



Alset International Limited

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

Update on the Proposed Disposal of HWH International Inc. to Alset Capital Acquisition Corp.: Entry into Supplemental Agreement and Stock Purchase Agreements

1. Introduction

The Board of Directors (the “**Board**”) of Alset International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 12 September 2022 and 7 November 2022, and the circular to shareholders dated 21 October 2022, in relation to the disposal of HWH International Inc. (“**HWH Announcements and Circular**”).

As disclosed in the HWH Announcements and Circular, the Company had on 9 September 2022, through its direct wholly-owned subsidiary, HWH International Inc. (the “**Target**” and together with its subsidiaries, the “**Target Group**”), entered into a merger agreement (“**Merger Agreement**”) with Alset Capital Acquisition Corp. (“**ACAC**”) and HWH Merger Sub, Inc. (“**Merger Sub**”) (collectively, the “**ACAC Group**”) in relation to, *inter alia*, the proposed disposal of 10,000 shares in the Target (“**Target Shares**”) by the Company, representing the entire issued and paid-up share capital of the Target, to ACAC’s direct and wholly owned subsidiary, the Merger Sub (“**Proposed Disposal**”) for US\$125 million (equivalent to approximately S\$167.5 million¹). The Company had on 7 November 2022, convened an extraordinary general meeting (“**EGM**”) and obtained shareholders’ approval for the Proposed Disposal. Please refer to the HWH Announcements and Circular for further details.

Subsequent to the EGM, ACAC had obtained its shareholders’ approval for the acquisition of the Target Group on 1 August 2023. As at the date of this announcement, the Proposed Disposal has yet to close as certain conditions precedent remain outstanding. In particular, the necessary clearance from the National Association of Securities Dealers Automatic Quotation System (“**NASDAQ**”) is still pending.

In this regard, the Company wishes to announce that pending the satisfaction of the conditions precedent for the Proposed Disposal, the Company had on 21 November 2023 entered into two (2) stock purchase agreements (the “**Share Sale Agreements**”) with (1) Mr Teh Wing Kwan (“**TWK**”) and (2) Massive Brilliant Limited (“**MBL**”) (each an “**Investor**” and collectively, the “**Investors**”). Pursuant to the terms of the Share Sale Agreements, the Company has agreed to sell to the Investors an aggregate of 1,280 shares in the share capital of the Target in the proportions set out below (the “**Sale Shares**”), representing 12.8% of the total issued and paid-up share capital of the Target for an aggregate consideration of US\$16.0 million (equivalent to approximately S\$21.4 million) (the “**Consideration Sum**”) (the “**Proposed Sale**”):

- (a) TWK will purchase 640 Target Shares, representing 6.4% of the total issued and paid-up share capital of the Target for an aggregate consideration of US\$8.0 million (equivalent to approximately S\$10.7 million); and
- (b) MBL will purchase 640 Target Shares, representing 6.4% of the total issued and paid-up share capital of the Target for an aggregate consideration of US\$8.0 million (equivalent

¹For the purpose of this announcement, all USD/SGD exchange rate used for the relevant Singapore Dollars equivalent is based on an exchange rate of US\$1 : S\$1.3402 as at 20 November 2023 being the business day preceding the date of the Share Sale Agreements.

to approximately S\$10.7 million).

Further details of the Consideration Sum are set out under **Section 5** of this announcement.

Following the Proposed Sale, the Company, the Investors and ACAC have entered into an amendment of merger agreement dated 21 November 2023 (“**Supplemental Agreement**”), where the Company, owning 8,720 Target Shares, and the Investors, owning 1,280 Target Shares will collectively sell a total of 10,000 Target Shares to Merger Sub.

Accordingly, the consideration payable from the Company’s sale of 8,720 Target Shares to ACAC shall be adjusted accordingly to US\$109 million from US\$125 million. Consequently, 10,900,000 (instead of 12,500,000) ordinary shares in ACAC will be issued to the Company in order to satisfy the said US\$109 million consideration payable. The remaining 1,600,000 ordinary shares in ACAC will be issued proportionately to the Investors.

In light of the Proposed Sale and the Supplemental Agreement, the Company wishes to highlight that the total consideration to be received by the Company for the disposal of the Target remains the same at US\$125 million, where the Company will receive 10,900,000 ordinary shares in ACAC representing the consideration of US\$109 million and US\$16.0 million in the form of Promissory Notes (as defined in Section 5 below) instead.

