Alset International Limited

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

Proposed Disposal of HWH International Inc.

1. Introduction

The Board of Directors (the "**Board**") of Alset International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that 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 (the "**Agreement**") with Alset Capital Acquisition Corp. ("**ACAC**") and HWH Merger Sub, Inc. ("**Merger Sub**") (collectively, the "**Purchasers**") in relation to, *inter alia*, the proposed disposal of 10,000 shares ("**Sale Shares**") in the Target, representing the entire issued and paid-up share capital of the Target, to ACAC's direct and wholly owned subsidiary, the Merger Sub, for a consideration of US$125 million (equivalent to approximately S$174.9 million [1]) (the "**Consideration Sum**") (the "**Proposed Disposal**"). The Consideration Sum will be satisfied by way of an allotment and issuance of 12,500,000 common shares of ACAC to the Company.

As one of the relative figures computed on the bases set out in Catalist Rule 1006 exceeds 50%, the Proposed Disposal is classified as a "major transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is subject to approval by the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting of the Company to be convened.

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 healthful 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.

[1] For the purpose of this announcement, the USD/SGD exchange rate used for the relevant Singapore Dollars equivalent is based on an exchange rate of US$1 : S$1.3992 as at 9 September 2022 being the day preceding the date of the Agreement.

2.2 Financial Information

Based on the unaudited consolidated financial statements of the Target Group for the financial period ended 30 June 2022:

(a) the book value and net tangible asset ("**NTA**") of the Sale Shares in the share capital of the Target, representing the entire issued and paid-up share capital of the Target, was approximately S$1,779,541; and;

(b) the net loss attributable to the Sale Shares in the share capital of the Target, representing the entire issued and paid-up share capital of the Target, was approximately S$693,201 as at 30 June 2022.

2.3 Valuation

The Company has commissioned an independent valuer, ValueScope, Inc. (the "**Independent Valuer**") to perform a valuation of the 100% equity interest in the Target based on generally accepted valuation methodologies. Founded in 2001, the Independent Valuer is a financial advisory and valuation firm and is headquartered in Southlake, Texas. The firm provides business valuation, litigation support, financial reporting, tax reporting, transaction advisory, transfer pricing, and management consulting services. The primary industry sectors that the Independent Valuer caters to include aerospace, agriculture, automotive, consumer products and services, financial services, software, technology, insurance, banking, healthcare, energy, media, telecommunications, and real estate, among others.

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 as at 30 June 2022 was between US$136 million and US$182 million (equivalent to approximately S$190.3 million and S$254.7 million, respectively).

The Independent Valuer has considered three (3) conceptually distinct methodologies that can be applied to determine the fair market value of a business or asset: (a) the income approach, (b) the market approach and (c) the cost approach.

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.

The Independent Valuer did not utilise the market approach due to the Target's early stage in its life cycle. The market approach requires using the multiples of comparable publicly traded companies ("**Guideline Companies**") or private transactions to estimate the value of the Target. The Target early stage makes these comparisons less reliable. The Independent Valuer did review the multiples of the Guideline Companies and private transactions to help estimate a terminal exit value of the Target.

The cost approach was considered and rejected for the valuation of the target because the Independent Valuer is of the opinion that this approach tends to misstate the fundamental economic value of an ongoing business enterprise.

3. Information on the Purchasers

The information on the Purchasers provided below was provided to the Company by the Purchasers. 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 Alset Capital Acquisition Corp.

ACAC is a special purpose acquisition company listed on the National Association of Securities

Dealers Automatic Quotation System (NASDAQ). ACAC is incorporated in Delaware, the United States of America, and formed to acquire one or more operating businesses through a business combination, and as at the date of this announcement has:

(a) an issued and paid-up share capital of US$1,125.50 comprising (i) 9,098,750 shares of Class A common stock and (ii) 2,156,250 shares of Class B common stock. The Class B common stock are convertible into shares of Class A common stock on a one-for-one basis upon completion of the Proposed Disposal;

(b) an authorised capital of (i) 50,000,000 shares of Class A common stock, (ii) 5,000,000 shares of Class B common stock and (iii) 1,000,000 shares of preferred stock, each with a par value of US$0.0001.

(c) no shares of Class A common stock or Class B common stock held in the treasury of ACAC;

(d) no shares of preferred stock issued and outstanding;

(e) 4,549,375 warrants that are issued and outstanding. Each whole warrant entitles the holder thereof to purchase one share of our Class A common stock at a price of $11.50 per share after the completion of Proposed Disposal;

(f) has 9,098,750 rights which entitles the holder or each right to receive one tenth (1/10) of one share of Class A common stock upon the completion of the Proposed Disposal; and

(g) (h) has approximately US$87.2 million held in ACAC's trust account as at 31 May 2022.

