



## Alset International Limited

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

---

- I. ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF DOCUMENT SECURITY SYSTEMS, INC. SHARES
  - II. ENTRY INTO LEGALLY BINDING TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF HWH WORLD INC.
- 

### I. ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF DOCUMENT SECURITY SYSTEMS, INC. SHARES

#### 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 a sale and purchase agreement dated 6 January 2021 (the “**SPA**”) has been entered into between the Company and Mr Chan Heng Fai, Heng Fai Holdings Limited and Hengfai Business Development Pte. Ltd. (collectively, the “**Vendors**”) in relation to, *inter alia*, the proposed acquisition of 748,492 shares in the share capital of Document Security Systems, Inc. (“**DSS**”), representing approximately 12.82% of the total issued and paid-up share capital of DSS (the “**Proposed Acquisition**”).
- 1.2 The Proposed Acquisition is an “interested person transaction” under Chapter 9 of the Catalist Rules which value is more than 5% of the Group’s latest audited net tangible assets (“**NTA**”) and is classified as a “major transaction” under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Acquisition is conditional upon approval by shareholders of the Company (“**Shareholders**”) in general meeting.

#### 2. Information on the Vendors

*The information on the Vendors provided below was provided to the Company by the Vendors. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.*

- 2.1 Mr Chan Heng Fai is a director, the chief executive officer and a controlling shareholder of the Company. Mr Chan Heng Fai holds 666,174 shares in the share capital of DSS, representing approximately 11.41% of the total issued and paid-up share capital of DSS, as at the date of this announcement.
- 2.2 Heng Fai Holdings Limited is a company incorporated in Hong Kong. Heng Fai Holdings Limited holds 59,551 shares in the share capital of DSS, representing approximately 1.02% of the total issued and paid-up share capital of DSS, as at the date of this announcement.
- 2.3 Hengfai Business Development Pte. Ltd. is a company incorporated in Singapore. Hengfai Business Development Pte. Ltd. holds 22,767 shares in the share capital of DSS, representing approximately 0.39% of the total issued and paid-up share capital of DSS, as at the date of this announcement.

- 2.4 Heng Fai Holdings Limited and Hengfai Business Development Pte. Ltd. are entities controlled by Mr Chan Heng Fai.
- 2.5 Mr Chan Heng Fai, who is a director, the chief executive officer and a controlling shareholder of the Company, has an interest of 30% or more in each of Heng Fai Holdings Limited and Hengfai Business Development Pte. Ltd. as at the date of this announcement. Accordingly, Heng Fai Holdings Limited and Hengfai Business Development Pte. Ltd. are associates (as defined under the Catalist Rules) of Mr Chan Heng Fai.

### 3. Information on DSS

*The information on DSS provided below was provided to the Company by DSS. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board's responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.*

#### 3.1 Corporate Information

Document Security Systems, Inc., is a company incorporated in New York, the United States of America on 30 May 1984 and as at the date of this announcement, has:

- (a) an issued and paid-up share capital of US\$174,553,334 comprising 5,836,212 shares; and
- (b) an authorised capital of 200,000,000 shares, each with a par value of US\$0.02.

DSS is listed on the New York Stock Exchange and is a leader in anti-counterfeit, authentication and diversion protection technologies.

#### 3.2 Financial Information

Based on the closing price of DSS's shares on the New York Stock Exchange of US\$6.45 (equivalent to approximately S\$8.51) on 5 January 2021, being the last full market day on which trades were done preceding the date of the SPA, the open market value represented by the 748,492 shares in the share capital of DSS was US\$4,827,773.40 (equivalent to approximately S\$6.37 million).