The Proposed Sale constitutes a “disclosable transaction” under Chapter 10 of the Catalyst Rules. Please refer to Section 8 of this announcement for further details on the relative figures in respect of the Proposed Sale computed on the bases set out in Rule 1006 of the Catalyst Rules.

2. Information on the Target

2.1 Corporate Information

The Target, HWH International Inc., a direct wholly-owned subsidiary of the Company, is a company incorporated in Nevada, the United States of America, on 29 March 2022 and as the date of this announcement has:

- (a) an issued and paid-up share capital of US\$10.00 comprising 10,000 shares; and
- (b) an authorised capital of 100,000,000 shares, each with a par value of US\$0.001.

The Target is a holding company for a lifestyle business operating through a membership model, where individuals pay an upfront membership fee to become members (“**Members**”). Members are given the rights and access to an affiliate marketing model that offers discounted prices for various products and services that the Target provides. These products and services include but not limited to, discounted health products, access to a travel booking platform and wealth and investment related educational materials. The Target also operates a food and beverage business under its subsidiaries.

Details of the Target’s subsidiaries are set out in **Appendix A** to this announcement.

2.2 Financial Information

Based on the unaudited consolidated financial statements of the Target Group for the half year ended 30 June 2023:

- (a) the book value and net tangible asset (“**NTA**”) of the Sale Shares, was approximately S\$0.02 million and S\$0.02 million respectively; and
- (b) the net loss attributable to the Sale Shares, was approximately S\$0.09 million as at 30 June 2023.

2.3 Valuation

As disclosed in the HWH Announcements and Circular, the Company commissioned a valuation on the Target with an indicative value of between US\$136 million and US\$182 million. Please refer to the HWH Announcements and Circular for further details of the valuation.

3. **Information on the Investors**

Mr Teh Wing Kwan

TWK is a sophisticated investor and is the chairman of the board of directors for several public companies listed on the Singapore Exchange and Hong Kong Stock Exchange.

As at the date of the announcement, TWK has less than 0.5% shareholding interest in the Company. TWK is not related to any Director or substantial shareholder of the Company.

Massive Brilliant Limited

MBL is a company incorporated in Hong Kong, and as at the date of this announcement has an issued and paid up capital of HK\$100.00, comprising of 100 shares with a par value of HK\$1.00 per share. MBL is an investment holding company.

Mr Lo Wah Wai ("**Lowell**") is the sole shareholder and director of MBL. Both MBL and Lowell are not related to any Director or substantial shareholder of the Company and they do not own any shares in the Company.

4. **Rationale**

As set out in the HWH Announcements and Circular, the Board believes that the Proposed Disposal is in line with the Company's strategies to realise part of its investment portfolios while the Company continues to tap on the growth initiatives of the Target after the business combination with ACAC.

Pending the satisfaction of the conditions precedent for the Proposed Disposal and upon payment of the Promissory Notes in accordance with the terms as stated herein, the Proposed Sale to the Investor would enable the Company to receive a portion of the consideration from the proposed disposal of the Target Shares in the form of promissory notes which would give the Group more flexibility in managing its working capital and cash flow.

5. **Consideration**

The Consideration Sum

The Consideration Sum of US\$16,000,000² (equivalent to approximately S\$21,443,200) shall be satisfied through the issuance of two (2) promissory notes (the "**Promissory Note(s)**"); one promissory note issued by each Investor to the Company at the Closing (as defined below).

The Consideration Sum was arrived at arm's length and on a willing-buyer-willing-seller basis after taking into account, *inter alia*, the following:

- (a) the consideration for the Proposed Disposal of US\$125 million as set out in HWH Announcements and Circular;
- (b) the valuation of Target of between US\$136 million and US\$182 million as set out in the

² The Consideration Sum of US\$16,000,000 represents 12.8% (i.e., the percentage of the Sale Shares in relation to the total issued and paid-up share capital of the Target) of the consideration payable (i.e., US\$125 million) to ACAC for the Proposed Disposal.

HWH Announcements and Circular;

- (c) the net asset value of the Target; and
- (d) the prevailing economic conditions.

Principal Terms of the Promissory Note

The principal sum under each Promissory Note, equivalent to the consideration payable by each Investor as set out in **Section 1** of this announcement (the “**Principal Sum**”), the terms of the Promissory Notes are substantially the same.

