of the Nominating Committee of the Company and assessed Mr. Iskandar's qualification and experience is of the view that he has the requisite experience and capability to assume the responsibility of a managing director of AGSB. The detailed announcement template on the appointment of Mr. Iskandar as managing director of AGSB pursuant to the requirements of Rule 704(6) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist has been released separately to the SGX-ST via SGXNet today.

In accordance with the terms of appointment, AGSB has granted Iskandar an option for a period of 5 years to subscribe into the shares of AGSB at RM1 per share, up to a value of RM5.25 million, which is equivalent to 5% of the initial investment amount of RM105 million to be contributed by AVA and CMY Capital. Mr. Iskandar has exercised the option to subscribe to 500,000 ordinary shares as described in paragraph 1(i) above.

5. APPOINTMENT OF KEY MANAGEMENT OF ASPEN GLOVE SDN BHD – CHIEF OPERATING OFFICER

AGSB is in the midst of finalising the appointment of a qualified person with over 20 years' experience predominantly in the rubber glove manufacturing industry for the position of AGSB's Chief Operating Officer. He has previously served in one of the top 3 leading glove manufacturing companies in the world and held various key man positions including as Managing Director and General Manager. The Nominating Committee of the Company has recommended the appointment and further announcement will be made once the appointment is finalised.

6. SUBMISSION OF DEVELOPMENT ORDER TO LOCAL COUNCIL AND TARGETED MILESTONES IN RELATION TO PROPOSED NEW BUSINESS

AGSB has submitted an application the local council in Kulim High Tech Park for development order and building plan approval for Phase 1(a) to Kulim Municipal Council, for the construction of the manufacturing facility at Land A. The planning permission and building plan approval is expected to be approved on a fast track basis.

An application has also been submitted for permission to commence piling works. Subject to shareholders' approval of the Proposed Diversification at the EGM to be convened, AGSB plans to commence piling works by 21 September 2020 and complete the piling works within a month. Main building works is to commence immediate after with a targeted completion by Q1 2021.

AGSB is expected to complete the facilities, commence operations and market the products under Phase 1(a) by 3Q 2021 to produce 1.1 billion pieces of gloves annually. For Phase 1(b), AGSB intends to ramp-up the capacity to 3.5 billion pieces of gloves per annum by 2Q 2022.

Phase	Expected Completion	Investment (RM)	Total Annual Output Capacity
1(a)	3Q 2021	105 million	1.1 billion
1(b)	2Q 2022	40 million	3.5 billion

Subsequently, depending on market demand, AGSB may complete another 3 phases within the next three years whereby upon completion of Phases 1, 2, 3 and 4, AGSB can expect to produce a total of 14 billion gloves annually.

In the event there is further market demand, AGSB will seek to negotiate with KTPC for the lease of the adjacent Land B and to increase production capacity up to 28 billion pieces of gloves per annum by including more production lines at Land B within the next three to five years.

7. EGM AND CIRCULAR TO SHAREHOLDERS

Implementation of the Proposed Diversification and the implementation of the Lease Agreement and JVSA is conditional upon, inter alia, Shareholders' approval of the Proposed Diversification to include the Proposed New Business as part of the Group's existing core business, at the EGM. A circular containing, inter alia, the notice of the EGM and the details of the Proposed Diversification will be dispatched to Shareholders in due course. The EGM is expected to be held on 18 September 2020 or in any event, not later than 30 September 2020.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Lease Agreement and JVSA are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 80 Robinson Road, #02-00, Singapore, 068898 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Aspen (Group) Holdings Limited

Dato' Murly Manokharan
President and Group Chief Executive Officer
2 September 2020

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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