Alset International Limited

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

PROPOSED DIVERSIFICATION INTO THE NEW BUSINESSES AND PROPOSED EXPANSION OF THE EXISTING BUSINESSES

1. Introduction

1.1 The Board of Directors (the "**Board**") of Alset International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Group proposes to:

(a) diversify the business of the Group into the (a) Hospitality Business (as defined below); (b) Clean Energy Business (as defined below); (c) High Technology Farming Business (as defined below); and (d) the E-Commerce and Direct Selling Business (as defined below) (collectively known as the "**New Businesses**") (the "**Proposed Diversification**"); and

(b) expand the scope of the IT Business (as defined below) and Property Development Business (as defined below) (the "**Proposed Expansion of the Existing Businesses**").

1.2 The Proposed Diversification into the New Businesses and the Proposed Expansion of the Existing Businesses involves new businesses and is envisaged to change the existing risk profile of the Group. Accordingly, an extraordinary general meeting will be convened by the Company to seek approval from the Shareholders of the Proposed Diversification into the New Businesses and the Proposed Expansion of the Existing Businesses.

2. The Proposed Diversification into the New Businesses

2.1 The Group proposes to diversify into the following New Businesses:

(a) business of developing, operating and franchising cafés, restaurants and bars, car rental and/or leasing business and the business of operating hotel, travel and airline reservation company for business and leisure travel (the "**Hospitality Business**") which shall include:

(i) investing, developing and operating in the food and beverage industry by developing, operating and franchising, including but not limited to, cafés, restaurants and bars and manufacturing and distributing food products, logistics services and property leasing which will operate through entities within the Group, partnership and/or joint venture with third parties and including but not limited to operations through the Company's wholly-owned subsidiary, Hapi Cafe Inc.;

(ii) purchase or investment in vehicles, including developing and/or operating a fleet of vehicles, for the purposes of rental and/or leasing; and

(iii) investing, developing and operating in the hotel, travel and aviation industry, including but not limited to, engaging in or operating a passenger airline business, operating a tour agency, hotel reservation services, travel and airline reservation services, plane and cruise chartering services for business and leisure travellers, maintaining and operating websites or through collaborating with third party service providers to provide such services, and including but not limited to, airlines, packages, rental cars, cruises, insurance distributed and marketed through the Group's desktop and mobile offerings, digital marketing and alternative distribution channels (including but not limited to physical marketing through channels such as newspaper advertisements and brochures).

(b) business of providing energy solutions and services in terms of energy generation and storage within the clean energy supply chain (the "**Clean Energy Business**") which shall include:

(i) providing clean energy solutions and services in terms of energy generation and storage, by developing, commercialising, investing in, operating, leasing and/or licensing of equipment, products, plants and/or technologies used for the distribution, production and storage of green energy and any other related business within the same supply chain, including provision of maintenance services and technologies that are used in the conversion, production, generation and storage of green energy, including but not limited to, solar, wind, geothermal, biomass, biofuels, advanced biodiesel, activated carbon, biodiesel plants, non-food agricultural waste and liquefied natural gas;

(ii) holding, developing and obtaining trademarks and patents for marketing, promoting and research and development in relation to the Clean Energy Business; and

(iii) developing and integrating green energy solution in energy generation and storage, ownership, acquisition or enter into joint ventures with entities operating in the Clean Energy Business.

"**clean energy**" refers to generating energy from renewable sources instead of fossil fuel including but not limited to, solar, wind, geothermal, biomass, biofuels, advanced biodiesel, activated carbon, biodiesel plants, non-food agricultural waste and liquefied natural gas.