Based on the unaudited consolidated financial statements of DSS for the financial period ended 30 June 2020 ("HY2020"):

- (a) the book value of the 748,492 shares in the share capital of DSS, representing approximately 12.82% of the total issued and paid-up share capital of DSS, was approximately US\$2.56 million (equivalent to approximately S\$3.38 million) as at 30 June 2020;
- (b) the NTA value represented by the 748,492 shares in the share capital of DSS, representing approximately 12.82% of the total issued and paid-up share capital of DSS, was approximately US\$2.16 million (equivalent to approximately S\$2.85 million) as at 30 June 2020; and
- (c) the net loss attributable to the 748,492 shares in the share capital of DSS, representing approximately 12.82% of the total issued and paid-up share capital of DSS, was approximately US\$0.18 million (equivalent to approximately S\$0.24 million) as at 30 June 2020.

#### 3.3 Valuation

The Company will not be commissioning an independent valuer to conduct an independent valuation of the net asset value ("NAV") represented by the 748,492 shares in the share capital of DSS as DSS is listed on the New York Stock Exchange and the 748,492 shares in the share capital of DSS have an open market value.

#### 4. Rationale

- 4.1 It is in the best interests of the Company to increase its stake in DSS which is listed on the New York Stock Exchange. The Group intends to use DSS as a platform to springboard the presence and reach of its business in the United States of America, one of the largest economies in the world. The Group believes that its businesses in the United States of America may gain better traction and credibility in the United States of America and take advantage of the team of experienced executives from DSS to coordinate and execute groundwork in the United States of America. Shareholders will further benefit from DSS's recent acquisition of Impact BioMedical, Inc. and its joint investment in American Medical REIT Inc.. The Proposed Acquisition will also minimise potential conflicts of interest which may arise as Mr Chan Heng Fai's interest in DSS will be held through the Company.

#### 5. Consideration

- 5.1 The aggregate consideration for the 748,492 shares in the share capital of DSS (the "**Consideration**") shall be US\$4,730,469 (equivalent to approximately S\$6.24 million). The Consideration represents a discount of approximately 2.02% to the open market value represented by the 748,492 shares in the share capital of DSS on 5 January 2021, being the last full market day on which trades were done preceding the date of the SPA, of US\$4,827,773.40 (equivalent to approximately S\$6.37 million).
- 5.2 The Consideration shall be paid to the Vendors in immediately available funds by wire transfer to accounts designated by the Vendors in writing to the Company at least 10 business days prior to the payment date or by way of cheque, banker's draft or cashier's order.
- 5.3 The Consideration was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the five-day average closing price of DSS's shares on the New York Stock Exchange preceding the date of signing of the SPA.

#### 6. Source of Funds for the Proposed Acquisition

- 6.1 The Consideration of US\$4,730,469 (equivalent to approximately S\$6.24 million) and costs and expenses incurred or to be incurred in connection with the Proposed Acquisition shall be funded through the Group's internal resources.

#### 7. Principal Terms of the SPA

- 7.1 According to the SPA:

- (a) The obligations of the Company and the Vendors (collectively, the "**Parties**", and each a "**Party**") are conditional upon, and completion shall not take place until, all of the following conditions have been fulfilled on or prior to the completion date:
- (i) The Vendors obtaining such approvals from its board of directors and/or shareholders in connection with the SPA and the transactions contemplated therein as may be necessary;
  - (ii) The Company obtaining all relevant approvals in connection with the SPA and the transactions contemplated therein as may be necessary;
  - (iii) The Parties executing the share transfer forms in relation to the 748,492 shares in the share capital of DSS in favour of the Company and/or its nominee;
  - (iv) Each of the warranties and undertakings remaining true and not misleading in any respect at completion, as if repeated at completion, and at all times between the date of the SPA and completion; and

