

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

001-39732
Commission File Number

Alset Inc.

(Exact name of registrant as specified in its charter)

TEXAS	83-1079861
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
4800 Montgomery Lane, Suite 210, Bethesda, Maryland	20814
(Address of principal executive offices)	(Zip Code)

301-971-3940
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	AEI	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

<input type="checkbox"/> Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	<input type="checkbox"/> Emerging growth company
Non-accelerated filer	<input checked="" type="checkbox"/> Smaller reporting company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 14, 2023, there were 9,235,119 shares of the registrant's common stock \$0.001 par value per share, issued and outstanding.

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Part I. Financial Information

Item 1. Financial Statements.

**Alset Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)**

	September 30, 2023 (Unaudited)	December 31, 2022
Assets:		
Current Assets:		
Cash	\$ 28,038,818	\$ 17,827,383
Restricted Cash	726,802	694,520
Account Receivables, Net	72,299	46,522
Other Receivables	4,936,256	446,798
Note Receivables - Related Parties	1,736,773	3,617,176
Prepaid Expense	400,160	188,070
Inventory	27,988	35,020
Investment in Securities at Fair Value	2,070,468	6,288,236
Investment in Securities at Fair Value - Related Party	22,044,510	13,193,089
Investment in Securities at Cost	98,804	98,129
Investment in Securities at Equity Method	27,586,198	52,987,224
Total Current Assets	87,739,076	95,422,167
Real Estate		
Rental Properties	31,129,286	31,169,031
Properties under Development	8,775,951	23,449,698
Operating Lease Right-Of-Use Assets, net	1,695,055	1,614,159
Deposits	394,119	536,947
Other Receivables - Long Term	4,855,609	-
Cash and Marketable Securities Held in Trust Account	20,977,754	-
Goodwill	274,445	-
Property and Equipment, Net	1,173,113	1,298,334
Total Assets	\$ 157,014,408	\$ 153,490,336
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 6,246,449	\$ 2,983,470
Deferred Revenue	2,100	21,198
Operating Lease Liabilities - current	207,301	45,556
Notes Payable	29,959	181,846
Notes Payable - Related Parties	16,183	12,668
Total Current Liabilities	6,501,992	3,244,738
Long-Term Liabilities:		
Operating Lease Liabilities - noncurrent	1,517,942	1,582,483
Notes Payable	129,250	-
Total Liabilities	8,149,184	4,827,221
Commitments and Contingencies (Note 14)		
Temporary Equity		
Class A Common Stock of Alset Capital Acquisition Corp subject to possible redemption; 1,976,036 shares at approximately \$10.32 per share as of September 30, 2023	20,382,965	-
Stockholders' Equity:		
Preferred Stock, \$0.001 par value; 25,000,000 shares authorized, none issued and outstanding	-	-
Common Stock, \$0.001 par value; 250,000,000 shares authorized; 9,235,119 and 7,422,846 shares issued and outstanding on September 30, 2023 and December 31, 2022, respectively	9,235	7,423
Additional Paid in Capital	332,455,457	322,534,891
Accumulated Deficit	(214,401,732)	(188,724,411)
Accumulated Other Comprehensive Income	1,351,535	3,836,063
Total Alset Inc. Stockholders' Equity	119,414,495	137,653,966
Non-controlling Interests	9,067,764	11,009,149
Total Stockholders' Equity	128,482,259	148,663,115
Total Liabilities and Stockholders' Equity	\$ 157,014,408	\$ 153,490,336

See accompanying notes to condensed consolidated financial statements.

**For the Three and Nine Months Ended September 30, 2023 and 2022
(Unaudited)**

	Three- Months Ended September 30,				Nine- Months Ended September 30,			
	2023		2022		2023		2022	
Revenue								
Rental	\$ 705,334		\$ 569,791		\$ 2,030,112		\$ 1,206,273	
Property	6,300				18,197,250		1,288,434	
Biohealth	-		22,154		12,786		771,847	
Digital Transformation Technology - related party	20		6,365		28,094		14,066	
Other	278,545		123,595		802,741		319,862	
Total Revenue	990,199		721,905		21,070,983		3,600,482	
Operating Expenses								
Cost of Sales	581,059		813,369		13,008,833		2,478,596	
General and Administrative	2,486,044		1,979,548		7,119,288		6,500,701	
Total Operating Expenses	3,067,103		2,792,917		20,128,121		8,979,297	
(Loss) Income from Operations			(2,076,904)		(2,071,012)		942,862	(5,378,815)
Other Income (Expense)								
Interest Income	97,996		(319,768)		229,662		49,271	
Foreign Exchange Transaction Gain	198,817		132,092		561,345		2,617,896	
Unrealized (Loss) Gain on Securities Investment	(193,991)		(3,328,592)		6,349,738		(4,559,240)	
Unrealized (Loss) Gain on Securities Investment - Related Party	(10,548,684)		(7,678,241)		560,467		(17,213,983)	
Realized Loss on Securities Investment	(602,624)		(145,122)		(11,291,166)		(6,500,573)	
Loss on Investment on Security by Equity Method	(4,573,445)		(171,385)		(4,621,833)		(387,435)	
Loss on Consolidation of Alset Capital Acquisition	-				(21,657,036)		-	
Finance Costs	-		887		-		(450,000)	
Other Income	717,951		346,591		1,808,489		897,129	
Total Other Expense, Net	(14,903,980)		(11,163,538)		(28,060,334)		(25,546,935)	
Net Loss Before Income Taxes			(16,980,884)		(13,234,550)		(27,117,472)	(30,925,750)
Income Tax (Expense) Benefit			(45,124)		153,159		(45,124)	(68,955)
Net Loss	(17,026,008)		(13,081,391)		(27,162,596)		(30,994,705)	
Net Loss Attributable to Non-Controlling Interest			(1,014,423)		(1,369,265)		(1,485,275)	(3,827,934)
Net Loss Attributable to Common Stockholders	\$ (16,011,585)		\$ (11,712,126)		\$ (25,677,321)		\$ (27,166,771)	
Comprehensive Loss Attributable to Common Stockholders								
Net Loss	(16,011,585)		(11,827,662)		(25,677,321)		(27,033,190)	
Unrealized Income on Securities Investment	-		42,642		-		35,110	
Foreign Currency Translation Adjustment	(1,583,130)		370,778		(2,495,914)		(3,131,356)	
Total Comprehensive Loss Attributable to Common Stockholders	(17,594,715)		(11,414,242)		(28,173,235)		(30,129,436)	
Comprehensive Loss Attributable to Non-controlling Interests								
Net Loss	(1,014,423)		(1,253,729)		(1,485,275)		(3,961,515)	
Unrealized Income on Securities Investment	-		7,273		-		5,091	
Foreign Currency Translation Adjustment	(269,568)		63,233		(444,726)		(598,368)	
Total Comprehensive Loss Attributable to Non-controlling Interests	\$ (1,283,991)		\$ (1,183,223)		\$ (1,929,999)		\$ (4,554,792)	
Net Loss Per Share - Basic and Diluted	\$ (1.73)		\$ (1.58)		\$ (2.86)		\$ (4.38)	
Weighted Average Common Shares Outstanding - Basic and Diluted	9,235,119		7,425,359*		8,976,634		6,206,145*	

* The numbers of weighted average outstanding common stock - basic and diluted were adjusted retrospectively to reflect 20-for-1 reverse stock split on December 28, 2022

See accompanying notes to condensed consolidated financial statements.

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**Alset Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the Nine Months Ended September 30, 2023
(Unaudited)**

	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Alset Stockholders' Equity	Non-Controlling Interests	Total Stockholders' Equity			
	Shares	Par Value \$0.001	Shares	Par Value \$0.001	Shares	Par Value \$0.001	Shares	Par Value \$0.001	Shares			
Balance at January 1, 2023	-	\$ -	-	\$ -	7,422,846	\$ 7,423	\$ 322,534,891	\$ 3,836,063	\$ (188,724,411)	\$ 137,653,966	\$ 11,009,149	\$ 148,663,115
Issuance of Common Stock	-	-	-	-	1,812,273	1,812	3,432,109	-	-	3,433,921	-	3,433,921
Foreign Currency Translations	-	-	-	-	-	-	-	936,265	-	936,265	159,678	1,095,943
Net Loss	-	-	-	-	-	-	-	(3,857,886)	(3,857,886)	(465,296)	(4,323,182)	
Balance at March 31, 2023	-	\$ -	-	\$ -	9,235,119	\$ 9,235	\$ 325,967,000	\$ 4,772,328	\$ (192,582,297)	\$ 138,166,266	\$ 10,703,531	\$ 148,869,797

Foreign Currency Translations	-	-	-	-	-	-	(1,849,049)	-	(1,849,049)	(334,834)	(2,183,883)		
Net Loss	-	-	-	-	-	-	(5,807,850)	(5,807,850)	(5,556)	(5,813,406)			
Balance at June 30, 2023	-	\$	-	\$	-	9,235,119	\$ 9,235	\$325,967,000	\$ 2,923,279	\$(198,390,147)	\$130,509,367	\$10,363,141	\$140,872,508
Foreign Currency Translations	-	-	-	-	-	-	(1,583,130)	-	(1,583,130)	(269,568)	(1,852,698)		
Change in Non- Controlling Interest	-	-	-	-	-	-	11,386	-	11,386	(11,386)	-		
Gain from Conversion of VELL Promissory Note to Stock and Warrants	0	0	-	\$	-	-	6,488,457	-	6,488,457	-	6,488,457		
Net Loss	-	-	-	-	-	-	-	(16,011,585)	(16,011,585)	(1,014,423)	(17,026,008)		
Balance at September 30, 2023	-	\$	-	\$	-	9,235,119	\$ 9,235	\$332,455,457	\$ 1,351,535	\$(214,401,732)	\$119,414,495	\$ 9,067,764	\$128,482,259

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Alset Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the Nine Months Ended September 30, 2022
(Unaudited)

	Series A Preferred Stock Shares	Par Value \$0.001	Series B Preferred Stock Shares	Par Value \$0.001	Common Stock Shares	Par Value \$0.001	Additional Paid in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Alset Stockholders' Equity	Non- Controlling Interests	Total Stockholders' Equity
Balance at January 1, 2022	-	\$ -	-	\$ -	87,368,446	\$ 87,368	\$296,181,977	\$ 341,646	\$(148,233,473)	\$148,377,518	\$21,912,268	\$170,289,786
Issuance of Stock by Excercising Warrants	-	-	-	-	15,819,452	15,820	(11,925)	-	-	3,895	-	3,895
Convert Related Party Note to Common Stock	-	-	-	-	10,000,000	10,000	6,203,000	-	-	6,213,000	-	6,213,000
Deconsolidate Alset Capital Acquisition	-	-	-	-	-	17,160,800	-	-	17,160,800	2,227,744	19,388,544	
Gain from Purchase Stock DSS	-	-	-	-	-	737,572	-	-	737,572	-	737,572	
Beneficial Conversion Feature Intrinsic Value, Net	-	-	-	-	-	450,000	-	-	450,000	-	450,000	
Change in Non- Controlling Interest	-	-	-	-	-	(316,459)	459,069	-	142,610	(142,610)	-	
Change in Unrealized Loss on Investment	-	-	-	-	-	-	(7,027)	-	(7,027)	(2,096)	(9,123)	
Foreign Currency Translations	-	-	-	-	-	-	(499,967)	-	(499,967)	(149,173)	(649,140)	
Net Loss	-	-	-	-	-	-	(6,467,286)	(6,467,286)	(1,463,167)	(7,930,453)		
Balance at March 31, 2022	-	\$ -	-	\$ -	113,187,898	\$ 113,188	\$320,404,965	\$ 293,721	\$(154,700,759)	\$166,111,115	\$22,382,966	\$188,494,081

