



Alset International Limited

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

Response to Queries Issued by the SGX-ST

The Board of Directors (the “**Board**”) of Alset International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 21 November 2023 in relation to, *inter alia*, the update on the proposed disposal of HWH International Inc. (the “**Previous Announcement**”).

Unless otherwise defined or the context otherwise requires, all capitalised terms shall bear the same meanings as ascribed to them in the Previous Announcement.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) has issued queries on the Previous Announcement on 27 November 2023. The Board sets out below the Company’s responses to the queries issued by the SGX-ST.

Query	Company’s Response
It is noted that the Company’s entry into the two stock purchase agreements with Mr Teh Wing Kwan and Massive Brilliant Limited and the amendment of merger agreement on 21 November 2023 (collectively, the “ New Agreements ”) in relation to the proposed disposal of HWH International Inc. (“ Target ”) (“ Proposed Disposal ”) will result in, amongst others, a change in the terms of the payment for the consideration payable from the Company’s sale of the Target. The change would result in the Company receiving the consideration partially in shares of Alset Capital Acquisition Corp (“ ACAC ”), and partially in promissory notes (as compared to fully in shares of ACAC).	
a. Please disclose the Company’s revised resultant shareholdings in the enlarged issued and paid-up share capital of ACAC pursuant to the New Agreements.	<p>To demonstrate the effect of the Company’s revised resultant shareholdings pursuant to the New Agreements and to have a more meaningful comparison, the same assumptions¹ used in the HWH Announcements and Circular to calculate the resultant shareholdings of the Company under the original terms of the Proposed Disposal will be applied.</p> <p>In this regard, taking into account the Proposed Sale of the Sale Shares to the Investors (i.e., Mr Teh Wing Kwan and Massive Brilliant Limited), the Company will hold, directly and indirectly,</p>

¹ On a fully diluted basis where all warrants and rights are converted into ACAC Shares and no redemption of ACAC Shares

	<p>12,211,412 shares (as compared to 13,811,412 shares, as disclosed in the HWH Announcements and Circular) in the share capital of ACAC, representing approximately 41.80% (as compared to approximately 47.28%, as disclosed in the HWH Announcements and Circular) of the enlarged issued and paid-up share capital of ACAC comprising 29,214,250 shares based on a fully diluted basis, upon completion of the Proposed Disposal.</p>
<p>b. In the circular to shareholders of the Company dated 21 October 2022 in relation to the Proposed Disposal, it was disclosed, amongst others, in Sections 2.6.9 and 2.6.10 (as extracted below) that:</p> <p><i>“2.6.9 The management of the Company has considered cash as an option for the consideration of Proposed Disposal but is of the view that return on the equity on the shares will allow the Company to generate a better return as compared to cash because the Company will be able to participate in the future growth and profits in the Target. Furthermore, upon completion of the Proposed Disposal, the Consideration Shares in ACAC will be tradable on NASDAQ with an indicative value of US\$10 per share.</i></p> <p><i>2.6.10 Thus, the Board and the management of the Company are of the view that receiving shares in ACAC in lieu of cash is beneficial to the Company.”</i></p>	
<p>(a) What has changed since shareholders' approval of the Proposal Disposal on 7 November 2022 for the Board to enter into the New Agreements now?</p>	<p>Sometime in the month of August 2023, while awaiting NASDAQ's approval for the listing of the ACAC common shares to be issued in connection with the Proposed Disposal (the “ACAC Shares”), Management identified two investors who are interested in the Target Group business. Management believes that these Investors may potentially bring strategic opportunities to the Target Group and the Company.</p> <p>At the same time, Management is of the view that disposing a small portion of the Target Shares (1,280 Target Shares out of the 10,000 Target Shares to be disposed in connection with the Proposed Disposal) to the Investors in exchange for the Promissory Notes would give the Group more flexibility in managing its working capital and cash flow and allow the Company to diversify the risk of holding the ACAC Shares especially</p>