(c) business of providing high technology farming solutions and investing, developing, operating and licensing business in these areas ("**High Technology Farming Business**") which shall include:

(i) providing high technology farming solutions or services, by developing, commercialising, investing in, operating and/or licensing of equipment, plants, farms and/or technologies used for high technology farming and any other related business within the same supply chain, including the provision of maintenance services for the aforesaid;

(ii) holding, developing and obtaining trademarks and patents for marketing, promoting and research and development in relation to the High Technology Farming Business;

(iii) developing and integrating high technology farming solution, ownership, acquisition or enter into joint ventures with entities operating in the High Technology Farming Business; and

(iv) investing, developing, operating and licensing business in various areas of high technology farming to, inter alia, increase production yield, improving food quality and promoting sustainability in the agri-food value chain.

"**high technology farming**" refers to the use of technology in various areas of farming including, but not limited to, agriculture, and aquaculture technology farming, clean energy farming, hydroponics, aeroponics and agrotechnology

(d) business of developing, operating and licensing e-commerce business to sell and distribute comprehensive line of beauty and wellness solutions (the "**E-Commerce and Direct Selling Business**") which shall include:

(i) developing, operating and licensing e-commerce business, including but not limited to, selling and distributing a comprehensive line of premium-quality beauty and wellness solutions, including but not limited to, health and personal care, food, nutrition and supplements, beauty, home care, lifestyle and electronic products; and

(ii) manufacturing and distributing, providing logistics services and property leasing in connection with the E-Commerce and Direct Selling Business.

2.2 The New Businesses will not be restricted in application to any particular sector, industry or geographical area as each project and investment will be evaluated and assessed by the Board on its merits. The Group may also, as part of the New Businesses, invest in, lease, purchase or otherwise acquire or dispose of any such assets, investments and shares or interests in any entity as required for the conduct of the New Businesses from time to time. Any business activities as

aforesaid shall upon approval of the Proposed Diversification by the Shareholders at the EGM, constitute part of the ordinary course of business of the Group.

2.3 The Group's Proposed Diversification into the New Businesses is part of the Group's business expansion. The Group intends to engage in the New Businesses on a prudent basis with discretion.

2.4 The Group may also explore joint ventures and/or strategic alliances with third-parties who have the relevant expertise and resources to carry out the New Businesses as and when the opportunity arises. The decision on whether a project should be undertaken by the Group on its own or in collaboration with third-parties will be made by the Board after taking into consideration various factors, including but not limited to, the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and conditions in the market, taking into account the opportunities available.

2.5 Rationale for the Proposed Diversification into the New Businesses

(a) **Additional and recurrent revenue streams with a view to achieving long-term growth –** The Board envisions that the Proposed Diversification into the New Businesses can provide additional and recurrent revenue streams for the Group. Such additional and recurrent revenue streams arising from the Proposed Diversification into the New Businesses may include, amongst others, capital gains and recurring dividend income from its investments as well as fee income.

(b) **Complementary to existing business –** The New Businesses can be applied to the existing business of the Group. For example, the Clean Energy Business and 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. As such, the Group endeavours to potentially leverage on the Group's current experience and knowledge in the related fields which would provide a competitive advantage to the Group as a new entrant and synergy to the Group's existing operations.

(c) **Wider network of contacts and business opportunities –** The Board envisions that scope of the New Businesses will augment and strengthen the Group's existing businesses, by providing greater access to financial services and funding, and increasing the Group's network of contacts, which may potentially lead to fresh business opportunities for the Group when the Group invests in its investee entities.

(d) **Diversity of business and income base, and reduced reliance on the Group's existing businesses –** The Proposed Diversification into the New Businesses will be beneficial to the Group's efforts to sustained performance in the future. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reduce reliance on the Group's existing businesses. The Proposed Diversification into the New Businesses may provide the Group with a more diversified businesses and income base for future growth. The Board also believes that the Proposed Diversification into the New Businesses creates the opportunity for geographical diversification. The Group intends to explore investment opportunities with no geographical limit. This allows the Group to be flexible in seeking out and capturing such opportunities and to be adaptable to the fluidity of investment deals around the world.