Issuance of Common Stock	-	-	-	35,319,290	35,319	(35,319)	-	-	-	-	-	
Change in Valuation on Investment	-	-	-	-	(2,624,585)	-	-	(2,624,585)	(206,377)	(2,830,962)		
Change in Non-Controlling Interest	-	-	-	-	4,557,454	3,266,996	-	7,824,450	(7,824,450)	-		
Change in Unrealized Loss on Investment	-	-	-	-	-	(505)	-	(505)	(86)	(591)		
Foreign Currency Translations	-	-	-	-	-	(3,002,167)	-	(3,002,167)	(512,428)	(3,514,595)		
Net Loss	-	-	-	-	-	-	(8,987,359)	(8,987,359)	(995,502)	(9,982,861)		
Balance at June 30, 2022	-	\$	-	\$	148,507,188	\$ 148,507	\$322,302,515	\$ 558,045	\$163,688,118	\$159,320,949	\$12,844,123	\$172,165,072
Change in Non-Controlling Interest	-	-	-	-	15,985	(486,134)	-	(470,149)	470,149	-		
Change in Unrealized Gain on Investment	-	-	-	-	-	42,642	-	42,642	7,273	49,915		
Foreign Currency Translations	-	-	-	-	370,778	-	370,778	63,233	434,011			
Net Loss	-	-	-	-	-	-	(11,719,827)	(11,719,827)	(1,369,265)	(13,089,092)		
Balance at September 30, 2022	-	\$	-	\$	148,507,188	\$ 148,507	\$322,318,500	\$ 485,331	\$175,407,945	\$147,544,393	\$12,015,513	\$159,559,906

See accompanying notes to condensed consolidated financial statements.

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Alset Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2023 and 2022
(Unaudited)

	2023	2022
Cash Flows from Operating Activities		
Net Loss from Operations	\$ (27,162,596)	\$ (30,994,705)
Adjustments to Reconcile Net Loss to Net Cash Provided By (Used in) Operating Activities:		
Depreciation	879,160	533,820
Non-Cash Lease Expenses	822,846	529,418
Amortization of Debt Discount	-	450,000
Loss on Consolidation of Alset Capital Acquisition Corp.	21,657,036	-
Foreign Exchange Transaction Gain	(561,345)	(2,617,896)
Unrealized (Gain) Loss on Securities Investment	(6,349,738)	4,559,240
Unrealized (Gain) Loss on Securities Investment - Related Party	(560,467)	17,213,983
Realized Loss on Securities Investment	11,291,166	6,500,573
(Gain) Loss on Exchange of Investment Securities	(502,497)	446,104
PPP Loan Forgiveness	-	(68,502)
Director Compensation Adjustment	-	(1,185,251)
Loss on Equity Method Investment	4,621,833	387,435
Changes in Operating Assets and Liabilities, net of acquisitions		
Real Estate	14,673,747	(5,420,208)
Real Estate Reimbursement Receivable	(6,707,079)	-
Account Receivables	(126,933)	(198,375)
Other Receivables	(2,343,328)	-
Other Receivables - Related Parties	(82,500)	(1,746,279)
Prepaid Expense	(148,327)	830,294
Deposits	3,075	-
Trading Securities	(603,418)	(7,466,912)
Inventory	8,282	10,880
Accounts Payable and Accrued Expenses	274,162	(8,845,706)
Deferred Revenue	(20,269)	(663,252)
Operating Lease Liabilities	(807,135)	(554,937)
Builder Deposits	-	(31,553)
Net Cash Provided by (Used in) Operating Activities	<u>8,255,675</u>	<u>(28,331,829)</u>
Cash Flows from Investing Activities		
Loan Receivable - Related Party	-	694,878
Purchase of Fixed Assets	(24,709)	(210,319)
Purchase of Real Estate Properties	-	(6,057,493)
Real Estate Improvements	(734,688)	(1,082,225)

Purchase of Investment Securities		(756,078)	(8,479,968)
Proceeds from Sale of Investment Securities			103,809
Acquisition of Subsidiary		(214,993)	-
Issuing Loan Receivable - Related Party		(1,693,455)	-
Proceeds from Loan Receivable - Related Party		2,675,735	-
Net Cash Used in Investing Activities		(748,188)	(15,031,318)
 Cash Flows from Financing Activities			
Proceeds from Common Stock Issuance		3,433,921	6,213,000
Repayment to Notes Payable		(25,361)	(216,867)
Net Cash Provided by Financing Activities		3,408,560	5,996,133
 Net Increase (Decrease) in Cash and Restricted Cash		10,916,047	(37,367,014)
Effects of Foreign Exchange Rates on Cash		(672,330)	(199,339)
Cash and Restricted Cash - Beginning of Year		18,521,903	60,802,179
Cash and Restricted Cash- End of Period	\$	28,765,620	\$ 23,235,826
 Cash	\$	28,038,818	\$ 22,605,541
Restricted Cash	\$	726,802	\$ 630,285
Total Cash and Restricted Cash	\$	28,765,620	\$ 23,235,826
 Supplementary Cash Flow Information			
Cash Paid for Interest	\$	3,010	\$ 2,420
Cash Paid for Taxes	\$	-	\$ -
 Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Unrealized Gain on Investment	\$	-	\$ 777,773
Initial Recognition of ROU / Lease Liability	\$	186,716	\$ 1,134,969
Deconsolidate Alset Capital Acquisition	\$	-	\$ 16,557,582
Intrinsic Value of BCF	\$	-	\$ 450,000
Issuance of Stock by Exercising Warrants	\$	-	\$ 3,895
Convert Related Party Note Payable to Common Stock	\$	-	\$ 6,213,000
Convert VEII Not Receivable to Common Stock	\$	1,300,000	\$ -
Warrants Received from VEII after Converting Note Receivable	\$	6,488,457	\$ -

See accompanying notes to condensed consolidated financial statements.

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Alset Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
For the Nine Months Ended September 30, 2023 and 2022
(Unaudited)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Alset Inc. (the "Company" or "AEI"), formerly known as Alset EHome International Inc. and HF Enterprises Inc., was incorporated in the State of Delaware on March 7, 2018. On October 4, 2022, through a merger transaction, the Company was reincorporated in Texas. AEI is a diversified holding company principally engaged through its subsidiaries in the development of EHome communities and other real estate, financial services, digital transformation technologies, biohealth activities and consumer products with operations in the United States, Singapore, Hong Kong, Australia and South Korea. We manage a significant portion of our businesses through our 85.4% owned subsidiary, Alset International Limited ("Alset International"), a public company traded on the Singapore Stock Exchange.

The Company has four operating segments based on the products and services we offer, which include three of our principal businesses – real estate, digital transformation technology and biohealth – as well as a fourth category consisting of certain other business activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and following the requirements of the Securities and Exchange Commission ("SEC") for interim reporting. These interim financial statements have been prepared on the same basis as the Company's annual financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair statement of the Company's financial information. These interim results are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or any other interim periods or for any other future years. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Form 10-K for the year ended December 31, 2022 filed on March 31, 2023.

The condensed consolidated financial statements include all accounts of the Company and its majority owned and controlled subsidiaries. The Company consolidates entities in which it owns more than 50% of the voting common stock and controls operations. All intercompany transactions and balances among consolidated subsidiaries have been eliminated.

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The Company's condensed consolidated financial statements include the financial position, results of operations and cash flows of the following entities as of September 30, 2023 and December 31, 2022, as follows:

Name of subsidiary consolidated under AEI	State or other jurisdiction of incorporation or organization	Attributable interest as of,	
		September 30, 2023	December 31, 2022
		%	%
Alset Global Pte. Ltd.	Singapore	100	100
Alset Business Development Pte. Ltd.	Singapore	100	100
Global eHealth Limited	Hong Kong	100	100
Alset International Limited	Singapore	85.4	85.4
Singapore Construction & Development Pte. Ltd.	Singapore	85.4	85.4
Art eStudio Pte. Ltd.	Singapore	43.6*	43.6*

Singapore Construction Pte. Ltd.	Singapore	85.4	85.4
Global BioMedical Pte. Ltd.	Singapore	85.4	85.4
Alset Innovation Pte. Ltd.	Singapore	85.4	85.4
Health Wealth Happiness Pte. Ltd.	Singapore	85.4	85.4
SeD Capital Pte. Ltd.	Singapore	85.4	85.4
LiquidValue Asset Management Pte. Ltd.	Singapore	85.4	85.4
Alset Solar Limited	Hong Kong	85.4	85.4
Alset F&B One Pte. Ltd	Singapore	76.9	76.9
Global TechFund of Fund Pte. Ltd.	Singapore	-	100
Singapore eChainLogistic Pte. Ltd.	Singapore	-	100
BMI Capital Partners International Limited.	Hong Kong	85.4	85.4
SeD Perth Pty. Ltd.	Australia	85.4	85.4
SeD Intelligent Home Inc.	United States of America	85.4	85.4
LiquidValue Development Inc.	United States of America	85.4	85.4
Alset EHome Inc.	United States of America	85.4	85.4
SeD USA, LLC	United States of America	85.4	85.4
150 Black Oak GP, Inc.	United States of America	85.4	85.4
SeD Development USA Inc.	United States of America	85.4	85.4
150 CCM Black Oak, Ltd.	United States of America	85.4	85.4
SeD Texas Home, LLC	United States of America	100	85.4
SeD Ballenger, LLC	United States of America	85.4	85.4
SeD Maryland Development, LLC	United States of America	71.4	71.4
SeD Development Management, LLC	United States of America	72.6	72.6
SeD Builder, LLC	United States of America	85.4	85.4
Hapi Metaverse Inc. (f.k.a. GigWorld Inc.)	United States of America	99.7	99.7
HotApp BlockChain Pte. Ltd.	Singapore	99.7	99.7
HotApp International Limited	Hong Kong	99.7	99.7
HWH International, Inc. (Delaware)	United States of America	85.4	85.4
Health Wealth & Happiness Inc.	United States of America	85.4	85.4
HWH Multi-Strategy Investment, Inc.	United States of America	85.4	85.4
SeD REIT Inc.	United States of America	85.4	85.4
Gig Stablecoin Inc.	United States of America	99.7	99.7
HWH World Inc. (Delaware)	United States of America	99.7	99.7
HWH World Pte. Ltd.	Singapore	85.4	85.4
UBeauty Limited	Hong Kong	85.4	85.4
WeBeauty Korea Inc	Korea	85.4	85.4
HWH World Limited	Hong Kong	85.4	85.4
HWH World Inc.	Korea	85.4	85.4
GDC REIT Inc.	United States of America	85.4	85.4
NewRetail-AI Inc.	United States of America	99.7	-
BioHealth Water Inc.	United States of America	85.4	85.4
Impact BioHealth Pte. Ltd.	Singapore	85.4	85.4
American Home REIT Inc.	United States of America	100	85.4
Alset Solar Inc.	United States of America	68.3	68.3
HWH KOR Inc.	United States of America	85.4	85.4
Open House Inc.	United States of America	-	100
Open Rental Inc.	United States of America	-	100
Hapi Cafe Inc. (Nevada)	United States of America	-	100
Global Solar REIT Inc.	United States of America	-	100
Alset EV Inc. (f.k.a. OpenBiz Inc.)	United States of America	100	100
Hapi Cafe Inc. (Texas)	United States of America	85.4	85.4
HWH (S) Pte. Ltd.	Singapore	85.4	85.4
LiquidValue Development Pte. Ltd.	Singapore	100	100