Mr Chan Heng Fai, who is 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. ("**AEI**"), has a deemed interest of approximately 23.4% in ACAC as at the date of this announcement. Accordingly, ACAC not an associate of an interested person as defined under Catalist Rule 904(4).

Save for Mr Chan Heng Fai, Mr Chan Tung Moe[2] and AEI, none of the directors and/or substantial shareholders of the Company have any interest (direct or indirect) in ACAC other than through their respective shareholdings in the Company and AEI, if any.

The Company currently holds, directly and indirectly, an aggregate of 1,183,499 common shares of ACAC comprising of 213,187 Class A common stock and 970,312 Class B common stock in the share capital of ACAC, representing approximately 10.52% of the total issued and paid-up share capital of ACAC.

Upon completion of the Proposed Disposal, on a fully diluted basis[3], the Company will hold, directly and indirectly, 13,811,412 shares in the share capital of ACAC, representing approximately 47.28% of the enlarged issued and paid-up share capital of ACAC comprising 29,214,250 shares.

3.2 HWH Merger Sub, Inc.

Merger Sub is a newly incorporated and direct wholly-owned subsidiary of ACAC, incorporated solely for the purpose of facilitating the Proposed Disposal, and as at the date of this announcement has:

(a) an issued and paid-up share capital of US$1.00 comprising 1,000 shares; and

(b) an authorised capital of 1,000 shares, each with a par value of US$0.001.

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[2] Mr Chan Tung Moe is the son of Mr Chan Heng Fai. Accordingly, Mr Chan Tung Moe is an associate of Mr Chan Heng Fai.

[3] Taking into account the issuance of 12,500,000 common shares in ACAC to be issued to the Company and assuming all warrants and rights are converted into common shares in ACAC.

HWH Merger Sub will merge with and into the Target with the Target surviving as the surviving corporation.

4. Rationale

The key rationale of the Proposed Disposal is to unlock shareholders value and at the same time to allow the Target to tap on the funds held in ACAC's trust account upon the completion of the Proposed Disposal This would greatly reduce the cash reliance on the Group's resources whilst allowing the Group to continue to participate in the growth of the Target.

Upon the completion of the Proposed Disposal, the Target will be able to establish a better visibility and credibility in the global market as the Target Group will be part of a listed company.

For the aforementioned reasons, the Board is confident that the Proposed Disposal will bring value to Shareholders and that the Proposed Disposal is in the best interests of the Company and its Shareholders.

5. Consideration

The Consideration Sum of US$125 million (equivalent to approximately S$174.9 million) shall be satisfied by the issuance of 12,500,000 ordinary shares in ACAC (the "**Consideration Shares**") to the Company.

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 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.

6. Intended Use of Proceeds

The Consideration Sum of US$125 million (equivalent to approximately S$174.9 million), which will be satisfied by the issuance of the Consideration Shares, represents:

(a) an excess of approximately S$173.1 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 2022; and

(b) based on a fully diluted basis, a gain on disposal of approximately S$54.5 million.

The costs and expenses incurred or to be incurred in connection with the Proposed Disposal are to be paid by the respective party incurring such expenses, whether or not the Proposed Disposal are 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 and the trust account held by ACAC.

As the Consideration Sum is to be satisfied by way of an allotment and issue of shares in the share capital of ACAC, the net proceeds from the Proposed Disposal shall be utilised by the Company to subscribe for the aforementioned shares in the share capital of ACAC.

7. Principal Terms of the Agreement

According to the Agreement:

(a) <u>Closing</u>

Closing of the sale of the Sale Shares ("**Closing**") shall take place at the offices of Sichenzia Ross Ference LLP, 1185 Avenue of the Americas, 31st Floor, New York, New York on a date no later than three (3) business days after the satisfaction or waiver of all the conditions precedent ("**Closing Date**"), or at such other place and time as the Target and the Purchasers (each a "**Party**" and collectively, the "**Parties**") may mutually agree upon.

(b) Conditions Precedent

(i) The obligations of the Parties under the Agreement are conditional upon, and completion shall not take place until, *inter alia*, the following conditions have been fulfilled or waived (where permissible) on or prior to the Closing Date:

(aa) the Target obtaining such approval(s) from its board of directors and shareholders in connection with the Agreement and the transactions contemplated therein as may be necessary;

(bb) the Purchasers obtaining all relevant approval(s), which includes convening a shareholders' meeting, in connection with the Agreement and the transactions contemplated therein as may be necessary;

(cc) the Parties executing the share transfer forms in relation to the Sale Shares in favour of the Purchasers and/or its nominee(s);

(dd) 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 Agreement and completion;

(ee) 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 Target, and such consents, approvals and waivers not having been amended or revoked before the Closing Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Purchasers;

(ff) The ACAC common shares to be issued in connection with the Proposed Disposal shall have been approved for listing on NASDAQ as of the Closing Date;

(gg) the aggregate cash available to ACAC at Closing from the trust account shall equal or exceed US$30.0 million before payment of expenses relating to the completion of the Proposed Disposal; and

(hh) ACAC shall have obtained a fairness opinion; such fairness opinion shall have been fully and properly disclosed in the Registration Statement, and shall be in full force and effect as of immediately prior to such date and time when the articles of merger relating to the merger between the Merger Sub and the Target is duly filed with and accepted by the Secretary of State of Nevada.