According to each of the Promissory Notes:

(a) Term

The Investor, in accordance with the terms stated therein, promises to pay the Company the Principal Sum and interest on the Principal Sum from time to time remaining unpaid from the date of the Promissory Note until paid in full at the rate of 1.5%, compounded annually.

The Principal Sum and all accrued interest shall be due and payable in full on or before the 2nd anniversary of the date of the Promissory Note, unless otherwise extended.

The Investor shall have the right to prepay all or any portion of the Principal Sum without premium or penalty upon ten days’ notice in accordance with the terms stated therein.

(b) Security

The Promissory Note is given pursuant to the terms of the Share Sale Agreements and secured under the terms of the security agreement made between the Investor and the Target (“**Security Agreement**”), wherein the Investor assigned, transferred and pledged the Investor’s brokerage account, which the Sale Shares will be deposited into, in favour of the Company .

(c) Governing Law

The Promissory Note shall be governed by and construed and enforced in accordance with the laws of the State of New York without regard to its conflict of laws principles.

6. Intended Use of Proceeds

The Consideration Sum arising from the Proposed Sale represents an estimated gain on disposal of S\$21.4 million, being an excess over the book value of the Sale Shares, as at 30 June 2023.

The costs and expenses incurred or to be incurred in connection with the Proposed Sale are to be paid by the respective party incurring such expenses, whether or not the Proposed Sale is consummated. The costs and expenses incurred or to be incurred by the Group are not material and shall be funded through the Group’s internal resources.

As disclosed in Section 5 above, the Consideration Sum shall be satisfied through the issuance of the respective Promissory Notes at the Closing (as defined below). As such, there will only be proceeds which can potentially be deployed for evaluation of reinvestment opportunities and general working capital purposes upon payment of the respective Promissory Notes in accordance with the terms as stated therein.

7. Principal Terms of the Share Sale Agreements

The number of shares in the share capital of the Target to be acquired by each Investor (“**Respective Sale Shares**”) and the consideration payable (“**Respective Consideration Sum**”) are as set out in **Section 1** of this announcement. The terms of the Share Sale Agreements are substantially the same.

According to each of the Share Sale Agreements:

(a) Closing

Closing of the sale of the Respective Sale Shares (“**Closing**”) shall take place on the first (1st) business day on which the conditions precedent to the Closing set forth in the Share Sale Agreement are satisfied or waived (or such later date as is mutually agreed to by the Company and the Investor) (“**Closing Date**”).

(b) Conditions Precedent

(i) The obligations of the Company at the Closing shall be subject to the satisfaction on or prior to the Closing of the following conditions precedent, any one or more of which may be waived by the Company:

(aa) The Investor shall have executed the Share Sale Agreement and each of the transaction documents to which he is a party and delivered the same to the Company.

(bb) The Investor shall have delivered to the Company the Respective Consideration Sum in the form of the Promissory Note at the Closing.

(cc) The representations and warranties of the Investor shall be true and correct in all material respects as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such date), and the Investor shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by the Share Sale Agreement to be performed, satisfied or complied with by Investor at or prior to the Closing Date.

(dd) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the transaction documents.

(ee) The Investor shall have delivered to the Company such other documents, instruments or certificates relating to the transactions contemplated by the Share Sale Agreement as the Company or its counsel may reasonably request.

(ii) The obligations of the Investor at Closing shall be subject to the satisfaction, on or prior to the Closing, of the following conditions precedent, any one or more of which may be waived by the Investor:

(aa) The Company shall have duly executed and delivered to the Investor the Share Sale Agreement and each of the other transaction documents to which it is a party and the Company shall have duly issued and delivered the Sale Shares being purchased by the Investor at the Closing pursuant to the Agreement.

(bb) Each and every representation and warranty of the Company shall be true

and correct as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such date) and the Company shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Company at or prior to the Closing Date.

- (cc) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the transaction documents.
- (dd) Since the date of execution of the Share Sale Agreement, no event or series of events shall have occurred that reasonably would have or result in a material adverse effect (as set out in the Agreement).
- (ee) The Company shall have delivered to the Investor such other documents, instruments or certificates relating to the transactions contemplated by the Share Sale Agreement as the Investor or its counsel may reasonably request.
- (ff) Upon NASDAQ's approval of the ACAC and the Target Group business combination.