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LiquidValue Development Limited	Hong Kong	100	100
EPowerTech Inc.	United States of America	-	100
Alset EPower Inc.	United States of America	-	100
AHR Asset Management Inc.	United States of America	85.4	85.4
HWH World Inc. (Nevada)	United States of America	85.4	85.4
Alset F&B Holdings Pte. Ltd.	Singapore	85.4	85.4
Credas Capital Pte. Ltd.	Singapore	42.7*	42.7*
Credas Capital GmbH	Switzerland	42.7*	42.7*
Smart Reward Express Limited	Hong Kong	49.8*	49.8*
AHR Texas Two LLC	United States of America	100	85.4
AHR Black Oak One LLC	United States of America	85.4	85.4
Hapi Air Inc.	United States of America	92.7	92.7
AHR Texas Three, LLC	United States of America	100	85.4
Alset Capital Pte. Ltd.	Singapore	-	100
Hapi Cafe Korea, Inc.	Korea	85.4	85.4
Green Energy REIT Inc.	United States of America	-	100
Green Energy Management Inc.	United States of America	-	100
Alset Metaverse Inc.	United States of America	97.2	97.2
Alset Management Group Inc.	United States of America	83.4	83.4
Alset Acquisition Sponsor, LLC	United States of America	93.4	93.4
Alset Spac Group Inc.	United States of America	93.4	93.4
Alset Mining Pte. Ltd.	Singapore	85.4	85.4
Hapi Travel Pte. Ltd.	Singapore	85.4	85.4
Hapi WealthBuilder Pte. Ltd.	Singapore	85.4	85.4
HWH Marketplace Pte. Ltd.	Singapore	85.4	85.4
HWH International Inc. (Nevada)	United States of America	85.4	85.4
Hapi Cafe SG Pte. Ltd.	Singapore	85.4	85.4
Alset Reits Inc.	United States of America	100	100
Robotic gHome Inc.	United States of America	76.9	76.9
HWH Merger Sub, Inc.	United States of America	85.4	85.4
Alset Home REIT Inc.	United States of America	100	100
Hapi Metaverse Inc. (Texas)	United States of America	99.7	99.7
Hapi Café Limited	Hong Kong	99.7	99.7
MOC HK Limited	Hong Kong	99.7	99.7
AHR Texas Four, LLC	United States of America	100	100
Alset F&B (PLQ) Pte. Ltd.	Singapore	85.4	85.4
Hapi Café Sdn. Bhd.	Malaysia	51.3	-
Shenzhen Leyouyou Catering Management Co., Ltd.	China	100	100
Dongguan Leyouyou Catering Management Co., Ltd.	China	100	-

Guangzho Leyouyou Catering Management Co., Ltd.	China	100	-
Hapi Travel Ltd.	Hong Kong	100	-
Alset Capital Acquisition Corp.	United States of America	58.0	-
Hapi Acquisition Pte. Ltd.	Singapore	99.7	-

* Although the Company indirectly holds percentage of shares of these entities less than 50%, the subsidiaries of the Company directly hold more than 50% of shares of these entities, and therefore, they are still consolidated into the Company.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates made by management include, but are not limited to, allowance for doubtful accounts, valuation of real estate assets, allocation of development costs and capitalized interest to sold lots, fair value of the investments, the valuation allowance of deferred taxes, and contingencies. Actual results could differ from those estimates.

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In our property development business, land acquisition costs are allocated to each lot based on the area method, the size of the lot compared to the total size of all lots in the project. Development costs and capitalized interest are allocated to lots sold based on the total expected development and interest costs of the completed project and allocating a percentage of those costs based on the selling price of the sold lot compared to the expected sales values of all lots in the project.

If allocation of development costs and capitalized interest based on the projection and relative expected sales value is impracticable, those costs could also be allocated based on area method, the size of the lot compared to the total size of all lots in the project.

When the Company purchases properties but does not receive the assessment information from the county, the Company allocates the values between land and building based on the data of similar properties. The Company makes appropriate adjustments once the assessment from the county is received. At the same time, any necessary adjustments to depreciation expense are made in the income statement. On September 30, 2023 and December 31, 2022, the Company adjusted \$951,349 and \$4,791,997 between building and land, respectively. During the three months ended September 30, 2023 and 2022, the Company adjusted depreciation expenses of \$17,525 and \$0, respectively. During the nine months ended September 30, 2023 and 2022, the Company adjusted depreciation expenses of \$17,525 and \$0, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents. Cash and cash equivalents include cash on hand and at the bank and short-term deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. There were no cash equivalents as of September 30, 2023 and December 31, 2022.

Restricted Cash

As a condition to the loan agreement with the Manufacturers and Traders Trust Company ("M&T Bank"), the Company was required to maintain a minimum of \$ 2,600,000 in an interest-bearing account maintained by the lender as additional security for the loan. The funds were required to remain as collateral for the loan until the loan is paid off in full and the loan agreement terminated. On March 15, 2022 approximately \$2,300,000 was released from collateral, leaving approximately \$300,000 as collateral for outstanding letters of credit. The Company also has an escrow account with M&T Bank to deposit a portion of cash proceeds from lot sales. The funds in the escrow account were specifically to be used for the payment of the loan from M&T Bank. The funds were required to remain in the escrow account for the loan payment until the loan agreement terminates. In May 2022 the funds from this escrow account were released and the account closed. As of September 30, 2023 and December 31, 2022, the total balance of these two accounts was \$309,450 and \$309,219, respectively.

As a condition to the loan agreement with National Australian Bank Limited in conjunction with the Perth project, an Australian real estate development project, the Company was required to maintain AUD\$50,000, in a non-interest-bearing account. As of December 31, 2021, the account balance was \$36,316. In February 2022 the Company repaid the loan and the funds were subsequently released.

The Company puts money into brokerage accounts specifically for equity investment. As of September 30, 2023 and December 31, 2022, the cash balance in these brokerage accounts was \$417,352 and \$385,304, respectively.

Investments held in Trust Account

At September 30, 2023 the Company had approximately \$ 21.0 million, in investments in treasury securities held in the Trust Account. The funds in the Trust Account are subject to redemption by investors of Alset Capital Acquisition Corp. ("SPAC").

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Account Receivables and Allowance for Doubtful Accounts

Account receivables is stated at amounts due from buyers, contractors, and all third parties, net of an allowance for doubtful accounts. As of September 30, 2023 and December 31, 2022, the balance of account receivables was \$72,299 and \$46,522, respectively.

The Company monitors its account receivables balances on a monthly basis to ensure that they are collectible. On a quarterly basis, the Company uses its historical experience to estimate its allowance for doubtful account receivables. The Company's allowance for doubtful accounts represents an estimate of the losses expected to be incurred based on specifically identified accounts as well as nonspecific amount, when determined appropriate. Generally, the amount of the allowance is primarily decided by division management's historical experience, the delinquency trends, the resolution rates, the aging of receivables, the credit quality indicators and financial health of specific customers. As of September 30, 2023 and December 31, 2022, the allowance was \$0.

Inventories

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method and includes all costs in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. As of September 30, 2023 and December 31, 2022, inventory consisted of finished goods procured from suppliers. The Company continuously evaluates the need for reserve for obsolescence and possible price concessions required to write-down inventory to its net realizable value. During the nine months ended September 30, 2023, the Company determined that total inventory costed \$9,743 write off was required and recorded in cost of revenue.

Investment Securities

Investment Securities at Fair Value

The Company records all equity investments with readily determinable fair values at fair value calculated by the publicly traded stock price at the close of the reporting period. Holista CollTech Limited ("Holista"), Amarantus BioScience Holdings, Inc. ("AMBS") True Partner Capital Holding Limited ("True Partner") and Lucy Scientific Discovery Inc. ("Lucy") are publicly traded companies. The Company does not have significant influence over Holista, AMBS, True Partner and Lucy, as the Company is the beneficial owner of approximately 14.1% of common shares of Holista, 4.3% of the common shares of AMBS and less than 0.1% of common shares of True Partner. The stock's fair value is determined by quoted stock prices. The Company disposed the shares of Lucy in the first nine months of 2023.

Since 2021, the Company's subsidiaries have maintained a portfolio of trading securities. The objective is to generate profits on short-term differences in market prices. The Company does not have significant influence over any trading securities in our portfolio and fair value of these trading securities are determined by reference to quoted stock prices. The Company has elected the fair value option for the equity securities noted below that would otherwise be accounted for under the equity method of accounting. DSS, Inc. ("DSS"), New Electric CV Corporation ("NECV" formerly known as "American Premium Mining Corporation" ("APM")), Value Exchange International Inc. ("Value

Exchange International" or "VEII") and Sharing Services Global Corp. ("SHRG") are publicly traded companies and fair value is determined by quoted stock prices. The Company has significant influence but does not have a controlling interest in these investments, and therefore, the Company's investment could be accounted for under the equity method of accounting or elect fair value accounting.

- The Company has significant influence over DSS. As of September 30, 2023 and December 31, 2022, the Company owned approximately 44.8% of the common stock of DSS, respectively. Our CEO is a stockholder and the Chairman of the Board of Directors of DSS. Chan Tung Moe, our Co-Chief Executive Officer and the son of Chan Heng Fai, is also a director of DSS. William Wu, Wong Shui Yeung and Joanne Wong Hiu Pan, directors of the Company, are each also directors of DSS.
- The Company has significant influence over NECV as the Company is the beneficial owner of approximately 0.5% of the common shares of NECV and one officer from the Company held a director position on NECV's Board of Directors until April of 2023. Additionally, our CEO is a significant stockholder of NECV shares.