- (v) All necessary third party, governmental and regulatory consents, approvals and waivers, including approvals, waivers and clearance, where required for the transactions contemplated thereunder, having been obtained by the Vendors and such consents, approvals and waivers not having been amended or revoked before completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company.
- (b) If any of the conditions precedent are not fulfilled by any Party on or before the completion date and such non-fulfilment is not waived by the other Parties, the SPA shall *ipso facto* cease, lapse and determine and in that event, the Parties shall be released and discharged from their respective obligations under the SPA other than the provisions of the SPA which survive the termination of the SPA and no Party shall have any claim against the other Parties for costs, damages, compensation or otherwise under the SPA, save for any claim by any Party against the other Parties in respect of any antecedent breach of the SPA.
- (c) The Parties irrevocably undertake, acknowledge, confirm and agree that there shall be no recourse and/or any further claims by the Company against the Vendors, its directors and shareholders after completion in relation to any liabilities, losses, damages, whether liquidated or at large howsoever arising, whether before, on or after the execution of the SPA and until completion.
- (d) Completion shall take place within six months from the date of the SPA or such other date as the Parties may agree in writing.
- (e) The SPA shall be governed and construed in accordance with the laws of Singapore.

## 8. The Proposed Acquisition as an Interested Person Transaction

- 8.1 Mr Chan Heng Fai is a director, the chief executive officer and a controlling shareholder of the Company. Heng Fai Holdings Limited and Hengfai Business Development Pte. Ltd. are associates (as defined under the Catalist Rules) of Mr Chan Heng Fai, who is a director, the chief executive officer and a controlling shareholder of the Company. Accordingly, Mr Chan Heng Fai, Heng Fai Holdings Limited and Hengfai Business Development Pte. Ltd. are “interested persons” under Chapter 9 of the Catalist Rules and Proposed Acquisition is an “interested person transaction” under Chapter 9 of the Catalist Rules.
- 8.2 Based on audited consolidated financial statements of the Group for the financial year ended 31 December 2019, the Group’s latest audited NTA is approximately S\$24.93 million.
- 8.3 The current total of all transactions (excluding transactions less than S\$100,000) with Mr Chan Heng Fai and his associates (as defined under the Catalist Rules) for the period from 1 January 2021 up to the date of this announcement is set out in the table below.

Description of Transaction	Before Completion of the Proposed Acquisition		After completion of the Proposed Acquisition	
	Amount	As a percentage of the Group’s latest audited NTA	Amount	As a percentage of the Group’s latest audited NTA
Proposed Acquisition	-	-	S\$6,238,541	25.03%
<b>Total</b>	-	-	<b>S\$6,238,541</b>	<b>25.03%</b>

- 8.4 The current total of all interested person transactions (excluding interested person transactions less than S\$100,000) for the period from 1 January 2021 up to the date of this announcement is set out in the table below.

Description of Transaction	Before Completion of the Proposed Acquisition		After completion of the Proposed Acquisition	
	Amount	As a percentage of the Group's latest audited NTA	Amount	As a percentage of the Group's latest audited NTA
Proposed Acquisition	-	-	S\$6,238,541	25.03%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>S\$6,238,541</b>	<b>25.03%</b>

## 9. Statement by the Audit Committee

- 9.1 The members of the Audit Committee are considered independent for the purposes of the Proposed Acquisition. An independent financial adviser will be appointed to advise the Audit Committee in connection with the Proposed Acquisition. An announcement relating to the same will be made by the Company in due course.
- 9.2 The Audit Committee will obtain an opinion from the independent financial adviser before forming its view on the Proposed Acquisition.
- 9.3 A circular containing the opinion of the independent financial adviser and the opinion of the Audit Committee on whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority shareholders will be sent to Shareholders in due course.

