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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), 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's Independent Auditors, Mazars LLP (the "**Auditors**") has included a Material Uncertainty Related to Going Concern section in their report (the "**Independent Auditors' Report**") on the audited financial statements of the Group and Company for the financial year ended 30 June 2023 ("**FY2023**") (the "**Audited Financial Statements**"). The opinion of the Auditors is not modified in respect of this matter.

The Independent Auditors' Report is annexed to this announcement for information purposes. The Independent Auditors' Report and the Audited Financial Statements will form part of the Company's Annual Report for FY2023 (the "**2023 Annual Report**") which will be released to the shareholders of the Company (the "**Shareholders**") in due course. Shareholders are advised to read the Independent Auditors' Report and the 2023 Annual Report in their entirety.

Material Uncertainty Related To Going Concern

The following is an extract of Note 2.6 to the Audited Financial Statements pertaining to the subject of this announcement:

"2.6 Going Concern

For the financial year ended 30 June 2023, the Group has incurred total comprehensive loss of RM229.08 million, and its current liabilities exceeded its current assets by RM7.51 million. Its current assets and liabilities included assets of disposal group classified as held for sale of RM5.64 million and liabilities directly with disposal group classified as held for sale of RM143.64 million.

The Group's current liabilities of RM565.55 million comprise of bank borrowings which amounted to RM83.87 million as at 30 June 2023 which will be due for repayment within the next twelve months. The Group's cash and cash equivalents balances amounted to RM28.99 million as at 30 June 2023. While the Group has current assets of RM558.04 million, these comprise mainly development properties of RM337.08 million which may not be realisable within the next twelve months.

The Group is facing several legal actions, including the recent allegation by a third party in the Penang High Court against AGSB, the directors of AGSB, the Company and its direct subsidiaries for fraudulent trading (the “Suit”), an allegation which the Group vehemently denies.

These conditions may cast significant doubt on the Group’s and the Company’s abilities to continue as a going concern.”

Board’s Comments

In assessing the appropriateness of the going concern assumptions of the Group, the Board is of the view that the use of going concern assumption to prepare the consolidated financial statements is appropriate based on the following factors:

(i) winding up of the subsidiary, Aspen Glove Sdn. Bhd. (“AGSB”) with no significant cash outflow by the Group for at least twelve months from the report date;
(ii) in respect of the abovementioned Suit against AGSB, there would be no significant cash outflow by the Group for at least twelve months from the report date;
(iii) continued support from the financial institution and other creditors for at least twelve months from the report date;
(iv) achieving the forecasted cashflow from the Group’s operation including the expected cashflow from existing property development projects and the expected successful conversion of launching-in-progress property development projects into future revenues and cashflows; and
(v) continued support from its director, Dato’ Murly A/L Manokharan.

In addition, the Board is of the view that:-

a) the Group’s unbilled sales from its ongoing construction projects known as Viluxe (Phase 1) and Vivo (the ”**Projects**”) amounting to RM304.2 million, as at 30 September 2023 are more than enough to cover its net current liabilities of RM7.51 million; and
b) the remaining progress billing are more than adequate to cover the outstanding construction costs and associated liabilities of the Projects. The surplus fund after completion of the Projects amounting to RM136.64 million will be used as working capital for the Group’s operation;

Furthermore, the bank financing of term and bridging facilities for Vivo has been fully repaid, while the Certificate of Completion and Compliance (Temporary Occupation Permit) for the Projects is expected to be in November 2023 for Viluxe (Phase 1) and the end of 2nd Quarter of 2024 for Vivo.

Further to the above, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company’s securities to continue in an orderly manner and the Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

Shareholders and potential investors are advised to exercise caution when dealing or trading in the securities of the Company. When in doubt as to the action they should take, shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
Aspen (Group) Holdings Limited

Dato’ Murly Manokharan
President and Group Chief Executive Officer
16 October 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASPEN (GROUP) HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aspen (Group) Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 June 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year ended 30 June 2023, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 160 to 237.

In our opinion, the accompanying financial statements of the Group and the statements of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 30 June 2023.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.6 in the financial statements which indicates that, as at 30 June 2023, the Group's current liabilities exceeded its current assets by RM7.51 million. As is more fully disclosed in Note 2.6, these events or conditions, along with other matters as set forth in Note 2.6, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Report on the Audit of Financial Statements (Continued)

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current year's financial statements, we identified 11 significant components which required either full scope audit or specific audit of their financial information, either because of their size or/and their risk characteristics.

These significant components were audited by other Mazars offices as component auditors under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Areas of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

<table>
<tr><th>Key audit matter 1</th><th>Audit response</th></tr>
<tr><td colspan="2">Assessment of carrying amount of disposal group held for sale (Refer to Note 3.13 and Note 14 to the financial statements)</td></tr>
<tr><td>On 31 May 2023, a subsidiary, Aspen Glove Sdn. Bhd. ("AGSB") and Kulim Technology Park Corporation Sdn. Bhd. ("KTPC") entered into a Deed of Mutual Termination to terminate the Lease Agreement and surrender the Lease Land and the Factory Buildings to KTPC in accordance to the terms of the Lease Agreement. AGSB has ceased operation on 31 May 2023 and it represents a separate major line of business (healthcare segment) of the Group.

Management performed an assessment of the carrying amount of the asset and subsequently remeasured the fair value less costs to sell off the disposal group.

The Deed of Mutual Termination enabled AGSB to discharge and be released from its obligations under the Lease Agreement with KTPC and Facility Agreement with Standard Chartered Bank ("SCB") and the Corporate Guarantee to SCB respectively. Following the receipt of the Paid Sum of RM28.4 million and the Ex Gratia Payment of RM25.0 million from KTPC, AGSB utilised the Paid Sum of RM28.4 million and Ex Gratia Payment of RM25.0 million to fully settle the Redemption Sum to SCB on 1 June 2023 amounting to RM52.7 million.