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- The Company has significant influence over Value Exchange International as the Company is the beneficial owner of approximately 48.7% of the common shares of VEII. Mr. Chan and another member of the Board of Directors of Hapi Metaverse, Lum Kan Fai Vincent, are both members of the Board of Directors of VEII. In addition to Mr. Chan, two other members of the Board of Directors of Aset Inc. are also members of the Board of Directors of VEII (Mr. Wong Shui Yeung and Mr. Wong Tat Keung).
- The Company has significant influence over SHRG as the Company is the beneficial owner of approximately 33.4% of the common shares of SHRG, our CEO holds a director position on SHRG's Board of Directors and one of the officers of the Company is the CFO of SHRG. Additionally, our CEO is a significant stockholder of SHRG shares.

On March 2, 2020 and October 29, 2021, the Company received warrants to purchase shares of American Medical REIT Inc. ("AMRE"), a related party private company, in conjunction with the Company lending two \$200,000 promissory notes. For further details on this transaction, refer to Note 8 - Related Party Transactions, *Note Receivable from a Related Party Company*. As of September 30, 2023 and December 31, 2022, AMRE was a private company. Based on management's analysis, the fair value of the AMRE warrants was \$0 as of December 31, 2021. In March 2022 both loans, together with warrants were converted into common shares of AMRE. After the conversion, the Company owns approximately 15.8% of AMRE.

On August 8, 2023, DSS Inc. distributed shares of Impact Biomedical Inc. ("Impact") beneficially held by DSS in the form of a dividend to the shareholders of DSS common stock. As a result of this distribution, the Company and its majority owned subsidiaries received 4,568,165 shares of Impact, representing 6.5% of the issued and outstanding shares of Impact Common Stock. Each share of Impact distributed as part of the distribution is not eligible for resale until 180 days from the date Impact's initial public offering becomes effective under the Securities Act, subject to the discretion of DSS to lift the restriction sooner. As of September 30, 2023, Impact was a startup private company. Based on the management's analysis, the fair value of Impact shares was approximately \$0 at the distribution date and as of September 30, 2023.

The Company accounts for certain of its investments in funds without readily determinable fair values in accordance with ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* ("2015-07"). In the first six months of 2022 the Company invested \$100,000 in Class A Shares of Novum Alpha Global Opportunity Digital Asset Fund I SP, a segregated portfolio of Novum Alpha SPC ("Novum Alpha Fund"). This fund invests in long-short digital assets. The Company subscribed in participating shares which are redeemable and non-voting. The Company closed the fund in July 2022 recording \$74,827 loss on this investment.

Investment Securities at Cost

Investments in equity securities without readily determinable fair values are measured at cost minus impairment adjusted by observable price changes in orderly transactions for the identical or a similar investment of the same issuer. These investments are measured at fair value on a nonrecurring basis when there are events or changes in circumstances that may have a significant adverse effect. An impairment loss is recognized in the condensed consolidated statements of comprehensive income equal to the amount by which the carrying value exceeds the fair value of the investment.

On September 8, 2020, the Company acquired 1,666 shares, approximately 1.45% ownership, from Nervotec Pte Ltd ("Nervotec"), a private company, at the purchase price of \$37,826. The Company applied ASC 321 and measured Nervotec at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer.

On September 30, 2020, the Company acquired 3,800 shares, representing the ownership of approximately 19%, from HWH World Company Limited (f.k.a. Hyten Global (Thailand) Co., Ltd.) ("HWH World Co."), a private company, at a purchase price of \$42,562.

During 2021, the Company invested \$19,609 in K Beauty Research Lab Co., Ltd ("K Beauty") for 18% of such company. K Beauty was established for sourcing, developing and producing variety of Korea-made beauty products as well as Korea - originated beauty contents for the purpose of distribution to HWH's membership distribution channel.

There has been no indication of impairment or changes in observable prices via transactions of similar securities and investments are still carried at cost.

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Equity Method Investment

The Company accounts for equity investment in entities with significant influence under equity-method accounting. Under this method, the Group's pro rata share of income (loss) from investment is recognized in the condensed consolidated statements of comprehensive income. Dividends received reduce the carrying amount of the investment. When the Company's share of loss in an equity-method investee equals or exceeds its carrying value of the investment in that entity, the equity method investment can be reduced below zero based on losses, if the Company either is liable for the obligations of the investee or provides for losses in excess of the investment when imminent return to profitable operations by the investee appears to be assured. Otherwise, the Company does not recognize its share of equity method losses exceeding its carrying amount of the investment, but discloses the losses in the footnotes. Equity-method investment is reviewed for impairment by assessing if the decline in market value of the investment below the carrying value is other-than-temporary. In making this determination, factors are evaluated in determining whether a loss in value should be recognized. These include consideration of the intent and ability of the Group to hold investment and the ability of the investee to sustain an earnings capacity, justifying the carrying amount of the investment. Impairment losses are recognized in other expense when a decline in value is deemed to be other-than-temporary.

American Medical REIT Inc.

LiquidValue Asset Management Pte. Ltd. ("LiquidValue"), a subsidiary of the Company, owns 15.8% of American Medical REIT Inc. ("AMRE") as of September 30, 2023, a company concentrating on medical real estate. AMRE acquires state-of-the-art, purpose-built healthcare facilities and leases them to leading clinical operators with dominant market share under secure triple net leases. AMRE targets hospitals (both Critical Access and Specialty Surgical), Physician Group Practices, Ambulatory Surgical Centers, and other licensed medical treatment facilities. Chan Heng Fai, our Chairman and CEO, is the executive chairman and director of AMRE. DSS, of which we own 44.8% and have significant influence over, owns 80.8% of AMRE. Therefore, the Company has significant influence on AMRE.

American Pacific Bancorp, Inc.

Pursuant to Securities Purchase Agreement from March 12, 2021 the Company purchased 4,775,523 shares of the common stock of American Pacific Bancorp Inc. ("APB") and gained majority ownership in that entity. APB was consolidated into the Company under common control accounting (See Transactions between Entities under Common Control for details). On September 8, 2021 APB sold 6,666,700 shares Series A Common Stock to DSS, Inc. for \$ 40,000,200 cash. As a result of the new share issuances, the Company's ownership percentage of APB fell below 50% to 41.3%, and subsequently to 36.9% and the entity was deconsolidated in accordance with ASC 810-10. Upon deconsolidation the Company elected to apply the equity method accounting as the Company still retained significant influence. As a result of the deconsolidation, the Company recognized gain of approximately \$28.2 million. The gain represents the difference between the fair value of retained equity method investment of \$ 30.8 million and the investment percentage of carrying amount of APB's net assets of \$2.9 million. Considering the transaction was between related parties, the Company recorded the gain as additional paid in capital in its equity. During three and nine months ended September 30, 2023 the investment loss was \$4,536,668 and \$4,417,666, respectively, and during three and nine months ended September 30, 2022 the investment gain was \$419,005 and \$579,026, respectively. As of September 30, 2023 and December 31, 2022, the investment in APB was \$27,250,580 and \$31,668,246, respectively.

Ketomei Pte Ltd

On June 10, 2021 the Company's indirect subsidiary Hapi Cafe Inc. ("Hapi Cafe") lent \$ 76,723 to Ketomei Pte Ltd ("Ketomei"). On March 21, 2022 Hapi Cafe entered into an agreement pursuant to which the principal of the loan together with accrued interest were converted into an investment in Ketomei. At the same time, Hapi Cafe invested an additional \$179,595 in Ketomei. After the conversion and fund investment the Company now holds 28% of Ketomei. Ketomei is in the business of selling cooked food and drinks. During three and nine months ended September 30, 2023 and 2022 the investment loss was \$6,690 and \$70,336, and \$5,937 and \$38,996, respectively. Investment in Ketomei was \$137,066 and \$207,402 at September 30, 2023 and December 31, 2022, respectively.

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Sentinel Brokers Company Inc.

On May 22, 2023 the Company's indirect subsidiary, SeD Capital Pte Ltd ("SeD Capital"), entered into a Stock Purchase Agreement, pursuant to which SeD Capital purchased 39.8 shares (19.9%) of the Common Stock of Sentinel Brokers Company Inc. ("Sentinel") for the aggregate purchase price of \$ 279,719. Sentinel is a broker-dealer operating primarily as a fiduciary intermediary, facilitating institutional trading of municipal and corporate bonds as well as preferred stock, and is registered with the Securities and Exchange Commission, is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), and is a member of the Securities Investor Protection Corporation ("SIPC"). The Company has significant influence over Sentinel as its CEO holds a director position on Sentinel's Board of Directors. Additionally, DSS, of which we own 44.8% and have significant influence over, owns 80.1% of Sentinel. During three and nine months ended September 30, 2023 the investment loss in Sentinel was \$ 73,177 and \$81,167, respectively. Investment in Sentinel was \$ 198,552 at September 30, 2023.

Investment in Debt Securities

Debt securities are reported at fair value, with unrealized gains and losses (other than impairment losses) recognized in accumulated other comprehensive income or loss. Realized gains and losses on debt securities are recognized in the net income in the condensed consolidated statements of comprehensive income. The Company monitors its investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information.

The Company invested \$50,000 in a convertible promissory note of Sharing Services Global Corporation ("SHRG Convertible Note"), a company quoted on the US OTC market. The value of the convertible note was estimated by management using a Black-Scholes valuation model. The fair value of the note was \$9,799 on December 31, 2021. The note was redeemed on July 14, 2022 and \$50,000 principal together with \$28,636 accrued interests were received from Sharing Services.

On February 26, 2021, the Company invested approximately \$88,599 in the convertible note of Vector Com Co., Ltd ("Vector Com"), a private company in South Korea. The interest rate is 2% per annum and maturity is two years. The conversion price is approximately \$21.26 per common share of Vector Com. As of September 30, 2023 and December 31, 2022, our management estimated the fair value of the note to be \$88,599, the initial transaction price.

Variable Interest Entity

Under Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 810, *Consolidation*, when a reporting entity is the primary beneficiary of an entity that is a variable interest entity ("VIE"), as defined in ASC 810, the VIE must be consolidated into the financial statements of the reporting entity. The determination of which owner is the primary beneficiary of a VIE requires management to make significant estimates and judgments about the rights, obligations, and economic interests of each interest holder in the VIE.

The Company evaluates its interests in VIEs on an ongoing basis and consolidates any VIE in which it has a controlling financial interest and is deemed to be the primary beneficiary. A controlling financial interest has both of the following characteristics: (i) the power to direct the activities of the VIE that most significantly impact its economic performance; and (ii) the obligation to absorb losses of the VIE that could potentially be significant to it or the right to receive benefits from the VIE that could be significant to the VIE.

