



Alset International Limited

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

Response to Queries Issued by the SGX-ST

The Board of Directors (the “**Board**”) of Alset International Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the announcement made by the Company on 12 September 2022 (the “**12 September 2022 Announcement**”) relating to, *inter alia*, the proposed disposal of HWH International Inc..

Unless otherwise defined or the context otherwise requires, all capitalised terms shall bear the same meanings as ascribed to them in the 12 September 2022 Announcement.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) has issued queries on the 12 September 2022 Announcement on 14 September 2022. The Board sets out below the Company’s responses to queries issued by the SGX-ST.

	Query	Response
1.	Section 2.3 Valuation stated that The income approach was utilised to arrive at a conclusion of value for the Target’s equity. The income approach directly measures the value of a company by estimating the expected cash flows derived from the business.	
	a. Please explain the valuation model used under the income approach, growth rates used and key assumptions and bases, as well as the valuation standard adopted.	<p>The Independent Valuer followed generally accepted valuation principles and methodologies to conduct this valuation. The income approach is conducted by forecasting future revenues and expenses – to determine the future cash flows of the Company. These cash flows are then discounted back at an appropriate discount rate – given the Target’s risk and likelihood of achieving the cash flows – to determine the present value of the company.</p> <p>Revenue in the Independent Valuer’s model was primarily driven by the number of new members and the level of membership (classic, elite, platinum, black diamond). The Independent Valuer worked with the Target and Target Management team (“Target Management”) to forecast its future membership levels in the future. The Independent Valuer also reviewed the membership levels and growth of other similar direct selling companies</p>

		<p>in Southeast Asia, to understand the likelihood of achieving these membership levels. Expense projections were based on conversations with the Target Management, as well as a review of similar company margins and expense structures.</p>
	<p>b. Please provide the experience and track record of the valuer in valuing the companies in similar industry as HWH.</p>	<p>Marty Hanan is the Partner-in-Charge of this engagement. Mr. Hanan has 30 years of experience in valuation and has been the President of ValueScope since 2001. ValueScope performs 300+ valuations per year. Mr. Hanan and ValueScope have conducted numerous valuation engagements for companies similar to the Target – including both direct selling and consumer product / services – companies. Some of the most recent engagements performed prior to this engagement included:</p> <ul style="list-style-type: none"> a. Business valuation of a brand marketing company for estate tax planning purposes. b. Commercial litigation expert witness valuation for an oil and gas tools company. c. Business valuation of a hydroelectric power consulting company related to a potential sales transaction. d. Valuation analysis of promissory notes issued by a SPAC for financial reporting purposes. e. Purchase price allocation analysis of several ophthalmology practices for financial reporting purposes. f. Business Valuation of an asset holding company for estate tax planning purposes. g. Valuation analysis of various tradenames for financial reporting purposes. h. Valuation analysis of various common stock warrants in a gold mining company for financial reporting purposes. i. Valuation analysis of an asset holding company holding \$150 million in common stock for estate tax planning purposes. j. Valuation analysis of restricted stock in a company operating tax practices.

		<p>Mr. Hanan has also testified numerous times as an expert witness on valuation related issues – including as an expert witness for the Department of Treasury and Department of Justice of the United States of America.</p>
	<p>c. What did the Sponsor consider in assessing suitability of the Valuer?</p>	<p>The Sponsor has considered the following factors in assessing the suitability of the Independent Valuer:</p> <p><u>1. The relevant experience of the partner in-charge</u></p> <ul style="list-style-type: none"> - We have looked at the resume of the partner in-charge and noted that he has over 30 years of experience in valuations. - We obtained a list of similar transactions performed recently by the ValueScope. <p><u>2. Qualifications</u></p> <ul style="list-style-type: none"> - We noted that the Partner in-charge has been a CFA Charterholder since 1992. <p><u>3. Compliance track record</u></p> <ul style="list-style-type: none"> - We did not note any adverse feedback from our due diligence checks. <p><u>4. Independence</u></p> <ul style="list-style-type: none"> - The partner in-charge and ValueScope has confirmed that they have no material interest, direct or indirect in the transaction. They have also represented that their fee was not dependent on their conclusion of fairness. <p><u>5. Adequate Resources</u></p> <ul style="list-style-type: none"> - ValueScope and the partner in-charge have confirmed that they have the time and ability to complete the engagement.
<p>2.</p>	<p>When was the Target incorporated? Is the Target generating operating revenue? What are the high level financial performance of the Target for the past 3 years, where available?</p>	<p>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. The Target is generating revenue through its subsidiaries as it is a holding company for purpose of the Proposed Disposal. The revenue and net profit / (loss) for the past three (3) years of the Target Group is as follows:</p>