(ii) The Parties have irrevocably undertaken, acknowledged, confirmed and agreed that:

(aa) each Party is a sophisticated party represented at all relevant times during the negotiation and execution of the Agreement by counsel of its choice, and that it has executed the Agreement with the consent and on the advice of such independent legal counsel;

(bb) each Party and its counsel have determined through independent investigation and robust, arm's-length negotiation that the terms of the Agreement shall exclusively embody and govern the subject matter of the Agreement;

(cc) each Party has investigated the facts pertinent to the Agreement as it deemed necessary;

(dd) no other person or Party, nor any agent or attorney of a Party, made any promise, representation or warranty whatsoever, express or implied, not contained in the Agreement concerning the subject matter of the Agreement to induce it to execute the Agreement;

(ee) each Party has not executed the Agreement in reliance on any promise, representation or warranty whatsoever, express or implied, not contained in the Agreement concerning the subject matter of the Agreement; and

(ff) in the event of termination of the Agreement, the Agreement shall become void, other than the provisions of the Agreement which survive the termination of the Agreement, and there shall be no liability under the Agreement on the part of any Party, except as provided for in the Agreement.

(b) Governing Law and Jurisdiction

The Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to any conflict of law rule or principle that would result in the application of any laws other than the laws of the State of Delaware.

The Parties irrevocably submit to the exclusive jurisdiction of the Delaware Court of Chancery (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, the Delaware Supreme Court or the United States District Court for the District of Delaware).

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

The relative figures computed on the bases set out in Catalist 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.(1)	1.53%(2)
Catalist Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	2.67%(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.	125.19%(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	Not Applicable(6)

	of volume or amount.	

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 2022, the net asset value represented by the Sale Shares is approximately S$1,779,541 which represents approximately 1.53% of the Group's net asset value of approximately S$116,253,000 as at 30 June 2022.

(3) Based on the unaudited consolidated financial statements of the Target for the financial period ended 30 June 2022, the net loss attributable to Sale Shares amounts to approximately S$406,241 which represents approximately 2.67% of the Group's net loss of approximately S$15,210,000.

(4) The Consideration Sum to be received by the Company in connection with the Proposed Disposal is US$125 million (equivalent to approximately S$174.9 million) which represents approximately 125.19% of the Company's market capitalisation of approximately S$139,708,534 on 9 September 2022, being the last full market day on which trades on signing of the Agreement. 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 9 September 2022 of approximately S$0.040.

(5) 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.

(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 50%, the Proposed Disposal is classified as a "major transaction" under Catalist Rule 1014. Accordingly, the Proposed Disposal is subject to approval by Shareholders at an extraordinary general meeting of the Company to be convened

9. Financial Effects

The financial effects of the Proposed Disposal on the NTA per share and the earnings/(loss) per share ("**EPS/(LPS)**") of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021.

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

(a) the NTA and Net Loss of the Target Group as at 31 May 2022 being the latest available financials of the Target Group;

(b) on a fully diluted basis of ACAC after Completion of the Proposed Disposal;

(c) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Disposal was completed on 31 December 2021;

(d) the financial effects on the LPS of the Group are computed assuming that the Proposed Disposal was completed on 1 January 2021; and

(e) the costs and expenses incurred or to be incurred in connection with the Proposed Disposal shall be disregarded.

Financial Effects on the NTA per share of the Group

	Before Completion of the Proposed Disposal	**After Completion of the Proposed Disposal**
NTA as at 31 December 2021 (S$'000)	132,047	188,920
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)	3.78	5.41

Financial Effects on the EPS of the Group

	Before Completion of the Proposed Disposal	**After Completion of the Proposed Disposal**
Net (Loss) / Profit attributable to owners of the company for FY2021 (S$'000)	(48,941)	4,387
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	2,666,409	2,666,409
EPS/(LPS) (Singapore cents)	(1.84)	0.16

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 Disposal 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 under Section 3.1 of 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.

12. Documents Available for Inspection

A copy of the Agreement and 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 (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 Disposal, 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 Disposal will be completed. In particular, the Agreement is 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

12 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.