Real Estate Assets

Real estate assets are recorded at cost, except when real estate assets are acquired that meet the definition of a business combination in accordance with Financial Accounting Standards Board ("FASB") ASC 805 - *"Business Combinations"*, which acquired assets are recorded at fair value. Interest, property taxes, insurance and other incremental costs (including salaries) directly related to a project are capitalized during the construction period of major facilities and land improvements. The capitalization period begins when activities to develop the parcel commence and ends when the asset constructed is completed. The capitalized costs are recorded as part of the asset to which they relate and are reduced when lots are sold.

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The Company capitalized construction costs of approximately -\$1.4 million and \$2.9 million for the three months ended September 30, 2023 and 2022, respectively. The Company capitalized construction costs of approximately \$7.4 million and \$5.9 million for the nine months ended September 30, 2023 and 2022, respectively.

The Company's policy is to obtain an independent third-party valuation for each major project in the United States as part of our assessment of identifying potential triggering events for impairment. Management may use the market comparison method to value other relatively small projects, such as the project in Perth, Australia, which was completed during the year 2022. In addition to the annual assessment of potential triggering events in accordance with ASC 360 – *Property Plant and Equipment* ("ASC 360"), the Company applies a fair value-based impairment test to the net book value assets on an annual basis and on an interim basis if certain events or circumstances indicate that an impairment loss may have occurred.

The Company did not record impairment on any of its projects during the three and nine months ended September 30, 2023 and 2022.

Recent Agreements to Sell Lots

On October 28, 2022, 150 CCM Black Oak Ltd. (the "Seller"), a Texas Limited Partnership and subsidiary of the Company, entered into a Contract for Purchase and Sale and Escrow Instructions (the "Agreement") with Century Land Holdings of Texas, LLC, a Colorado limited liability company (the "Buyer"). Pursuant to the terms of the Agreement, the Seller agreed to sell approximately 242 single-family detached residential lots comprising a residential community in the city of Magnolia, Texas known as the "Lakes at Black Oak." On November 28, 2022, the parties to the Agreement entered into an amendment to the Agreement (the "Amendment"). Pursuant to the Amendment, the parties agreed that the Buyer would purchase approximately 131 single-family detached residential lots, instead of 242 lots. This transaction closed on April 13, 2023.

On March 16, 2023, 150 CCM Black Oak Ltd. (the "Seller") entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") with Rausch Coleman Homes Houston, LLC, a Texas limited liability company ("Rausch Coleman"). Pursuant to the terms of the Purchase and Sale Agreement, the Seller has agreed to sell approximately 110 single-family detached residential lots which comprise a section of the Lakes at Black Oak. The transaction closed on May 15, 2023.

On March 17, 2023, 150 CCM Black Oak Ltd. (the "Seller") entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") with Davidson Homes, LLC, an Alabama limited liability company ("Davidson"). Pursuant to the terms of the Purchase and Sale Agreement, the Seller has agreed to sell approximately 189 single-family detached residential lots developed within section 2 of Black Oak project. The sale of the first 94 lots closed on May 30, 2023. The sale of remaining lots is estimated to close at the end of the year 2023.

Properties under development

Properties under development are properties being constructed for sale in the ordinary course of business, rather than to be held for the Company's own use, rental or capital appreciation.

Rental Properties

Rental properties are acquired with the intent to be rented to tenants. As of September 30, 2023 and December 31, 2022, the Company owned 132 homes. The aggregate purchase cost of all the homes is \$30,998,258. These homes are located in Montgomery and Harris Counties, Texas. All of these purchased homes are properties of our

rental business.

Investments in Single-Family Residential Properties

The Company accounts for its investments in single-family residential properties as asset acquisitions and records these acquisitions at their purchase price. The purchase price is allocated between land, building and improvements based upon their relative fair values at the date of acquisition. The purchase price for purposes of this allocation is inclusive of acquisition costs which typically include legal fees, title fees, property inspection and valuation fees, as well as other closing costs.

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Building improvements and buildings are depreciated over estimated useful lives of approximately 10 to 27.5 years, respectively, using the straight-line method.

The Company assesses its investments in single-family residential properties for impairment whenever events or changes in business circumstances indicate that carrying amounts of the assets may not be fully recoverable. When such events occur, management determines whether there has been impairment by comparing the asset's carrying value with its fair value. Should impairment exist, the asset is written down to its estimated fair value. The Company did not recognize any impairment losses during three and nine months ended September 30, 2023 and 2022.

Revenue Recognition and Cost of Revenue

ASC 606 - *Revenue from Contracts with Customers* ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The Company adopted this new standard on January 1, 2018 under the modified retrospective method. The adoption of this new standard did not have a material effect on our financial statements.

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services. The provisions of ASC 606 include a five-step process by which the determination of revenue recognition, depicting the transfer of goods or services to customers in amounts reflecting the payment to which the Company expects to be entitled in exchange for those goods or services. ASC 606 requires the Company to apply the following steps:

(1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, performance obligations are satisfied.

The following represents the Company's revenue recognition policies by Segments:

Real Estate

Property Sales

The Company's main business is land development. The Company purchases land and develops it for building into residential communities. The developed lots are sold to builders (customers) for the construction of new homes. The builders enter into sales contracts with the Company before they take the lots. The prices and timeline are determined and agreed upon in the contracts. The builders do the inspections to make sure all conditions and requirements in contracts are met before purchasing the lots. A detailed breakdown of the five-step process for the revenue recognition of the Ballenger project and Black Oak project, which represented approximately 0% and 18% for Ballenger and 86% and 0% for Black Oak, respectively, of the Company's revenue in the nine months ended on September 30, 2023 and 2022, is as follows:

- Identify the contract with a customer.

The Company has signed agreements with the builders for developing the raw land to ready to build lots. The contract has agreed upon prices, timelines, and specifications for what is to be provided.

- Identify the performance obligations in the contract.

Performance obligations of the Company include delivering developed lots to the customer, which are required to meet certain specifications that are outlined in the contract. The customer inspects all lots prior to accepting title to ensure all specifications are met.

- Determine the transaction price.

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The transaction price per lot is fixed and specified in the contract. Any subsequent change orders or price changes are required to be approved by both parties.

- Allocate the transaction price to performance obligations in the contract.

Each lot or a group of lots is considered to be a separate performance obligation, for which the specified price in the contract is allocated to.

- Recognize revenue when (or as) the entity satisfies a performance obligation.

The builders do the inspections to make sure all conditions/requirements are met before taking title of lots. The Company recognizes revenue at a point in time when title is transferred. The Company does not have further performance obligations or continuing involvement once title is transferred.

Rental Revenue

The Company leases real estate properties to its tenants under leases that are predominately classified as operating leases, in accordance with ASC 842, Leases ("ASC 842"). Real estate rental revenue is comprised of minimum base rent and revenue from the collection of lease termination fees.

Rent from tenants is recorded in accordance with the terms of each lease agreement on a straight-line basis over the initial term of the lease. Rental revenue recognition begins when the tenant controls the space and continues through the term of the related lease. Generally, at the end of the lease term, the Company provides the tenant with a one-year renewal option, including mostly the same terms and conditions provided under the initial lease term, subject to rent increases.

The Company defers rental revenue related to lease payments received from tenants in advance of their due dates. These amounts are presented within deferred revenues and other payables on the Company's condensed consolidated balance sheets.

Rental revenue is subject to an evaluation for collectability on several factors, including payment history, the financial strength of the tenant and any guarantors, historical operations and operating trends of the property, and current economic conditions. If our evaluation of these factors indicates that it is not probable that we will recover substantially all of the receivable, rental revenue is limited to the lesser of the rental revenue that would be recognized on a straight-line basis (as applicable) or the lease payments that have been collected from the lessee. Differences between rental revenue recognized and amounts contractually due under the lease agreements are credited or charged to straight-line rent receivable or straight-line rent liability, as applicable. For the three and nine months ended September 30, 2023, the Company did not recognize any deferred revenue and collected all rents due.

Sale of the Front Foot Benefit Assessments

We have established a front foot benefit ("FFB") assessment on all of the NVR lots. This is a 30-year annual assessment allowed in Frederick County which requires homeowners to reimburse the developer for the costs of installing public water and sewer to the lots. These assessments become effective as homes are settled, at which time we can sell the collection rights to investors who will pay an upfront lump sum, enabling us to more quickly realize the revenue. The selling prices range from \$3,000 to \$4,500 per home depending the type of the home. Our total revenue from the front foot benefit assessment is approximately \$ 1 million. To recognize revenue of the FFB assessment, both our and NVR's performance obligation have to be satisfied. Our performance obligation is completed once we complete the construction of water and sewer facility and close the lot sales with NVR, which inspects these water and sewer facility prior to close lot sales to ensure all specifications are met. NVR's performance

obligation is to sell homes they build to homeowners. Our FFB revenue is recognized on quarterly basis after NVR closes sales of homes to homeowners. The agreement with these FFB investors is not subject to amendment by regulatory agencies and thus our revenue from the FFB assessment is not either. During the three months ended on September 30, 2023 and 2022, we recognized revenue of \$0 and \$9,968 from the FFB assessments, respectively. During the nine months ended on September 30, 2023 and 2022, we recognized revenue of \$0 and \$126,055 from the FFB assessments, respectively.

Cost of Revenues

Real Estate

- *Cost of Real Estate Sale*

All of the costs of real estate sales are from our land development business. Land acquisition costs are allocated to each lot based on the area method, the size of the lot comparing to the total size of all lots in the project. Development costs and capitalized interest are allocated to lots sold based on the total expected development and interest costs of the completed project and allocating a percentage of those costs based on the selling price of the sold lot compared to the expected sales values of all lots in the project.

If allocation of development costs and capitalized interest based on the projection and relative expected sales value is impracticable, those costs could also be allocated based on area method, the size of the lot comparing to the total size of all lots in the project.

- *Cost of Rental Revenue*

Cost of rental revenue consists primarily of the costs associated with management and leasing fees to our management company, repairs and maintenance, depreciation and other related administrative costs. Utility expenses are paid directly by tenants.

Biohealth

- *Product Direct Sales*

The Company's net sales consist of product sales. The Company's performance obligation is to transfer ownership of its products to its members. The Company generally recognizes revenue when product is delivered to its members. Revenue is recorded net of applicable taxes, allowances, refund or returns. The Company receives the net sales price in cash or through credit card payments at the point of sale.

If any member returns a product to the Company on a timely basis, they may obtain a replacement product from the Company for such returned products. We do not have buyback program. However, when the customer requests a return and management decides that the refund is necessary, we initiate the refund after deducting all the benefits that a member has earned. The returns are deducted from our sales revenue on our financial statements. Allowances for product and membership returns are provided at the time the sale is recorded. This accrual is based upon historical return rates for each country and the relevant return pattern, which reflects anticipated returns to be received over a period of up to 12 months following the original sale. Product and membership returns for the three months ended September 30, 2023 and 2022 were approximately \$41 and \$0, respectively. Product and membership returns for the nine months ended September 30, 2023 and 2022 were approximately \$ 1,184 and \$42,232 respectively.