		<p>Revenue FY2019 - SGD1,897,927.52 FY2020 - SGD3,914,050.87 FY2021 - SGD7,410,298.88</p> <p>Net Profit / (Loss): FY2019 – (SGD1,686,981.52) FY2020 – SGD3,565,625.26 FY2021 – SGD3,021,076.56</p>
3.	We note that ACAC is a SPAC (special purpose acquisition corporation) listed on NASDAQ, and the proposed acquisition of HWH by ACAC is subject to regulatory and ACAC shareholders' approval.	
	a. ACAC was listed on NASDAQ on 1 Feb 2022, with gross proceeds from the offering of US\$86.25 million. In its IPO announcement, ACAC stated that it intends to focus on identifying businesses in the real estate industry. Please explain how the business of the Target is aligned with such de-SPAC acquisition plans of ACAC.	<p>In assessing a target for the initial business combination, any evaluation may be based, to the extent relevant, on the general guidelines as provided in the prospectus (Proptech related businesses), as well as other considerations, factors and criteria that the Target Management may deem relevant. The general guidelines as provided in the prospectus, as well as other considerations, factors and criteria, are not intended to be exhaustive.</p> <p>As disclosed in the prospectus, ACAC will use these criteria and guidelines in evaluating acquisition opportunities, but ACAC may decide to enter into an initial business combination with a target business that does not meet these criteria and guidelines, or pursue an acquisition opportunity in any industry or geographic region.</p> <p>The SPAC team at ACAC has also gone through numerous potential targets (over 9 companies) over the past months and after extensive sourcing, due diligence and gathering of information, the SPAC team at ACAC agreed that none of the potential targets is ideal due to various factors such as size, valuation and expectations.</p> <p>Accordingly, after much consideration, the SPAC team at ACAC decided that the Target is a suitable target for the initial business combination, taking into consideration factors such as growth potential, ability to generate</p>

		shareholder value and time sensitivity of the window period to find a target.
	b. What are the Board's consideration in agreeing to the consideration sum of US\$125 million being fully satisfied by the issuance of 12,500,000 ordinary shares in ACAC, instead of by way of cash payment?	<p>In agreeing to the Consideration Sum of US\$125 million being fully satisfied by the issuance of 12,500,000 ordinary shares in ACAC instead of by way of cash payment, the Board considered, <i>inter alia</i>, the prevailing market conditions.</p> <p>The Board also considered that the Proposed Disposal is for the benefit of the Target, considering that upon completion of the Proposed Disposal, the Company will continue to hold a major stake in the combined entity.</p> <p>In addition, the Consideration Sum was arrived at arm's length and on a willing-buyer-willing-seller basis after taking into account, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> (a) the 100% equity interest valuation of the Target Group; (b) the net asset value of the Target, representing 100% of the total issued and paid-up capital of the Target; and (c) the prevailing economic conditions.
	c. What is the Company's plans in the event regulatory approval and / or ACAC shareholders' approval is not obtained for the proposed acquisition of HWH by ACAC?	In the event shareholders' approval is not obtained for the Proposed Disposal, the Management will continue to build the business of the Target without requiring additional funding or capital. In addition, the Management intends to grow the Target organically as a wholly-owned subsidiary of the Company.
	d. Will the business of the Target (HWH) be the core business of ACAC going forward?	Yes, the business of the Target will be the core business of ACAC going forward.
4.	Please provide the following information for the Company and Alset Capital Acquisition Corp ("ACAC"):	
	a) Controlling shareholders, Board and Key Management for the Company and ACAC?	<p><u>Controlling shareholders, Board and Key Management of the Company</u></p> <p>Controlling shareholders The controlling shareholders of the Company are as follows:</p> <ol style="list-style-type: none"> 1. Alset Business Development Pte. Ltd. 2. Chan Heng Fai