	<p>considering recent geopolitical developments.</p> <p>Accordingly, the Management made a commercial decision (with the Board's approval) to enter into the New Agreements with the Investors.</p>
<p>(b) The New Agreements would result in the Company receiving promissory notes. It is announced that the promissory notes are secured by the Sale Shares being pledged in favour of the Company. Is there a duration for such arrangement? What are the Company's recourse should the Investor(s) be unable to repay the amounts due under the promissory note?</p>	<p>The duration of the said arrangement is 2 years from the date of the Promissory Note, as disclosed in the Previous Announcement under Section 5.</p> <p>As disclosed in the Previous Announcement, pursuant to the terms of the respective Security Agreement signed with each of the Investors, the Investors had assigned, transferred and pledged their respective brokerage account, which the Sale Shares (the "Collateral") will be deposited into, in favour of the Company.</p> <p>Accordingly, in the event the Investor(s) are unable to repay the amounts due under the Promissory Note(s) for a period of five (5) days or more, the Company may call upon the said brokerage account(s), to take possession and proceed against the Collateral in accordance with the terms of the Security Agreement.</p>
<p>(c) How are the New Agreements in the best interest of the Company and its shareholders?</p>	<p>As disclosed in the Previous Announcement, the Proposed Sale to the Investors would, <i>inter alia</i>, give the Group more flexibility in managing its working capital and cash flow.</p> <p>Further, the Proposed Sale would allow the Company to receive part of the proceeds from the Proposed Disposal in the form of a promissory note, which will enable the Company to diversify the risk of holding ACAC Shares.</p> <p>The Proposed Sale also brings about potential strategic opportunities for the Target Group and the Company such as leveraging on mutual international business network given the established track record and profile of the Investors.</p> <p>In view of the above, the Board is of the view that the entry into the New Agreements is in the best interest of the Company and its shareholders.</p>
<p>c. Please provide the Board and Sponsor's views and bases on whether the terms of the New Agreements constitute a material change to the original terms of the</p>	<p>The Board is of the view that the terms of the New Agreements do not constitute a material change to the original terms of the Proposed Disposal for the following reasons:</p>

Proposed Disposal which was approved by shareholders of the Company on 7 November 2022.

- (a) the Company is still disposing the entire outstanding equity and equity equivalents of the Target as approved by shareholders;
- (b) as disclosed in the Previous Announcement, the total consideration to be received by the Company for the disposal of the Target remains the same at US\$125 million;
- (c) the difference between the Company's shareholdings in the enlarged share capital of ACAC under the abovementioned assumptions¹ and the original terms of the Proposed Disposal (i.e., 47.28%) vis-à-vis the terms of the New Agreements (i.e., 41.80%) is immaterial;
- (d) the rationale for the Proposed Disposal, as set out in the HWH Announcements and Circular, will still be achieved by the Company notwithstanding the entry into the New Agreements; and
- (e) based on the relative figures in respect of the Proposed Sale computed on the bases set out in Rule 1006 of the Catalist Rules, the entry into the New Agreements only constitutes a "disclosable transaction".

For the avoidance of doubt, the Merger Agreement in connection with the Proposed Disposal contained a clause which allows for the contracting parties to amend the terms of the Merger Agreement via an instrument in writing (i.e., the Supplemental Agreement), and the Company's entry into the Merger Agreement was implicitly approved by shareholders when they approved the Proposed Disposal at the 7 November 2022 EGM. A copy of the Merger Agreement was made available for inspection at the registered office of the Company for a period of three months from the date of the Circular.

The Sponsor, having taken into consideration the foregoing, concurs with the Board's view that the terms of the New Agreements do not constitute a material change to the original terms of the Proposed Disposal.

By Order of the Board

Alset International Limited

Chan Tung Moe
Executive Director and Co-Chief Executive Officer

29 November 2023

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.