## 10. Relative Figures computed on the bases set out in Catalist Rule 1006

- 10.1 The relative figures computed on the bases set out in Catalist Rule 1006 for the Proposed Acquisition 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. <sup>(1)</sup>	Not Applicable <sup>(2)</sup>
Catalist Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. <sup>(3)</sup>	248.96% <sup>(4)</sup>
Catalist Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	4.94% <sup>(5)</sup>
Catalist Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable <sup>(6)</sup>

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 SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable <sup>(7)</sup>
-----------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------

**Notes:**

- (1) "Net assets" means total assets less total liabilities.
- (2) The Proposed Acquisition is an acquisition of assets not a disposal of assets.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on unaudited consolidated financial statements of DSS HY2020, the net loss attributable to the 748,492 shares in the share capital of DSS was US\$0.18 million (equivalent to approximately S\$0.24 million) as at 30 June 2020 which represents approximately 248.96% of the Group's net loss of approximately S\$0.10 million as at 30 June 2020.
- (5) The Consideration is US\$4,730,469 (equivalent to approximately S\$6.24 million) which represents approximately 4.94% of the Company's market capitalisation of approximately S\$126.37 million on 5 January 2021, being the last full market day on which trades were done preceding the date of the SPA. The Company's market capitalisation was determined by multiplying the number of shares in issue (1,769,909,946 shares) by the weighted average price of such shares transacted on 5 January 2021 (S\$0.0714).
- (6) No equity securities will be issued by the Company in connection with the Proposed Acquisition.
- (7) The Company is not a mineral, oil and gas company.

**11. Financial Effects**

- 11.1 The financial effects of the Proposed Acquisition on the NTA per ordinary share in the share capital of the Company ("**Share**") and the earnings per Share ("**EPS**") of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2019.
- 11.2 For the purpose of illustrating the financial effects of the Proposed Acquisition, 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 Acquisition was completed on 31 December 2019;
  - (b) the financial effects on the EPS of the Group are computed assuming that the Proposed Acquisition was completed on 1 January 2019; and
  - (c) the costs and expenses incurred or to be incurred in connection with the Proposed Acquisition shall be disregarded.

### 11.3 Financial Effects on the NTA per Share of the Group

	<b>Before Completion of the Proposed Acquisition</b>	<b>After Completion of the Proposed Acquisition</b>
NTA as at 31 December 2019 (S\$'000)	24,929	25,057
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings (‘000)	1,769,910	1,769,910
NTA per Share (Singapore cents)	1.41	1.42

### 11.4 Financial Effects on the EPS of the Group

	<b>Before Completion of the Proposed Acquisition</b>	<b>After Completion of the Proposed Acquisition</b>
Net (Loss) / Profit for FY2019 (S\$'000)	(13,640)	(13,512)
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings (‘000)	1,103,875	1,103,875
EPS (Singapore cents)	(1.24)	(1.22)

11.5 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.

## 12. **Service Contracts**

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

## 13. **Interests of Directors and Substantial Shareholders**

13.1 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 Acquisition, other than through their respective shareholdings in the Company, if any.

## 14. **Documents Available for Inspection**

14.1 A copy of the SPA may be inspected at the registered office of the Company located at 7 Temasek Boulevard #29-01B Suntec Tower One Singapore 038987 during normal business hours for three months from the date of this announcement.

## 15. Cautionary Statement

- 15.1 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 Acquisition will be completed. In particular, the SPA is subject to conditions which may or may not be fulfilled.
- 15.2 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.

## II. ENTRY INTO LEGALLY BINDING TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF HWH WORLD INC.

### 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 a legally binding term sheet dated 6 January 2021 (the “**Term Sheet**”) has been entered into between the Company, Document Security Systems, Inc. (the “**Purchaser**”), Health Wealth Happiness Pte. Ltd. (the “**Vendor**”), a direct wholly-owned subsidiary of the Company, and HWH World Inc. (the “**Target**”), a direct wholly-owned subsidiary of the Vendor in relation to, *inter alia*, the proposed disposal of 100,500 shares (the “**Sale Shares**”) in the share capital of the Target, representing the entire issued and paid-up share capital of the Target (the “**Proposed Disposal**”).
- 1.2 The Proposed Disposal is an “interested person transaction” under Chapter 9 of the Catalist Rules which value is more than 5% of the Group’s latest audited net tangible assets (“**NTA**”) and is classified as a “major transaction” under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is conditional upon approval by shareholders of the Company (“**Shareholders**”) in general meeting.