(b) Governing Law and Jurisdiction

The Share Sale Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, US.

Both the Company and the Investor submit to the jurisdiction of any state or federal court sitting in The City of New York, Borough of Manhattan, US for the adjudication of any dispute hereunder or under any of the other transaction documents.

Each party hereby irrevocably waives any right it may have to, and agrees not to request, a jury trial for the adjudication of any dispute hereunder or under any other transaction document or in connection with or arising out of the Share Sale Agreement, any other transaction document or any transaction contemplated hereby or thereby.

8. Relative Figures computed on the bases set out in Catalyst Rule 1006

The relative figures computed on the bases set out in Catalyst Rule 1006 for the Proposed Sale are as follows:

Catalist Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	0.02% ⁽²⁾
Catalist Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	(0.84)% ⁽³⁾
Catalist Rule 1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares.	17.15% ⁽⁴⁾
Catalist Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁵⁾

Catalist Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁶⁾
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Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) Based on the unaudited consolidated financial statements of the Target for the financial period ended 30 June 2023, the net asset value represented by the Sale Shares is approximately S\$0.02 million which represents approximately 0.02% of the Group's net asset value of approximately S\$99.8 million as at 30 June 2023.
- (3) Based on the unaudited consolidated financial statements of the Target for the half year ended 30 June 2023, the net loss attributable to Sale Shares amounts to approximately S\$0.09 million which represents approximately (0.84)% of the Group's net profit of approximately S\$10.8 million for the half year ended 30 June 2023.
- (4) The Consideration Sum to be received by the Company in connection with the Proposed Sale is US\$16.0 million (equivalent to approximately S\$21.4 million) which represents approximately 17.15% of the Company's market capitalisation of approximately S\$125.0 million on 20 November 2023, being the last full market day on which trades were done preceding the date of the Share Sale Agreements. The Company's market capitalisation was determined by multiplying the number of shares in issue (3,492,713,362 shares) by the weighted average price of such shares transacted on 20 November 2023 (S\$0.0358).
- (5) The Proposed Sale is a disposal of assets not an acquisition of assets. No equity securities will be issued by the Company in connection with the Proposed Sale.
- (6) The Company is not a mineral, oil and gas company.

As one of the relative figures computed on the bases set out in Catalist Rule 1006 exceeds 5% and all relative figures are less than 50%, the Proposed Sale is classified as a "disclosable transaction" under Catalist Rule 1014.

9. Financial Effects

The financial effects of the Proposed Sale on the NTA per share and the (loss) per share ("**LPS**") of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

For the purpose of illustrating the financial effects, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Sale was completed on 31 December 2022;
- (b) the financial effects on the LPS of the Group are computed assuming that the Proposed Sale was completed on 1 January 2022; and
- (c) the costs and expenses incurred or to be incurred in connection with the Proposed Sale shall be disregarded.

Financial Effects on the NTA per share of the Group

	Before Completion of the Proposed Sale	After Completion of the Proposed Sale
NTA as at 31 December 2022 (S\$'000)	89,057	110,371
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	3,492,713	3,492,713
NTA per Share (Singapore cents)	2.55	3.16

Financial Effects on the EPS of the Group

	Before Completion of the Proposed Sale	After Completion of the Proposed Sale
Net (Loss) for FY2022 (S\$'000)	(46,407)	(24,783)
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	3,492,713	3,492,713
(LPS) of the Group (Singapore cents)	(1.33)	(0.71)

The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

10. Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Sale and no service contracts in relation thereto is proposed to be entered into by the Company.

11. 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 Sale, other than through their respective shareholdings in the Company, if any.

12. Documents Available for Inspection

A copy of the Share Sale Agreements, the Merger Agreement, the Supplemental Agreement, the Promissory Note, the Security Agreement and the Valuation report of the Target may be inspected at the registered office of the Company located at 9 Temasek Boulevard #16-04 Suntec Tower Two Singapore 038989 during normal business hours for three (3) months from the date of this announcement.

13. Directors Responsibility Statement

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Sale, the Company and the Group, and the directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

14. Cautionary Statement

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 Sale will be completed. In particular, the agreements are subject to conditions which may or may not be fulfilled.

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

Alset International Limited

Chan Tung Moe
Executive Director and Co-Chief Executive Officer

21 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.