(e) **Capitalising on the growth prospect of both Singapore and overseas markets –** The Directors believe that the Proposed Diversification into the New Businesses will enable the Group to be better-positioned to capitalise on the growth prospects of both Singapore and overseas markets. Capitalising on such investment opportunities may enhance the performance of the Group, and thereby strengthen the Group's turnover and profit and enhance shareholder value and return.

(f) **Flexibility to enter into transactions relating to the New Businesses in the ordinary course of business**

After Shareholders' approval for the Proposed Diversification into the New Businesses has been obtained, the Group may, in the ordinary course of business, enter into transactions relating to the New Businesses without having to seek Shareholders' approval. This will

eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the New Businesses arise. This will allow the Group greater flexibility to pursue business and investment opportunities which may be time-sensitive in nature, and may also substantially reduce the expenses associated with the convening of general meetings from time to time.

However, in accordance with the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") recommended practice in relation to diversification of business (the "**SGX-ST Recommended Practice in relation to Diversification of Business**"), if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first Major Transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding the Proposed Diversification into the New Businesses, in respect of transactions:

(i) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or more or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting;

(ii) which constitute an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply and the Company will comply with the provisions of Chapter 9 of the Catalist Rules;

(iii) the First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval, if applicable; and

(iv) Paragraph 2 of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, among others, made conditional upon approval by Shareholders at a general meeting.

Rule 1005 of the Catalist Rules states that "the sponsor may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction. The SGX-ST retains the discretion to determine whether the aggregation was correctly applied, and/or to direct the sponsor to aggregate other transactions.".

3. The Proposed Expansion of the Existing Businesses

3.1 <u>The Proposed Expansion of the IT Business</u>

At an extraordinary general meeting of the Company held on 5 August 2014, the Company sought for and obtained Shareholders' approval to diversify into the IT Business (as defined below) scope of which includes the business of software and hardware development technology services offering to end-users and businesses (including telecommunication services providers) in such areas including (but not limited to) mobile internet and cloud computing technology (the "**IT Business**" or the "**Information Technology Business**").

For more information on the existing scope of the IT Business, please refer to the Company's Circular dated 14 July 2014.

The Group proposes to expand the scope of the IT Business of the Group to include services related to e-commerce, financial technology ("**Fintech**") and Healthcare sector details of which are set out below:

(a) e-commerce and FinTech sector which includes:

(i) business in the technology sector, including but not limited to e-commerce, digital assets, internet, FinTech (payment gateways, loyalty redemption, blockchain, crypto-currency,

crypto-currency mining (including Bitcoin mining), capital market, FinTech services), information technology, hardware or software research and development and other businesses providing information technology-related services to end-users, service providers and other commercial users via multiple platforms including mobile internet and cloud computing technology;

(ii) operating and/or licensing technology and digital payment applications that enable digital and mobile payments; and

(iii) identifying, investing or building (through expertise in the Group and/or suitably qualified external personnel) proven business models relating to e-commerce or the internet of things and seek to scale them into market leading online companies.

"**e-commerce**" refers to a transaction of buying or selling online and it draws on technologies such as mobile commerce, electronic funds transfer, internet marketing, online transaction processing and electronic data interchange.

"**internet of things**" refers to the network of physical devices, vehicles, home appliances or other items embedded with electronics, software, sensors, and connectivity which enables these objects to connect and exchange data.

(b) Healthcare sector which includes:

(i) investing, developing, operating and licensing technology in monitoring and diagnostic therapeutics;

(ii) investing, developing, operating and licensing technology and wearable devices that generate real-time data to monitor health and for symptom control; and

(iii) investing, developing, operating and licensing technology to provide patients with access to medical care, medical advisory and second medical opinion through telemedicine and face-to-face consultation.

3.2 Proposed Expansion of the Property Development Business

At an extraordinary general meeting of the Company held on 20 November 2013, the Company sought for and obtained Shareholders' approval to diversify into the Property Development Business which involved the following activities in Singapore and the Asian region:

(a) actively acting as a developer for property projects by engaging in the development of property for sale and/or leasing on a project basis, which involved the acquisition of land for development and the sale and/or leasing of the property thereafter; and

(b) participating and investing in property development projects which may be led by other property developers.