		<p>Board The Board of the Company are as follows:</p> <ol style="list-style-type: none"> 1. Chan Heng Fai (Executive Chairman, Executive Director and Chief Executive Officer) 2. Lam lee G. (Independent Non-Executive Vice Chairman) 3. Chan Tung Moe (Executive Director and Co- Chief Executive Officer) 4. Lui Wai Leung, Alan (Executive Director and Chief Financial Officer) 5. Lim Sheng Hon, Danny (Executive Director) 6. Wong Shui Yeung (Independent Non-Executive Director) 7. Tao Yeoh Chi (Lead Independent Non-Executive Director) 8. Wong Tat Keung (Independent Non-Executive Director) 9. Chan King Fai (Independent Non-Executive Director) <p>Key management The key management of the Company are as follows:</p> <ol style="list-style-type: none"> 1. Wei Rongguo 2. Ang Hay Kim 3. Michael Gershon <p><u>Controlling shareholders, Board and Key Management of ACAC</u></p> <p>Controlling shareholders The controlling shareholders of ACAC are as follows:</p> <ol style="list-style-type: none"> 1. Alset EHome International, Inc. 2. Alset International Limited <p>Board The Board of ACAC are as follows:</p> <ol style="list-style-type: none"> 1. Chan Heng Fai (Executive Chairman) 2. William Wu (Independent Director) 3. Wong Shui Yeung (Independent Director) 4. Wong Tat Keung (Independent Director) <p>Key management</p>
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		<p>The key management of ACAC are as follows:</p> <ol style="list-style-type: none"> 1. Rongguo Wei (Chief Financial Officer)
	<p>b) Are there others who are in the capacity to dominate decision making in the Company and ACAC?</p>	<p>No individual is in the capacity to dominate the decision making in the Company and ACAC. The respective management of the Company and ACAC will propose transactions to the respective board of directors and each director will have equal vote on the proposed transaction.</p> <p>In the event any proposed transaction is deemed as an interested party transaction, the interested person and its associates will abstain from all decisions and deliberations on the proposed transaction.</p> <p>The board of directors of the Company and ACAC are independent and are not representatives of other companies.</p>
5.	<p>Who will be controlling shareholders, board and key management of ACAC following completion of the Proposed Disposal? Are they familiar with the business of HWH?</p>	<p>Following completion of the Proposed Disposal, all key management of the Target will remain with the Target. The resulting board of directors of the Target will also be reinforced by inviting suitable individuals to join the board of directors of the Target, if necessary.</p>
6.	<p>It is stated that the Proposed Disposal is not an IPT as Mr Chan Heng Fai (Executive Chairman, CEO cum controlling shareholder of the Company) and his associates have 23.4% (less than 30%) deemed interest in ACAC. However, we note that Mr Chan Heng Fai is also the Chairman cum CEO of ACAC.</p>	
	<p>a. Please elaborate on the Board and AC's views with supporting bases on why the Proposed Disposal is not an IPT</p>	<p>The Proposed Disposal is not interested person transaction pursuant to Chapter 9 of Catalist Rules as ACAC is not an associate of an interested person.</p> <p>Mr Chan Heng Fai, the Executive Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder of the Company, together with his associate and controlling shareholder of the Company, Alset EHome International Inc., has a deemed interest of approximately 23.4% in ACAC as at the date of the</p>

		<p>12 September 2022 Announcement. Accordingly, pursuant to Catalist Rule 904(4), ACAC is not an associate of both Mr Chan Heng Fai and Alset EHome International Inc., and the Proposed Disposal is not an interested person transaction.</p> <p>In addition, the Proposed Disposal is subject to ACAC obtaining approval from its shareholders for the initial business combination with the Target. Further, common directors of the Company and ACAC, being Mr Chan Heng Fai, Mr Wong Shui Yeung and Mr Wong Tat Keung, have abstained from all deliberations and decisions in relation to the Proposed Disposal. The common directors of the Company and ACAC will also abstain from voting on the Proposed Disposal.</p> <p>Accordingly, after taking into consideration the above factors and having reviewed the Proposed Disposal, the Board and AC are of the view that the Proposed Disposal was entered into on an arm's length basis, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.</p>
	<p>b. Please provide the Sponsor's assessment and basis on whether the Proposed Disposal is an IPT.</p>	<p>Per Section 3.1 of the 12 September 2022 Announcement, Mr Chan Heng Fai and his associate, Alset EHome International Inc., has a deemed interest of approximately 23.4% in the ACAC as at the date of this announcement.</p> <p>Per Catalist Rule 904(4): An "interested person" is defined (a) a director, chief executive officer, or controlling shareholder of the issuer; or (b) an associate of any such director, chief executive officer, or controlling shareholder.</p> <p>The Sponsor has noted that disposal was from the "entity at risk" (i.e. the Company) to ACAC, not Mr Chan Heng Fai directly, and that Mr Chan holds less than 30% in ACAC, which does not constitute ACAC as being an associate of Mr Chan.</p>

		Accordingly, having considered Catalist Rule 904(4) and the Board's assessment, we concur with the Board that the Proposed Disposal is not an IPT.
7.	Will ACAC remain listed on NASDAQ following completion of the proposed acquisition of HWH by ACAC?	Yes, the combined entity will remain listed on NASDAQ following completion of the proposed acquisition of the Target by ACAC.

By Order of the Board
Alset International Limited

Chan Tung Moe
Executive Director and Co-Chief Executive Officer

16 September 2022

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.