Alset International Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200916763W)

RESPONSE TO QUERIES ISSUED BY THE SGX-ST
ON THE ANNOUNCEMENT MADE BY THE COMPANY ON 19 AUGUST 2021

The Board of Directors (the "**Board**") of Alset International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement made by the Company on 19 August 2021 (the "19 August 2021 Announcement") relating to the Proposed Diversification into the New Businesses and Proposed Expansion of the Existing Businesses and the Company's circular dated 20 August 2021 (the "**Circular**").

Unless otherwise defined or the context otherwise requires, all capitalised terms shall bear the same meanings as ascribed to them in the 19 August 2021 Announcement and the Circular.

The SGX-ST has issued queries to the 19 August 2021 Announcement. The Board sets out below the Company's responses to queries issued by the SGX-ST.

1. Will the Company be seeking shareholders' approval for each of the above Proposed Diversification and Proposed Expansion of business (i.e. a total of 8 resolutions)?

The Company's Response

As set out in the Company's notice of extraordinary general meeting dated 20 August 2021, the Company will be seeking shareholders' approval for the following two ordinary resolutions:

Ordinary Resolution 1: The Proposed Diversification into the New Businesses

That:

(a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its core business to include the New Businesses that involve activities described in **Section 2** of the Company's circular to shareholders dated 20 August 2021, and any other activities related to the Proposed Diversification into the New Businesses; and

(b) the Directors or any of them be and are hereby authorised to do any and all such acts (including approving, executing and delivering all such documents as may be required) as they may, in their absolute discretion deem fit, expedient or necessary to give effect to this ordinary resolution as they or he may think fit.

Ordinary Resolution 2: The Proposed Expansion of the Existing Businesses of the Group

That:

(a) approval be and is hereby given for the expansion of the scope of the IT Business and the Property Development Business that involves activities described in **Section 3** of the Company's circular to shareholders dated 20 August 2021, and any other activities related to the Proposed Expansion of the Existing Businesses of the Group; and

(b) the Directors of the Company or any one of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal,

execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this ordinary resolution as they or he may think fit.

2. In respect of each of the Proposed Diversification into the New Businesses and Proposed Expansion into IT Business, please specify the following:

(i) the geographical region that the Company is looking to expand into;

(ii) whether the Company has the know-how and resources to do so;

(iii) whether the Company currently has targets in mind;

(iv) elaborate on how will the New Businesses / IT Business will be funded;

(v) how the Proposed Diversification/Expansion would tie in with its existing business.

The Company's Response to Query 2(i)

In the near term, the Company is planning to expand the following businesses in the following regions, respectively:

(a) Hospitality Business: Republic of Korea and the United States of America ("**USA**")
(b) Clean Energy Business: USA
(c) High Technology Farming Business: USA
(d) E-commerce and Direct Selling Business: Republic of Korea
(e) Expanded scope of the IT business: Republic of Korea

The Company's Response to Query 2(ii)

In respect of the New Businesses, as disclosed in Section 2.5 of the Circular, although the New Businesses are different from the existing business of the Group, the Board recognises that the relevant experience and expertise required can be acquired and developed internally or externally, by way of joint ventures or partnerships, by the Group over time. As such, the Group will assess the manpower required once the New Businesses materialise and will update the Shareholders and make the necessary announcements as and when appropriate. The strategic management of the New Businesses shall be jointly managed by the Group's Executive Director and Chief Executive Officer, Mr Chan Heng Fai and the management of the New Businesses (whom the Company will appoint if required). Where necessary, the Group will hire external consultants, industry experts and professionals. The Group may also outsource certain functions where appropriate and in doing so, the Group will take into account the specific expertise and competencies necessary for the New Businesses.

In respect of the expanded scope of the IT Business, as disclosed in Section 3.4 of the Circular, notwithstanding that the Group is expanding the scope of its existing business, the Board recognises that there are slight dissimilarities between the existing business and the expanded scope, as such, the relevant experience and expertise required for the expanded scope of the Information Technology Business and the Property Development Business can be acquired and developed internally or externally, by way of joint ventures or partnerships, by the Group over time, if required. As such, the Group will assess the manpower required once the expanded scope of the Information Technology Business and the Property Development Business materialise and will update the Shareholders and make the necessary announcements as and when appropriate. The strategic management of the expanded scope of the Information Technology Business and the Property Development Business shall be jointly managed by the Group's Executive Director and Chief Executive Officer, Mr Chan Heng Fai and the management of the expanded scope (whom the Company will appoint if required). Where necessary, the Group will hire external consultants, industry experts and professionals. The Group may also outsource certain functions where appropriate and in doing so, the Group will take into account the specific expertise and competencies necessary for the expanded scope.

The Company's Response to Query 2(iii)

The Company has not identified any specific targets at the moment and is currently only in the preliminary stage of discussion with potential partners within the New Businesses and expanded scope of the IT Business. The Company will make the necessary announcements in accordance with the SGX-ST's recommended practice in relation to diversification of business as disclosed in Section 2.4.2 and Section 3.3.2 of the Circular and in compliance with the Catalist Rules as and when required.

The Company's Response to Query 2(iv)

As disclosed in Section 2.7 and Section 3.6 of the Circular, the Company intends to fund the diversification into the New Businesses and the expanded scope of the IT Business through a combination of internal sources of funds, proceeds from any future exercise of warrants by its warrant holders, and borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping the capital markets, including but not limited to rights issues, share placements and/or issuance of debt instruments.

The Company's Response to Query 2(v)

As disclosed in paragraph 2.5(b) of the 19 August 2021 Announcement and Section 2.4.1 of the Circular, the New Businesses can be complementary to the existing business of the Group. For example, the Clean Energy Business and the High Technology Farming Business can be complementary to the Group's existing property development projects where such technologies can be incorporated into these projects and supply homes with the energy generated from renewable sources.