On 14 July 2023, AGSB submitted a winding-up petition to the High Court of Penang (the "Winding Up Petition") for winding up of AGSB by the reason of the inability of AGSB to pay its debts.

On 18 September 2023, the winding up petition was called up for hearing. All the parties agreed to the consent order to wind up AGSB and for appointment of liquidator.

As AGSB has ceased operation on 31 May 2023 and it represents a separate major line of business (healthcare segment) of the Group, AGSB has been classified as discontinued operation as at 30 June 2023 in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations ("SFRS(I) 5").

In consideration of the significance of the transaction, we determined this as a key audit matter.</td><td>Our audit procedures included, and were not limited to, the following:

- Reviewed the management's assessment regarding the classification of AGSB pursuant to the criteria of discontinued operation under SFRS(I) 5;
- Evaluated the presentation of discontinued operations in the financial statements in accordance to SFRS(I) 5; and
- Evaluated the computation and classification of the results of the profit or loss on the discontinued operations in accordance to SFRS(I) 5.</td></tr>
</table>

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter 2	**Audit response**
Revenue from property development (Refer to Note 3.17 and Note 22 to the financial statements)	
The Group is in the business of developing and selling residential and commercial units. As disclosed in Note 22 to the financial statements, revenue from sales of development properties over time amounted to RM147.26 million which represented approximately 55% of the Group's revenue for the financial year ended 30 June 2023. As disclosed in Notes 3.17 and 22 to the financial statements, the Group mainly recognises revenue over time based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations. The determination of the estimated total construction and other costs to be incurred require significant management judgement and estimates, which may have an impact on the amounts of revenue and profits recognised during the year.	Our audit procedures included, and were not limited to the following: - Reviewed the terms of the sales contracts and appropriateness of the Group's accounting policy on revenue recognition under SFRS(I) 15; - Understood and evaluated the Group's design and implementation of its system of internal controls relating to revenue recognition, with focus on key controls; - Assessed the criteria used by management to determine whether percentage of the completion (overtime) or completion (point in time) method to be used in revenue recognition is appropriate; - Reviewed the contract costs to ensure that they meet the fulfilment cost criteria; - Assessed the progress of the construction work by reference to the work performed based on the ratio of construction costs incurred to date to the estimated total construction costs; - Performed analytical procedures, such as analysing the gross profit margins reported by project; - Performed cut-off procedures; and - Reviewed the completeness and appropriateness of corresponding disclosures in the financial statements.

Key audit matter 3	**Audit response**
Allowance for foreseeable losses for projects under development and net realisable value test for unsold units (Refer to Note 3.7 and Note 8 to the financial statements)	
The Group has significant development properties held for sale in Penang, Malaysia. Development properties for sale are stated at the lower of their cost and net realisable values. The determination of the estimated net realisable value of these development properties is critically dependent upon the Group's expectation of future selling prices of unsold properties. There is, therefore a significant risk that the carrying amount of the property development costs may exceed the net realisable values, resulting in unforeseen losses.	Our audit procedures included, and were not limited to the following: - Reviewed management's assessment of the carrying value of development properties in light of market conditions at year end, by considering the reasonableness of the estimated costs to completion and estimated selling price and assessed the need and adequacy for allowance for impairment losses.

Report on the Audit of Financial Statements (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entities incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chin Chee Choon.

Mazars LLP
Public Accountants and
Chartered Accountants

Singapore
16 October 2023

SFRS(I) 1-12	Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*	1 January 2023
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
SFRS(I) 16	Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Various	Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*	1 January 2024
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Consequential amendments were also made to various standards as a result of these new/ revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.6 Going concern

For the financial year ended 30 June 2023, the Group has incurred total comprehensive loss of RM229.08 million, and its current liabilities exceeded its current assets by RM7.51 million. Its current assets and liabilities included assets of disposal group classified as held for sale of RM5.64 million and liabilities directly with disposal group classified as held for sale of RM143.64 million.

The Group's current liabilities of RM565.55 million comprise of bank borrowings which amounted to RM83.87 million as at 30 June 2023 which will be due for repayment within the next twelve months. The Group's cash and cash equivalents balances amounted to RM28.99 million as at 30 June 2023. While the Group has current assets of RM558.04 million, these comprise mainly development properties of RM337.08 million which may not be realisable within the next twelve months.

The Group is facing several legal actions, including the recent allegation by a third party in the Penang High Court against AGSB, the directors of AGSB, the Company and its direct subsidiaries for fraudulent trading (the "Suit"), an allegation which the Group vehemently denies.

These conditions may cast significant doubt on the Group's and the Company's abilities to continue as a going concern.

In assessing the appropriateness of the going concern assumptions of the Group, the Directors are of the view that the use of going concern assumption to prepare the consolidated financial statements is appropriate based on the following factors:

(i) winding up of the subsidiary, AGSB with no significant cash outflow by the Group for at least twelve months from the report date;
(ii) in respect of the abovementioned Suit, there would be no significant cash outflow by the Group for at least twelve months from the report date;
(iii) continued support from the financial institutions and other creditors for at least twelve months from the report date;
(iv) achieving the forecasted cashflow from the Group's operations including the expected cashflow from existing property development projects and the expected successful conversion of launching-in-progress property development projects into future revenues and cashflows; and
(v) continued support from its director, Dato' Murly A/L Manokharan.

In the event that the Group and the Company are unable to continue in operational existence for at least twelve months from the report date, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised in a manner other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.