- *Annual Membership*

The Company collects an annual membership fee from its members. The fee is fixed, paid in full at the time upon joining the membership; the fee is not refundable. The Company's performance obligation is to provide its members the right to (a) purchase products from the Company, (b) access to certain back-office services, (c) receive commissions and (d) attend corporate events. The associated performance obligation is satisfied over time, generally over the term of the membership agreement which is for a one-year period. Before the membership fee is recognized as revenue, it is recorded as deferred revenue. Deferred revenue relating to membership was \$0 and \$21,198 at September 30, 2023 and December 31, 2022, respectively. Starting in 2020 the revenue from sale of membership declined to \$0 in 2022. The Company is currently working on a new membership model.

Other Businesses

- *Food and Beverage*

The Company, through Alset F&B One Pte. Ltd. ("Alset F&B One") and Alset F&B (PLQ) Pte. Ltd. ("Alset F&B PLQ") each acquired a restaurant franchise licenses at the end of 2021 and 2022 respectively, both of which have since commenced operations. These licenses will allow Alset F&B One and Alset F&B PLQ each to operate a Killiney Kopitiam restaurant in Singapore. Killiney Kopitiam, founded in 1919, is a Singapore-based chain of mass-market, traditional kopitiam style service cafes selling traditional coffee and tea, along with a range of local delicacies such as Curry Chicken, Laksa, Mee Siam, and Mee Rebus.

The Company, through Hapi Café Inc. ("HCl-T"), commenced operation of two cafés during 2022 and 2021, which are located in Singapore and South Korea.

The cafés are operated by subsidiaries of HCl-T, namely Hapi Café SG Pte. Limited ("HCSG") in Singapore and Hapi Café Korea Inc. ("HCKI") in Seoul, South Korea. Hapi Cafés are distinctive lifestyle café outlets that strive to revolutionize the way individuals dine, work, and live, by providing a conducive environment for everyone to relish the four facets – health and wellness, fitness, productivity, and recreation all under one roof.

In recent months the Company incorporated two new subsidiaries Shenzhen Leyouyou Catering Management Co., Ltd. and Dongguan Leyouyou Catering Management Co., Ltd. in the People's Republic of China. Both companies will be principally engaged in the food and beverage business in Mainland China.

Additionally, through its subsidiary MOC HK Limited, the Company is focusing on operating café business in Hong Kong.

- *Remaining performance obligations*

As of September 30, 2023 and December 31, 2022, there were no remaining performance obligations or continuing involvement, as all service obligations within the other business activities segment have been completed.

Stock-Based Compensation

The Company accounts for stock-based compensation to employees in accordance with ASC 718, "Compensation-Stock Compensation". ASC 718 requires companies to measure the cost of employee services received in exchange for an award of equity instruments, including stock options, based on the grant date fair value of the award and to recognize it as compensation expense over the period the employee is required to provide service in exchange for the award, usually the vesting period. Stock option forfeitures are recognized at the date of employee termination. Effective January 1, 2019, the Company adopted ASU 2018-07 for the accounting of share-based payments granted to non-employees for goods and services. During the three and nine months ended on September 30, 2023 and 2022, the Company recorded \$0 as stock-based compensation expense.

Foreign currency

Functional and reporting currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company are presented in U.S. dollars (the "reporting currency").

The functional and reporting currency of the Company is the United States dollar ("U.S. dollar"). The financial records of the Company's subsidiaries located in Singapore, Hong Kong, Australia and South Korea are maintained in their local currencies, the Singapore Dollar (\$S), Hong Kong Dollar (HK\$), Australian Dollar ("AUD"), South Korean

Transactions in foreign currencies

Transactions in currencies other than the functional currency during the periods are converted into functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the statement of operations.

The majority of the Company's foreign currency transaction gains or losses come from the effects of foreign exchange rate changes on the intercompany loans between Singapore entities and U.S. entities. The Company recorded foreign exchange gain of \$198,817 and \$132,092 during the three months ended on September 30, 2023 and 2022, respectively. The Company recorded foreign exchange gain of \$561,345 and \$2,617,896 during the nine months ended on September 30, 2023 and 2022, respectively. The foreign currency transactional gains and losses are recorded in operations.

Translation of consolidated entities' financial statements

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. The Company's entities with functional currency of S\$, HK\$, AUD, KRW and CN¥, translate their operating results and financial positions into the U.S. dollar, the Company's reporting currency. Assets and liabilities are translated using the exchange rates in effect on the balance sheet date. Revenue, expense, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of comprehensive income (loss).

The Company recorded other comprehensive loss of \$ 1,852,698 from foreign currency translation for the three months ended September 30, 2023 and \$ 434,011 gain for the three months ended September 30, 2022, in accumulated other comprehensive loss. The Company recorded other comprehensive loss of \$2,940,638 from foreign currency translation for the nine months ended September 30, 2023 and \$3,729,724 loss for the nine months ended September 30, 2022, in accumulated other comprehensive loss.

Non-controlling interests

Non-controlling interests represent the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the condensed consolidated statements of operation and comprehensive income, and within equity in the Condensed Consolidated Balance Sheets, separately from equity attributable to owners of the Company.

On September 30, 2023 and December 31, 2022, the aggregate non-controlling interests in the Company were \$ 9,067,764 and \$11,009,149, respectively.

Capitalized Financing Costs

Financing costs, such as loan origination fee, administration fee, interests, and other related financing costs should be capitalized and recorded on the balance sheet, if these financing activities are directly associated with the development of real estate.

Capitalized financing costs are allocated to lots sold based on the total expected development and interest costs of the completed project and allocating a percentage of those costs based on the selling price of the sold lot compared to the expected sales values of all lots in the project. If the allocation of capitalized financing costs based on the projection and relative expected sales value is impracticable, those costs could also be allocated based on an area method, which uses the size of the lots compared to the total project area and allocates costs based on their size.

As of September 30, 2023 and December 31, 2022, the capitalized financing costs were \$ 1,225,739 and \$3,247,739, respectively.

Beneficial Conversion Features

The Company evaluates the conversion feature for whether it was beneficial as described in ASC 470-30. The intrinsic value of a beneficial conversion feature inherent to a convertible note payable, which is not bifurcated and accounted for separately from the convertible note payable and may not be settled in cash upon conversion, is treated as a discount to the convertible note payable. This discount is amortized over the period from the date of issuance to the date the note is due using the effective interest method. If the note payable is retired prior to the end of its contractual term, the unamortized discount is expensed in the period of retirement to interest expense. In general, the beneficial conversion feature is measured by comparing the effective conversion price, after considering the relative fair value of detachable instruments included in the financing transaction, if any, to the fair value of the shares of common stock at the commitment date to be received upon conversion.

Recent Accounting Pronouncements

Accounting pronouncement adopted

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." ASU 2021-08 requires the company acquiring contract assets and contract liabilities obtained in a business combination to recognize and measure them in accordance with ASC 606, "Revenue from Contracts with Customers". At the acquisition date, the company acquiring the business should record related revenue, as if it had originated the contract. Before the update such amounts were recognized by the acquiring company at fair value. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. The Company adopted these requirements prospectively, effective on the first day of the year 2023.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years, and a modified retrospective approach is required, with a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. In November of 2019, the FASB issued ASU 2019-10, which delayed the implementation of ASU 2016-13 to fiscal years beginning after December 15, 2022 for smaller reporting companies. The Company adopted these requirements prospectively, effective on the first day of the year 2023.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of Reference Rate Reform on Financial Reporting*. The amendments in this update provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The Company's line of credit agreement provides procedures for determining a replacement or alternative rate in the event that LIBOR is unavailable. The amendments in this update are effective for all entities as of March 12, 2020 through December 31, 2024. The Company does not believe that ASU 2020-04 will have significant impact on its future consolidated financial statements.

Accounting pronouncement not yet adopted

In August 2020, the FASB issued ASU 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)* which simplifies the accounting for convertible instruments. The guidance removes certain accounting models which separate the embedded conversion features from the host contract for convertible instruments. Either a modified retrospective method of transition or a fully retrospective method of transition is permissible for the adoption of this standard. Update No. 2020-06 is effective for fiscal years beginning after December 15, 2023 for smaller reporting companies, including interim periods within those fiscal years. Early adoption is permitted no earlier than the fiscal year beginning after December 15, 2020. The Company is currently evaluating the impact of ASU 2020-06 on its future consolidated financial statements.

3. CONCENTRATIONS

The Company maintains cash balances at various financial institutions in different countries. These balances are usually secured by the central banks' insurance companies. At times, these balances may exceed the insurance limits. As of September 30, 2023 and December 31, 2022, uninsured cash and restricted cash balances were \$25,166,851 and \$15,723,599, respectively.

For the three months ended September 30, 2023, one customer accounted for approximately 100% of the Company's property development revenue. For the nine months ended September 30, 2023, three customers accounted for approximately 36%, 36%, and 27% of the Company's property development revenue. For the nine months ended September 30, 2022, three customers accounted for approximately 42%, 10%, and 48% of the Company's property development revenue.

4. SEGMENTS

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision-maker is the CEO. The Company operates in and reports four business segments: real estate, digital transformation technology, biohealth, and other business activities. The Company's reportable segments are determined based on the services they perform and the products they sell, not on the geographic area in which they operate. The Company's chief operating decision maker evaluates segment performance based on segment revenue. Costs excluded from segment income (loss) before taxes and reported as "Other" consist of corporate general and administrative activities which are not allocable to the four reportable segments.