In addition, the Hospitality Business, E-commerce and Direct Selling Business, and the Information Technology Business can be complementary to the existing Property Development Business of the Group in that as part of the Company's plans to establish an ecosystem within its property development projects, the Company could potentially provide value added benefits to these residents which includes hospitality services and products that could be distributed through an online platform, such as an E-Commerce platform, developed by the Company as well as installing or incorporating smart home solutions such as the internet of things within the residential homes.

3. In respect of the Proposed Expansion of its Property Development Business (3)(b) above, the risk profile of property development business in every geographical area is different and might entail varying risks and strategies.

As such, the Company had on 20 Nov 2013 sought shareholders' approval to diversify into the Singapore and Asian region as a developer, and on 28 April 2014 sought shareholders' approval to diversify into USA, Australia and Spain, and on 24 Jan 2017 shareholders' approval to diversify into services related to development, management or ownership of property.

In respect of the Company's current Proposed Expansion of its Property Development Business, please specify the following:

- *(i) the geographical region that the Company is looking to expand into;*
- *(ii) the specific property development related services that it is seeking to provide in each of the geographical regions in (i);*
- *(iii) whether the Company has the know-how and resources to do so;*
- *(iv) whether the Company currently has targets in mind;*

(v) elaborate on how will the Proposed Expansion be funded;

(vi) how the Proposed Expansion would tie in with its existing business.

The Company's Response to Query 3(i)

The Company is currently focusing its property development operations in USA. At the moment, the Company has not designated any specific geographical region which it would like to expand into as specific plans in respect to the expanded scope of the Property Development Business has not materialise yet. Notwithstanding the same, the Company may potentially expand its Property Development Business beyond USA, Australia and Spain. As disclosed in Section 3.2.2 of the Circular, the Company is proposing to, among other things, expand the geographical scope of the Property Development Business which will not be restricted to any geographical area.

The Company's Response to Query 3(ii)

The Company is currently developing properties in the USA for sale and rent of property as well as providing property management services to property owners in the USA. Notwithstanding the same and as stated above, the Company may potentially expand the aforementioned activities beyond USA, Australia and Spain when the opportunities arise.

The Company's Response to Query 3(iii)

As disclosed in Section 3.4 of the Circular, the strategic management of the expanded scope of the Property Development Business shall be jointly managed by the Group's Executive Director and Chief Executive Officer, Mr Chan Heng Fai and the management of the expanded scope of the Property Development Business (whom the Company will appoint if required).

Mr Chan Heng Fai has over 30 years of experience in the real estate industry.

As disclosed in the Company's annual report for the financial year ended 31 December 2020 ("**FY2020 Annual Report**"), Mr. Chan Heng Fai was the Managing Director of SingHaiyi Group Ltd. Under his leadership, the SGX-ST Catalist-listed company transformed from a fit-out and furnishing business with a net asset value of less than S$10 million into a property investment and development company with a net asset value of more than S$150 million when Mr. Chan Heng Fai ceded controlling interest in late 2012.

Mr Chan Tung Moe, the Executive Director and Co-Chief Executive Officer, who also has over 15 years of experience in the real estate industry will be part of the management team of the expanded scope of the Property Development Business.

As disclosed in the Company's FY2020 Annual Report, Mr Chan Tung Moe was previously the Group Chief Development Officer and Executive Director of the Company and was responsible for the Group's international property development business. He was previously the Group Chief Operating Officer of Hong Kong Exchange-listed Zensun Enterprises Limited (formerly known as ZH International Holdings Ltd), responsible for the company's global business operations consisting of REIT ownership and management, property development, hotels and hospitality, as well as property and securities investment and trading. Prior to that he was the Executive Director and Chief of Project Development of Singapore Exchange-listed SingHaiyi Group Ltd, overseeing all of its property development projects.

Charles MacKenzie, the Chief Development Officer for SeD Development Management LLC (USA), an indirect subsidiary of the Company, will be part of the management of the expanded scope of the Property Development Business. He is currently assisting the Company's directors in its real estate business in the USA. He has more than 20 years of real estate experience in residential, office, flex, retail, industrial, land and re-development projects in the USA. He currently focuses on acquisitions and development of residential and mixed-use projects within the USA.

The Company's Response to Query 3(iv)

The Company have not identified specific targets at the moment and is only at a very initial stage of discussion pertaining to the acquisition of, among other things, properties for rent. The Company will make the necessary announcements in accordance with the SGX-ST's recommended practice in relation to diversification of business as disclosed in Section 3.3.2 of the Circular and in compliance with the Catalist Rules as and when required.

The Company's Response to Query 3(v)

As disclosed in Section 3.6 of the Circular, the Company intends to fund the expanded scope of the Property Development Business through a combination of internal sources of funds, proceeds from any future exercise of warrants by its warrant holders, and borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping the capital markets, including but not limited to rights issues, share placements and/or issuance of debt instruments.

The Company's Response to Query 3(vi)

The existing scope of the Property Development Business is in developing properties for rent and sale. As disclosed in Paragraph 3.2 of the 19 August 2021 Announcement and Section 3.2.2 of the Circular, the Company is seeking to expand its existing Property Development Business into, among other things, include the purchase, acquisition and investment in real estates such as land, building and/or property, for the purposes of, including but not limited to, rental, sale or investment.

The proposed expansion of the Property Development Business will allow the Company to have the option to purchase properties for the purposes of rent or sale to further expand and supplement its existing Property Development Business portfolio.

By Order of the Board
Alset International Limited

Chan Tung Moe
Executive Director and Co-Chief Executive Officer

24 August 2021

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.