### 2. Information on the Target

#### 2.1 Corporate Information

The Target, HWH World Inc., is an indirect wholly-owned subsidiary of the Company. The Company holds the shares in the share capital of the Target through the Vendor, Health Wealth Happiness Pte. Ltd., a direct wholly-owned subsidiary of the Company.

The Target is a company incorporated in Republic of Korea on 20 March 2019 and as at the date of this announcement, has:

- (a) an issued and paid-up share capital of KRW100,500,000 comprising 100,500 shares; and
- (b) an authorised capital of 2,000,000,000 shares, each with a par value of KRW1,000.

The Target is principally in the business of direct selling through e-commerce platforms.

The Target will cease to be a subsidiary of the Company upon completion of the Proposed Disposal.



## 2.2 Financial Information

Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 June 2020 (“**HY2020**”):

- (a) the book value of the Sale Shares, representing the entire issued and paid-up share capital of the Target, was approximately S\$0.86 million as at 30 June 2020;
- (b) the NTA value represented by the Sale Shares, representing the entire issued and paid-up share capital of the Target, was approximately S\$0.86 million as at 30 June 2020; and
- (c) the net profits attributable to the Sale Shares, representing the entire issued and paid-up share capital of the Target, was approximately S\$0.76 million as at 30 June 2020.

## 2.3 Valuation

Pursuant to Catalist Rule 1014(5), the Company must appoint a competent and independent valuer to value the Sale Shares as one of the relative figures computed on the bases set out in Catalist Rule 1006 for the Proposed Disposal exceeds 75%.

The Company has commissioned an independent valuer, Rocky Mountain Advisory, LLC (the “**Independent Valuer**”), to perform a valuation of the 100% controlling, non-marketable equity interest in the Target based on a fair market value standard of value on the premise that the Target will continue to operate as a going concern.

According to the valuation report issued by the Independent Valuer (the “**Valuation Report**”), the estimated fair market value of the 100% equity interest in the Target on a controlling, non-marketable basis as at 30 September 2020 was US\$14.8 million (equivalent to approximately S\$19.52 million).

The Independent Valuer has applied approaches and methodologies generally accepted in financial theory and the valuation community at large. Upon application of one or more of the standard valuation approaches, the base valuation indications arrived at is adjusted, as necessary, to arrive at a controlling, non-marketable level of value. The Independent Valuer has also undertaken to study the working capital excess or deficit and non-operating assets and liabilities of the Target as at 30 September 2020.

A copy of the Valuation Report may be inspected at the registered office of the Company located at 7 Temasek Boulevard #29-01B Suntec Tower One Singapore 038987 during normal business hours for three months from the date of this announcement. Shareholders are advised to refer to the full text of the Valuation Report for further details.

## 3. **Information on the Purchaser**

*The information on the Purchaser provided below was provided to the Company by the Purchaser. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.*

- 3.1 The Purchaser, Document Security Systems, Inc., is a company incorporated in New York, the United States of America on 30 May 1984 and as at the date of this announcement, has:
  - (a) an issued and paid-up share capital of US\$174,553,334 comprising 5,836,212 shares; and
  - (b) an authorised capital of 200,000,000 shares, each with a par value of US\$0.02.
- 3.2 The Purchaser is listed on the New York Stock Exchange and is a leader in anti-counterfeit, authentication and diversion protection technologies.

- 3.3 Mr Chan Heng Fai, who is a director, the chief executive officer and a controlling shareholder of the Company, has an interest of 30% or more in the Purchaser as at the date of this announcement. Accordingly, the Purchaser is an associate (as defined under the Catalist Rules) of Mr Chan Heng Fai. For the avoidance of doubt, Mr Chan Heng Fai directly holds shares in the share capital of the Purchaser and indirectly holds shares in the share capital of the Purchaser through Heng Fai Holdings Limited, Hengfai Business Development Pte. Ltd. and the Company.