The following table summarizes the Company's segment information for the following balance sheet dates presented, and for the nine months ended September 30, 2023 and 2022:

	Real Estate	Digital Transformation Technology	Biohealth Business	Other	Total
Nine Months Ended on September 30, 2023					
Revenue	\$ 20,227,362	\$ 28,094	\$ 12,786	\$ 802,741	\$ 21,070,983
Cost of Sales	(12,755,702)	(9,145)	(21,516)	(222,470)	(13,008,833)
Gross Margin	7,471,660	18,949	(8,730)	580,271	8,062,150
Operating Expenses	(1,418,743)	(327,746)	(638,738)	(4,734,061)	(7,119,288)
Operating Income (Loss)	6,052,917	(308,797)	(647,468)	(4,153,790)	942,862
Other Income (Expense)	58,635	36,855	(223,570)	(27,932,254)	(28,060,334)
Net Income (Loss) Before Income Tax	6,111,552	(271,942)	(871,038)	(32,086,044)	(27,117,472)
	Real Estate	Digital Transformation Technology	Biohealth Business	Other	Total
Nine Months Ended on September 30, 2022					
Revenue	\$ 2,494,707	\$ 14,066	\$ 771,847	\$ 319,862	\$ 3,600,482
Cost of Sales	(1,880,914)	(4,574)	(512,931)	(80,177)	(2,478,596)
Gross Margin	613,793	9,492	258,916	239,685	1,121,886
Operating Expenses	(1,988,323)	(255,764)	(587,051)	(3,669,563)	\$ (6,500,701)
Operating Loss	(1,374,530)	(246,272)	(328,135)	(3,429,878)	(5,378,815)
Other Income (Expense)	26,505	(1,359,913)	(3,535,998)	(20,677,529)	\$ (25,546,935)
Net Loss Before Income Tax	(1,348,025)	(1,606,185)	(3,864,133)	(24,107,407)	(30,925,750)
September 30, 2023					
Cash and Restricted Cash	\$ 2,819,771	\$ 340,891	\$ 779,853	\$ 24,825,105	\$ 28,765,620
Total Assets	61,826,413	10,582,474	3,231,865	81,373,656	157,014,408
December 31, 2022					
Cash and Restricted Cash	\$ 2,592,577	\$ 514,260	\$ 1,338,404	\$ 14,076,662	\$ 18,521,903
Total Assets	57,951,324	3,184,416	4,861,615	87,492,981	153,490,336

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5. REAL ESTATE ASSETS

As of September 30, 2023 and December 31, 2022, real estate assets consisted of the following:

	September 30, 2023	December 31, 2022
Construction in Progress	\$ 5,380,250	\$ 15,506,572
Land Held for Development	3,395,701	7,943,126
Rental Properties, net	31,129,286	31,169,031
Total Real Estate Assets	\$ 39,905,237	\$ 54,618,729

Single family residential properties

As of September 30, 2023 and December 31, 2022, the Company owned 132 Single Family Residential Properties ("SFRs"). The Company's aggregate investment in those SFRs was \$31 million. Depreciation expense was \$259,405 and \$161,182 in the three months ended September 30, 2023 and 2022, respectively. Depreciation expense was \$779,232 and \$474,936 in the nine months ended September 30, 2023 and 2022, respectively. These homes are located in Montgomery and Harris Counties, Texas.

The following table presents the summary of our SRFs as of September 30, 2023:

	Number of Homes	Aggregate investment	Average Investment per Home
SFRs	132	\$ 31,388,691	\$ 237,793

6. BUILDER DEPOSITS

In November 2015, SeD Maryland Development, LLC ("SeD Maryland") entered into lot purchase agreements with NVR, Inc. ("NVR") relating to the sale of single-family home and townhome lots to NVR in the Ballenger Run Project. The purchase agreements were amended three times thereafter. Based on the agreements, NVR was entitled to purchase 479 lots for a price of approximately \$64,000,000, which escalated 3% annually after June 1, 2018.

As part of the agreements, NVR was required to give a deposit in the amount of \$ 5,600,000. Upon the sale of lots to NVR, 9.9% of the purchase price is taken as payback of the deposit. A violation of the agreements by NVR would cause NVR to forfeit the deposit. On January 3, 2019 and April 28, 2020, NVR gave SeD Maryland two more deposits in the amounts of \$100,000 and \$220,000, respectively, based on the 3rd Amendment to the Lot Purchase Agreement. On September 30, 2023 and December 31,

7. NOTES PAYABLE

As of September 30, 2023 and December 31, 2022, notes payable consisted of the following:

	September 30, 2023	December 31, 2022
Motor Vehicle Loans	\$ 159,209	\$ 181,846
Total notes payable	<u>\$ 159,209</u>	<u>\$ 181,846</u>

M&T Bank Loan

On April 17, 2019, SeD Maryland Development LLC entered into a Development Loan Agreement with Manufacturers and Traders Trust Company ("M&T Bank") in the principal amount not to exceed at any one time outstanding the sum of \$8,000,000, with a cumulative loan advance amount of \$18,500,000. The line of credit bears interest rate of LIBOR plus 375 basis points. SeD Maryland Development LLC was also provided with a Letter of Credit ("L/C") Facility in an aggregate amount of up to \$900,000. The L/C commission will be 1.5% per annum on the face amount of the L/C. Other standard lender fees will apply in the event the L/C is drawn down. The loan is a revolving line of credit. The L/C Facility is not a revolving loan, and amounts advanced and repaid may not be re-borrowed. Repayment of the Loan Agreement is secured by \$2,600,000 collateral fund and a Deed of Trust issued to the Lender on the property owned by SeD Maryland. As of September 30, 2023, the outstanding balance of the revolving loan was \$0. As part of the transaction, the Company incurred loan origination fees and closing fees in the amount of \$ 381,823 and capitalized it into construction in process. On March 15, 2022, approximately \$2,300,000 was released from collateral, leaving approximately \$300,000 as collateral for outstanding letters of credit.

Paycheck Protection Program Loan

On February 11, 2021, the Company entered into a five year note with M&T Bank with a principal amount of \$68,502 pursuant to the Paycheck Protection Program ("PPP Term Note") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loan was evidenced by a promissory note. The PPP Term Note had a fixed annual rate of 1.00%, with the first sixteen months of principal and interest deferred until we applied for loan forgiveness. The PPP Term Note was subject to acceleration upon the occurrence of an event of default.

The PPP Term Note was unsecured and guaranteed by the United States Small Business Administration ("SBA"). The Company applied to M&T Bank for forgiveness of the PPP Term Note, with the amount which may be forgiven equal to at least 60% of payroll costs and other eligible payments incurred by the Company, calculated in accordance with the terms of the CARES Act. In April 2022 the Company received confirmation that the PPP Loan was fully forgiven.

The Company may be subject to CARES Act specific lookbacks and audits of the loan forgiveness as part of the SBA's audit process.

Australia Loan

On January 7, 2017, SeD Perth Pty Ltd ("SeD Perth") entered into a loan agreement with National Australian Bank Limited (the "Australia Loan") for the purpose of funding land development. The loan facility provides SeD Perth with access to funding of up to approximately \$460,000 and matures on December 31, 2018. The Australia Loan is secured by both the land under development and a pledged deposit of \$36,059. This loan is denominated in AUD. Personal guarantees amounting to approximately \$ 500,000 have been provided by our CEO, Chan Heng Fai and by Rajen Manicka, the CEO of Holista CollTech and Co-founder of iGalen Inc. The interest rate on the Australia Loan is based on the weighted average interest rates applicable to each of the business markets facility components as defined within the loan agreement, ranging from 4.12% to 4.86% per annum for the nine months ended September 30, 2021. On September 7, 2017 the Australia Loan was amended to reduce the maximum borrowing capacity to approximately \$179,000. During 2020, the terms of the Australia Loan were amended to reflect an extended maturity date of April 30, 2022. This was accounted for as a debt modification. The Company did not pay fees to the National Australian Bank Limited for the modification of the loan agreement. In February 2022, SeD Perth repaid the loan.

Motor Vehicle Loans

On May 17, 2021, Alset International Limited entered into an agreement with Hong Leong Finance Limited to purchase a car for business. The total purchase price of the car, including associated charges, was approximately \$184,596. Alset International paid an initial deposit of \$ 78,640, and would make monthly instalment of approximately \$ 1,300, including interest of 1.88% per annum, for the 84 months.

On September 22, 2022 Alset International entered into an agreement with United Overseas Bank Limited to purchase additional car for business. The total purchase price of the car, including associated charges, was approximately \$182,430. Alset International paid an initial deposit of \$ 66,020 and would make monthly installments of approximately \$1,472, including interest of 1.88% per annum, for the 84 months.

Future minimum principal payments under existing motor vehicle loans at September 30, 2023 in each calendar year through the end of their terms are as follows:

2024	\$ 29,735
2025	29,735
2026	29,735
2027	29,735
2028	24,097
Thereafter	16,172
Total Future Receipts	<u>\$ 159,209</u>

8. RELATED PARTY TRANSACTIONS

Purchase of Shares and Warrants from NECV

On July 17, 2020, the Company purchased 122,039,000 shares, approximately 9.99% ownership, and warrants to purchase 1,220,390,000 shares with an exercise price of \$0.0001 per share, from NECV, for an aggregate purchase price of \$ 122,039. We value the NECV warrants under level 3 category through a Black Scholes option pricing model and the fair value of the NECV warrants were \$860,342 as of July 17, 2020, the purchase date, \$ 430 as of September 30, 2023 and \$ 327,565 as of December 31, 2022. The difference of \$945,769 of fair value of stock and warrants, total \$ 1,067,808 and the purchase price \$122,039, was recorded as additional paid in capital at December 31, 2021, as it was a related party transaction.

Purchase and Sale of Stock in True Partners Capital Holding Limited

On March 12, 2021, the Company purchased 62,122,908 ordinary shares of True Partners Capital Holding Limited for \$ 6,729,629 from a related party. The fair market value of such stock on the acquisition date was \$10,003,689. The difference between the purchase price and the fair market value of \$ 3,274,060 was recorded as an equity transaction on Company's condensed consolidated statement of stockholders' equity at December 31, 2021. Pursuant to a Stock Purchase Agreement from February 2022, the Company sold 62,122,908 shares of True Partner to DSS Inc. (through the transfer of subsidiary and otherwise), for a purchase price of 17,570,948 shares of common stock of DSS. DSS shareholders approved the Stock Purchase Agreement on May 17, 2022 (which is deemed to be the effective date of this transaction). The transaction loss of \$446,104, which is the difference between the fair value of True Partner stock and fair value of DSS stock at the agreement's effective date, was recorded as other expense in the Company's Statement of Operations.

SHRG Shares Dividend Received from DSS

On May 4, 2023, DSS distributed approximately 280 million shares of Sharing Services Global Corporation ("SHRG") beneficially held by DSS and its subsidiaries in the form of a dividend to the shareholders of DSS common stock. As a result of this distribution, the Company directly received 70,426,832 shares of SHRG, and through its majority-owned subsidiary Alset International Limited, and certain subsidiaries of Alset International Limited, indirectly received additional 55,197,696 shares of SHRG. The Company and its majority-owned subsidiaries now collectively own 125,624,528 shares of SHRG, representing 33.4% of the issued and outstanding shares of SHRG Common Stock (such number of SHRG shares held and ownership percentage do not include any shares held by affiliates of the Company which we do not hold a majority interest in). Additionally, our founder, Chairman and Chief Executive Officer, Chan Heng Fai, directly and indirectly is the owner of an additional 37,947,756 shares of SHRG and is a beneficial owner of approximately 43.5% of SHRG shares (including those shares owned by Alset Inc. and its majority-owned subsidiaries).

Consolidation of Alset Capital Acquisition Corp.

