



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

**ENTRY INTO A SALES AND DISTRIBUTION AGREEMENT FOR RUBBER GLOVES
VALUED AT USD\$100 MILLION**

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 subsidiary, Aspen Glove Sdn. Bhd. ("**AGSB**") has, on 13 January 2021, entered into a sales and distribution agreement (the "**Agreement**") with a 3rd party distributor ("**Distributor**") for the offtake of its entire 2021 production of rubber gloves, i.e. from expected production commencement on 1 May 2021 to 31 December 2021.

The Distributor is a specialty and medical glove distributor and an established player in the glove distribution business with over 20 years presence in the industry. The Distributor's products are available globally including in Europe ("**EU**") and the United States of America ("**US**"). In addition to being a glove distributor, the Distributor and its directors also provides technical and advisory services for setting up glove manufacturing plants within Malaysia as well as other parts of Asia and Africa, as well as in the US.

Sales and Distribution

In accordance with the terms and conditions of the Agreement, AGSB shall, on a best effort basis, manufacture and supply approximately 1 billion pieces of nitrile medical grade examination gloves and/or natural rubber medical grade examination gloves (the "**Gloves**") being the estimated capacity for Phase 1a, on an original equipment manufacturing (OEM) basis ("**Sales**") and the Distributor irrevocably undertakes to purchase, allocate and distribute the Gloves to its existing customers in the EU and US.

Under the terms of the Agreement, the term of the sales and distribution arrangement will initially be for the year 2021 and renewable thereafter subject to mutual agreement.

Pursuant to the Agreement, AGSB will have the necessary licenses for export of its Gloves to the EU and US market.

Consideration

AGSB and the Distributor have mutually agreed on the pricing matrix of the Gloves which shall take into consideration the prevailing average selling price ("**ASP**") and the purchase price of nitrile, both at the point on confirmation of order by batch. The consideration for each batch shall be payable in the following time and manner:-

- (a) 30% deposit two (2) months prior to shipment ("**Deposit**"); and
- (b) the balance 70% shall be payable on readiness of the Gloves and prior to shipment ("**FOB**").

In consideration of the Sales, the Distributor has paid to AGSB, an earnest cash deposit amounting to USD\$2 million, being 2% of the total sales value of USD\$100 million, computed based on the provisional average selling price (ASP) of USD\$100 per one thousand pieces of Gloves. The earnest cash deposit

shall be set off against the Deposit proportionately, in accordance with each batch.

Rationale

The Board is of the view that the entry into the Agreement is beneficial to AGSB for, inter alia, the following reasons:-

- (a) the Sales will enable AGSB to focus its resources on its expansion plans in the business of the manufacturing, sale and distribution of latex and nitrile gloves and to ramp-up its production capacity;
- (b) AGSB will be able to expedite Phase 1b for an additional 6 production lines, which is expected to commence progressively in Q3 2021 as well as Phase 2 for another 12 lines to commence progressively from Q2 2022;
- (c) the Sales will secure the cashflow requirements for the production of the Gloves; and
- (d) the sales will enable AGSB's products to penetrate the US and EU markets, being the key markets that AGSB intended to secure and to expand AGSB's global customer base.

The Agreement is expected to have a positive impact on the Group's earnings per share and net tangible asset per share for the financial year ending 31 December 2021.

Interest of Directors and Controlling Shareholders

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Agreement, other than through their respective shareholdings in the Company (if any).

Updates on Project Milestones

As at the date of this announcement, AGSB has completed the superstructure for the production building of the manufacturing facility and the glove dipping line machineries are being constructed on site. The construction of the facility is expected to be completed as scheduled i.e. by 31 March 2021 and production trial is expected to commence from 1 April 2021 onwards. Full operations are anticipated by 1 May 2021 and first shipment by May 2021.

Further, the Board is confident that despite the 14-Day Movement Control Order imposed by the Government of Malaysia commencing 13 January 2021 ("**MCO 2**") and the state of emergency declared by the Yang di-Pertuan Agong on 12 January 2021, the construction of the glove facilities are allowed to continue and the progress will not be affected and will proceed as scheduled as prior to MCO 2, the Group has put in place contingency plans on construction and machineries supply management in order to better manage and expedite the construction of its glove manufacturing facilities and commencement of the productions. The glove manufacturing industry is also deemed as part of the essential services which are allowed to operate during MCO 2.

BY ORDER OF THE BOARD

Aspen (Group) Holdings Limited

Dato' Murly Manokharan
President and Group Chief Executive Officer
13 January 2021

This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. 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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