Subsequently, the Company obtained Shareholders' approval at an extraordinary general meeting of the Company held on 28 April 2014 to expand the geographical scope of the Property Development Business to include the USA, Australia and Spain.

At an extraordinary general meeting of the Company held on 24 January 2017, the Company sought for and obtained Shareholders' approval to expand the scope of the Property Development Business to include services related to the development, management or ownership of property. These property development related services may include the following:

(a) engaging in building and construction activities including architectural and design services;

(b) providing property management and realtor services; and

(c) providing services related to home ownership, including but not limited to acting as a broker for the provision of mortgage loans, home and title insurance services.

For more information on the existing scope of the Property Development Business, please refer to the Company's Circulars dated 28 October 2013, 11 April 2014 and 9 January 2017.

The Group proposes to expand the Property Development Business to (a) 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; and (b) to expand the geographical scope of the Property Development Business which will not be restricted to any geographical area.

3.3 Proposed Expansion of the Existing Businesses

The Group intends to engage in the expanded scope of the IT Business and the Property Development Business on a prudent basis with discretion. The expanded scope of the IT Business and Property Development Business will not be restricted to any particular sector, industry or any specific geographical market as each project and investment will be evaluated and assessed by the Board on its merits. The Group may also, in connection with the expanded scope of the IT Business and Property Development Business, invest in, lease, purchase or otherwise acquire or dispose of any such assets, investments and shares or interests in any entity as required for the conduct of the expanded scope of the IT Business and Property Development Business from time to time. The Group may also explore joint ventures and/or strategic alliances with third-parties who have the relevant expertise and resources to carry out the expanded scope of the IT Business and Property Development Business as and when opportunities arise. The decision on whether a project should be undertaken by the Group on its own or in collaboration with third-parties will be made by the Company after taking into consideration various factors, including but not limited to, the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and conditions in the market, and taking into account the opportunities available.

3.4 Rationale for the Proposed Expansion of the Existing Businesses

(a) **The Proposed Expansion of the Existing Businesses can bring about various benefits to the Group**

The Proposed Expansion of the Existing Businesses of the Group will provide Shareholders with diversified returns, offer new business opportunities and provide the Group with additional revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

The Company believes that the Proposed Expansion of the Existing Businesses represents a timely opportunity to establish new and profitable business segments for the Group especially given the recent global pandemic where businesses and enterprises are working towards planning for business continuity through information technology.

(b) **Flexibility to enter into transactions relating to the proposed expanded scope of the IT Business and Property Development Business in the ordinary course of business**

After Shareholders' approval for the Proposed Expansion of the Existing Businesses of the Group has been obtained, the Group may, in the ordinary course of business, enter into transactions relating to the expanded scope of the IT Business and the Property Development Business without having to seek Shareholders' approval. This will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the expanded scope of the IT Business and the Property Development Business arise. This will allow the Group greater flexibility to pursue business and investment opportunities which may be time-sensitive in nature, and may also substantially reduce the expenses associated with the convening of general meetings from time to time.

The SGX-ST Recommended Practice in relation to Diversification of Business shall similarly apply to the Proposed Expansion of the Existing Businesses.

4. Circular to Shareholders

A Circular containing further details on the Proposed Diversification and the Proposed Expansion of the Existing Businesses, together with a notice of the extraordinary general meeting will be despatched in due course.

5. Interests of Directors and Substantial Shareholders

Save as disclosed in this announcement, none of the directors and/or the substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Diversification and the Proposed Expansion of the Existing Businesses, other than through their respective shareholdings in the Company, if any.

6. Cautionary Statement

6.1 **Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Diversification and the Proposed Expansion of the Existing Businesses will be completed.**

6.2 **Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

By Order of the Board

Chan Tung Moe
Executive Director and Co-Chief Executive Officer

19 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.

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