#### 4. Rationale

- 4.1 The Proposed Disposal will allow the Company to consolidate entities in the direct selling business under a single umbrella. The Company has a stake in the Purchaser which has major stakes in two direct selling entities, namely, Sharing Services Global Corporation (OTC: SHRG) and RBC International, Inc.. With the addition of the Target, the Company hopes to increase its market share in the direct selling business through the expansion of distributors and products available. The Target may also benefit from the synergies with other two direct selling entities. In particular, the Target may gain better traction and credibility in the United States of America and take advantage of the team of experienced executives from the other two direct selling entities to coordinate and execute the groundwork in the United States of America. There is also a potential for the Company to increase its stake in the Purchaser if the Consideration (as defined below) is satisfied by way of an allotment and issue of shares in the share capital of the Purchaser which will allow the Company to further benefit from the Proposed Disposal.
- 4.2 The Company holds, directly and indirectly, 1,162,501 shares in the share capital of the Purchaser, representing approximately 19.92% of the total issued and paid-up share capital of the Purchaser. After completion of the Proposed Acquisition, the Company will hold, directly and indirectly, 1,910,993 shares in the share capital of the Purchaser, representing approximately 32.74% of the total issued and paid-up share capital of the Purchaser. Assuming that the Consideration (as defined below) is satisfied by way of an allotment and issue of 2,341,772 shares in the share capital of the Purchaser, the Company will hold, directly and indirectly, 4,252,765 shares in the share capital of the Purchaser, representing approximately 52.00% of the enlarged issued and paid-up share capital of the Purchaser comprising 8,177,984 shares.

#### 5. Consideration

- 5.1 According to the Term Sheet, the aggregate consideration for the Sale Shares shall be (a) US\$14.8 million (equivalent to approximately S\$19.52 million); or (b) the fair market value of the Sale Shares set out in a valuation report issued by an independent valuer. The fair market value of the Sale Shares set out in the Valuation Report issued by the Independent Valuer was US\$14.8 million (equivalent to approximately S\$19.52 million) as at 30 September 2020. Therefore, the aggregate consideration for the Sale Shares shall be US\$14.8 million (equivalent to approximately S\$19.52 million) (the “**Consideration**”).
- 5.2 The Consideration shall be satisfied either:
- (a) by way of a cash payment of the Consideration; or
  - (b) by way of an allotment and issue of such number of shares in the share capital of the Purchaser equivalent to the Consideration based on the average closing price of the Purchaser’s shares for the last 5 days preceding the date of signing of the Term Sheet.

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

- (a) the book value of the Sale Shares, representing the entire issued and paid-up share capital of the Target;
- (b) the NTA value represented by the Sale Shares, representing the entire issued and paid-up share capital of the Target; and
- (c) prevailing economic conditions.

## 6. Intended Use of Proceeds

6.1 Assuming the Consideration is US\$14.8 million (equivalent to approximately S\$19.52 million):

- (a) the Consideration represents an excess of approximately S\$18.66 million over the book value of the Sale Shares, representing the entire issued and paid-up share capital of the Target, as at 30 June 2020; and
- (b) the gain on disposal after completion of the Proposed Disposal amounts to approximately S\$18.66 million.

6.2 The costs and expenses incurred or to be incurred in connection with the Proposed Disposal shall be funded through the Group's internal resources. The net proceeds from the Proposed Disposal is therefore the Consideration of US\$14.8 million (equivalent to approximately S\$19.52 million).

6.3 Assuming that the Consideration is satisfied by way of a cash payment, the Company intends to utilise the net proceeds from the Proposed Disposal for general corporate and working capital purposes. Assuming that the Consideration is satisfied by way of an allotment and issue of shares in the share capital of the Purchaser, the net proceeds from the Proposed Disposal shall be utilised by the Company to subscribe for the aforementioned shares in the share capital of the Purchaser.

## 7. Principal Terms of the Term Sheet

7.1 According to the Term Sheet:

- (a) The Term Sheet shall be legally binding and legally enforceable in accordance with its terms in any court of competent jurisdiction subject to the securities laws of the United States of America, the rules of the respective stock exchanges (including the SGX-ST and the New York Stock Exchange) and conditional upon the results of the due diligence investigations being satisfactory to the Purchaser.
- (b) The Term Sheet shall be superseded by a definitive share exchange agreement to be entered into for the Proposed Disposal (the "**Definitive Share Exchange Agreement**") as soon as practicable and in any event, within three months from the date of signing of the Term Sheet or such extension as mutually agreed in writing by all parties to the Term Sheet.
- (c) The Term Sheet shall automatically terminate and be of no further force and effect upon the earlier of (i) six months from the date of signing of the Term Sheet, (ii) by mutual agreement of the parties to the Term Sheet, or (iii) upon execution of the definitive share exchange agreement.
- (d) Completion of the Proposed Disposal shall take place within six months from the date of signing of the Term Sheet or any other date as mutually agreed by all parties to the Term Sheet.
- (e) The Term Sheet shall be governed by the laws of the State of New York and the parties to the Term Sheet shall subject themselves to the federal courts of the United States of America and the state courts of the Country of New York, State of New York.

## 8. The Proposed Disposal as an Interested Person Transaction

- 8.1 The Purchaser is an associate (as defined under the Catalist Rules) of Mr Chan Heng Fai, who is a director, the chief executive officer and a controlling shareholder of the Company. Accordingly, the Purchaser is an “interested person” under Chapter 9 of the Catalist Rules and Proposed Disposal is an “interested person transaction” under Chapter 9 of the Catalist Rules.
- 8.2 Based on audited consolidated financial statements of the Group for the financial year ended 31 December 2019, the Group’s latest audited NTA is approximately S\$24.93 million.
- 8.3 The current total of all transactions (excluding transactions less than S\$100,000) with Mr Chan Heng Fai and his associates (as defined under the Catalist Rules) for the period from 1 January 2021 up to the date of this announcement is set out in the table below.

Description of Transaction	Before Completion of the Proposed Disposal		After completion of the Proposed Disposal	
	Amount	As a percentage of the Group’s latest audited NTA	Amount	As a percentage of the Group’s latest audited NTA
Proposed Acquisition	S\$6,238,541	25.03%	S\$6,238,541	25.03%
Proposed Disposal	-	-	S\$19,518,240	78.30%
<b>Total</b>	<b>S\$6,238,541</b>	<b>25.03%</b>	<b>S\$25,756,781</b>	<b>103.33%</b>

- 8.4 The current total of all interested person transactions (excluding interested person transactions less than S\$100,000) for the period from 1 January 2021 up to the date of this announcement is set out in the table below.

Description of Transaction	Before Completion of the Proposed Disposal		After completion of the Proposed Disposal	
	Amount	As a percentage of the Group’s latest audited NTA	Amount	As a percentage of the Group’s latest audited NTA
Proposed Acquisition	S\$6,238,541	25.03%	S\$6,238,541	25.03%
Proposed Disposal	-	-	S\$19,518,240	78.30%
<b>Total</b>	<b>S\$6,238,541</b>	<b>25.03%</b>	<b>S\$25,756,781</b>	<b>103.33%</b>

## 9. Statement by the Audit Committee

- 9.1 The members of the Audit Committee are considered independent for the purposes of the Proposed Disposal. An independent financial adviser will be appointed to advise the Audit Committee in connection with the Proposed Disposal. An announcement relating to the same will be made by the Company in due course.
- 9.2 The Audit Committee will obtain an opinion from the independent financial adviser before forming its view on the Proposed Disposal.
- 9.3 A circular containing the opinion of the independent financial adviser and the opinion of the Audit Committee on whether the Proposed Disposal is on normal commercial terms and whether the Proposed Disposal is prejudicial to the interests of the Company and its minority shareholders will be sent to Shareholders in due course.

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

- 10.1 The relative figures computed on the bases set out in Catalyst Rule 1006 for the Proposed Disposal 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. <sup>(1)</sup>	3.28% <sup>(2)</sup>
Catalist Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. <sup>(3)</sup>	(792.71)% <sup>(4)</sup>
Catalist Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	15.44% <sup>(5)</sup>
Catalist Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable <sup>(6)</sup>
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 SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable <sup>(7)</sup>

### Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) Based on the unaudited consolidated financial statements of the Group for HY2020, the NTA value represented by the Sale Shares was approximately S\$0.86 million as at 30 June 2020 which represents approximately 3.28% of the Group's net asset value of approximately S\$26.13 million as at 30 June 2020.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

- (4) Based on the unaudited consolidated financial statements of the Group for HY2020, the net profits attributable to the Sale Shares was approximately S\$0.76 million as at 30 June 2020 which represents approximately (792.71)% of the Group's net loss of approximately S\$0.10 million as at 30 June 2020.
- (5) Assuming the Consideration is US\$14.8 million (equivalent to approximately S\$19.52 million). The Consideration represents approximately 15.44% of the Company's market capitalisation of approximately S\$126.37 million on 5 January 2021, being the last full market day on which trades were done preceding the date of the Term Sheet. The Company's market capitalisation was determined by multiplying the number of shares in issue (1,769,909,946 shares) by the weighted average price of such shares transacted on 5 January 2021 (S\$0.0714).
- (6) The Proposed Disposal is a disposal of assets not an acquisition of assets. No equity securities will be issued by the Company in connection with the Proposed Disposal.
- (7) The Company is not a mineral, oil and gas company.

## 11. Financial Effects

- 11.1 The financial effects of the Proposed Disposal on the NTA per ordinary share in the share capital of the Company ("**Share**") and the earnings per Share ("**EPS**") of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2019.
- 11.2 For the purpose of illustrating the financial effects of the Proposed Disposal, the financial effects have been prepared based on, *inter alia*, the following assumptions:
- the financial effects on the NTA per Share of the Group are computed assuming that the Proposed Disposal was completed on 31 December 2019;
  - the financial effects on the EPS of the Group are computed assuming that the Proposed Disposal was completed on 1 January 2019; and
  - the costs and expenses incurred or to be incurred in connection with the Proposed Disposal shall be disregarded.

### 11.3 Financial Effects on the NTA per Share of the Group

	<b>Before Completion of the Proposed Disposal</b>	<b>After Completion of the Proposed Disposal</b>
NTA as at 31 December 2019 (S\$'000)	24,929	43,591
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ( '000)	1,769,910	1,769,910
NTA per Share (Singapore cents)	1.41	2.46

#### 11.4 Financial Effects on the EPS of the Group

	<b>Before Completion of the Proposed Disposal</b>	<b>After Completion of the Proposed Disposal</b>
Net (Loss) / Profit for FY2019 (S\$'000)	(13,640)	5,022
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	1,103,875	1,103,875
EPS (Singapore cents)	(1.24)	0.45

11.5 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.

#### **12. Service Contracts**

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

#### **13. Interests of Directors and Substantial Shareholders**

13.1 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 Disposal, other than through their respective shareholdings in the Company, if any.

#### **14. Documents Available for Inspection**

14.1 A copy of the Term Sheet may be inspected at the registered office of the Company located at 7 Temasek Boulevard #29-01B Suntec Tower One Singapore 038987 during normal business hours for three months from the date of this announcement. The Definitive Share Exchange Agreement will also be made available for inspection once it has been entered into by the relevant parties.

## 15. Cautionary Statement

- 15.1 **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 Disposal will be completed. In particular, the Term Sheet is subject to conditions which may or may not be fulfilled.**
- 15.2 **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 Heng Fai  
Executive Chairman, Executive Director and Chief Executive Officer

6 January 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.*