On May 1, 2023, Alset Capital Acquisition Corp. ("Alset Capital") held a Special Meeting of Stockholders. In connection with the Special Meeting and certain amendments to Alset Capital's Amended and Restated Certificate of Incorporation, 6,648,964 shares of Alset Capital's Class A Common Stock were rendered for redemption. Following the redemption, 2,449,786 shares of Class A Common Stock of Alset Capital remained issued and outstanding, including 473,750 shares held by the Company. The Company also owns 2,156,250 shares of Alset Capital's Class B Common Stock. Following the redemptions, Company's ownership in Alset Capital has increased from 23.4% of the total shares of common stock to 58.0% of the total number of outstanding shares of the two classes. The Company recognized \$ 21,657,036 loss on the consolidation of Alset Capital. The loss is included in Company's Consolidated Statement of Operations for the three and nine months ended September 30, 2023.

Purchase of Hapi Travel Ltd. Stock

On June 14, 2023, one of the Company's subsidiaries acquired Hapi Travel Ltd. from Business Mobile Intelligence Ltd., a company 100% owed by our CEO and majority stockholder, Chan Heng Fai, for consideration of \$214,993. On November 17, 2021, Chan Heng Fai had acquired Hapi Travel Ltd. (formerly known as Travel Panda Ltd.) from Chan Hei Wai, an individual unaffiliated with the Company.

Notes Payable

Chan Heng Fai provided an interest-free, due on demand advance to SeD Perth Pty. Ltd. for its general operations. As of September 30, 2023 and December 31, 2022, the outstanding balance was \$12,042 and \$12,668, respectively.

Chan Heng Fai provided an interest-free, due on demand advance to Hapi Metaverse Inc. for its general operations. As of September 30, 2023 and December 31, 2022, the outstanding balance was \$4,141 and \$4,158, respectively.

Management Fees

MacKenzie Equity Partners, LLC, an entity affiliated with Charles MacKenzie, the Chief Development Officer of the Company, has a consulting agreement with a majority-owned subsidiary of the Company. Pursuant to an agreement entered into in June of 2022, as supplemented in August, 2023, the Company's subsidiary has paid \$25,000 per month for consulting services. In addition, MacKenzie Equity Partners has been paid certain bonuses, including (i) a sum of \$50,000 in June, 2022; and (ii) a sum of \$50,000 in August 2023. MacKenzie Equity Partners will be entitled to receive an additional bonus of \$50,000 in December, 2023.

The Company incurred expenses of \$ 125,000 and \$275,000 in the three and nine months ended September 30, 2023, respectively, and \$ 75,000 and \$275,000 in the three and nine months ended September 30, 2022, respectively, which were capitalized as part of Real Estate on the balance sheet as the services relate to property and project management. In June 2022 and August, 2023, MacKenzie Equity Partners was paid \$50,000 and \$50,000 bonus payment, respectively. On September 30, 2023 and December 31, 2022, the Company owed this related party \$25,000 and \$25,000, respectively.

Notes Receivable from Related Party

On March 2, 2020 and on October 29, 2021, LiquidValue Asset Management Pte. Ltd. ("LiquidValue") received two \$ 200,000 Promissory Notes and on October 29, 2021 Alset International received \$8,350,000 Promissory Note from American Medical REIT Inc. ("AMRE"), a company which is 15.8% owned by LiquidValue as of September 30, 2022. Chan Heng Fai and Chan Tung Moe are directors of American Medical REIT Inc. The notes carry interest rates of 8% and are payable in two, three years and 25 months, respectively. LiquidValue also received warrants to purchase AMRE shares at the exercise price of \$ 5.00 per share. The amount of the warrants equals to the note principal divided by the exercise price. If AMRE goes to IPO in the future and IPO price is less than \$10.00 per share, the exercise price shall be adjusted downward to fifty percent (50%) of the IPO price. In March 2022 the Company converted two \$ 200,000 loans, together with associated warrants into 167,938 common shares of AMRE, and increased its ownership in AMRE from 3.4% to 15.8%. On July 12, 2022, pursuant to Assignment and Assumption Agreement from February 25, 2022, as amended on July 12, 2022, the Company sold the \$8,350,000 loan, together with accrued interest, to DSS for a purchase price of 21,366,177 shares of DSS's common stock. The loss from this transaction of \$1,089,675 was calculated as the difference between the face value of promissory note together with accrued interest and the fair value of DSS stock on July 12, 2022, and was recorded under Other Expense in Statement of Operations.

As of September 30, 2023 and December 31, 2022, the Company provided advances for operation of \$ 236,699 to HWH World Co., a direct sales company in Thailand of which the Company holds approximately 19% ownership.

In the first quarter of 2022, a subsidiary of the Company made a non-interest bearing advance in the amount of \$ 476,250 on behalf of Alset Investment Pte. Ltd., a company 100% owned by one of our directors. Such advance was made in connection with a private placement into Alset Capital Acquisition Corp. by its sponsor, Alset Acquisition Sponsor, LLC. During 2022, Alset Investment repaid all balance due of \$476,250.

In June 2022, Alset International Limited, a subsidiary of the Company, entered into a stock purchase agreement with one of our directors and paid \$ 1,746,279 to one of our directors as the consideration for purchase of 7,276,163 common shares of Value Exchange International. This transaction was terminated under the agreement of both parties thereafter. On October 17, 2022 the Company purchased 7,276,163 common shares of Value Exchange International for an aggregate purchase price of \$ 1,743,734. After the transaction the Company owns approximately 48.7% of Value Exchange International.

On July 28, 2022 Hapi Café Inc. entered into binding term sheet (the "First Term Sheet") with Ketomei Pte Ltd and Tong Leok Siong Constant, pursuant to which Hapi Café lent Ketomei \$41,750. This loan has a 0% interest rate for the first 60 days and an interest rate of 8% per annum afterwards. On August 4, 2022 the same parties entered into another binding term sheet (the "Second Term Sheet") pursuant to which Hapi Café agreed to lend Ketomei up to \$360,000 Singapore Dollars (equal to approximately \$250,500 US Dollars) pursuant to a convertible loan, with a term of 12 months. After the initial 12 months, the interest on such loan will be 8%. In addition, pursuant to the Second Term Sheet, the July 28, 2022 loan was modified to include conversion rights. In August 2022, Ketomei drew \$29,922 from the loan. As of September 30, 2023 and December 31, 2022, Ketomei owed \$323,482 and \$198,162 to Hapi Café, respectively.

On October 13, 2021 BMI Capital Partners International Limited ("BMI") entered into loan agreement with Liquid Value Asset Management Limited ("LVAML"), a subsidiary of DSS, pursuant to which BMI agreed to lend \$3,000,000 to LVAML. The loan has variable interest rate and matures on January 12, 2023, with automatic three-month extension. The purpose of the loan is to purchase a portfolio of trading securities by LVAM. BMI participates in the losses and gains from portfolio based on the calculations included in the loan agreement. As of September 30, 2023 and December 31, 2022 LVAML owes the Company \$507,404 and \$3,042,811, respectively.

On January 27, 2023, the Company's subsidiary Hapi Metaverse Inc. and New Electric CV Corp. ("NECV," and together with Hapi Metaverse Inc., the "Lenders") entered into a Convertible Credit Agreement (the "Credit Agreement") with Value Exchange International, Inc. ("Value Exchange"), a Nevada corporation. The Credit Agreement provides Value Exchange with a maximum credit line of \$1,500,000 ("Maximum Credit Line") with simple interest accrued on any advances of the money under the Credit Agreement at 8%. The principal amount of any advance of money under the Credit Agreement (each being referred to as an "Advance") is due in a lump sum, balloon payment on the third annual anniversary of the date of the Advance ("Advance Maturity Date"). Accrued and unpaid interest on any Advance is due and payable on a semi-annual basis with interest payments due on the last business day of June and last business day of December of each year. A Lender may demand that any portion or all of the unpaid principal amount of any Advance as well as accrued and unpaid interest thereon may be paid by shares of Value Exchange Common Stock in lieu of cash payment. On September 6, 2023, the Company's subsidiary Hapi Metaverse Inc. converted \$1,300,000 of the principal amount loaned to VEII into 7,344,632 shares of Value Exchange's common stock. Under the terms of the Credit Agreement, the Company's majority-owned subsidiary Hapi Metaverse Inc. received common stock warrants to purchase a maximum of 36,723,160 shares of Value Exchange common stock at an exercise price of \$ 0.1770 per share. Such warrants expire five (5) years from date of their issuance. As of

9. GOODWILL

The Company and its subsidiaries continually evaluate potential acquisitions that align with the Company's plans. Starting an F&B business in Hong Kong, China, and Taiwan can be an excellent opportunity due to the large consumer market, diverse food culture, high demand for international cuisine, favorable business environment, skilled labor force, and opportunities for growth.

On October 4, 2022, the Company completed its first F&B business acquisition of MOC HK Limited, a F&B business started in Hong Kong. The accompanying consolidated financial statements include the operations of the acquired entity from its acquisition date. The acquisition has been accounted for as a business combination. Accordingly, consideration paid by the Company to complete the acquisition is initially allocated to the acquired assets and liabilities assumed based upon their estimated acquisition date fair values. The recorded amounts for assets acquired and liabilities assumed are provisional and subject to change during the measurement period, which is up to 12 months from the acquisition date.

As a result of the acquisition of MOC, goodwill of \$ 60,363 generated in a business combination represents the purchase price of \$ 70,523 in excess of identifiable tangible and intangible assets. Goodwill and intangible assets that have an indefinite useful life are not amortized. Instead, they are reviewed periodically for impairment.

On June 14, 2023, the Company completed its online travel business acquisition of Hapi Travel Limited, an online travel business started in Hong Kong. The accompanying consolidated financial statements include the operations of the acquired entity from its acquisition date. The acquisition has been accounted for as a business combination. Accordingly, consideration paid by the Company to complete the acquisition is initially allocated to the acquired assets and liabilities assumed based upon their estimated acquisition date fair values. The recorded amounts for assets acquired and liabilities assumed are provisional and subject to change during the measurement period, which is up to 12 months from the acquisition date.

As a result of the acquisition of HTL, goodwill of \$ 214,174 generated in a business combination represents the purchase price of \$ 214,993 in excess of identifiable tangible and intangible assets. Goodwill and intangible assets that have an indefinite useful life are not amortized. Instead, they are reviewed periodically for impairment.

The Company evaluates goodwill on an annual basis in the fourth quarter or more frequently if management believes indicators of impairment exist. Such indicators could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If management concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, management conducts a quantitative goodwill impairment test. The impairment test involves comparing the fair value of the applicable reporting unit with its carrying value. The Company estimates the fair values of its reporting units using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The Company's evaluation of goodwill completed during the period resulted in no impairment losses.

The table below reflects the Company's estimates of the acquisition date fair value of the assets acquired and liabilities assumed for the 2022 and 2023 acquisition:

Acquisition Date	MOC October 4, 2022	HTL June 14, 2023
Purchase Price		
Cash	\$ 70,523	\$ 214,993
Total purchase consideration	70,523	214,993
Purchase Price Allocation		
<i>Assets acquired</i>		
Current assets	32,700	15,098
Property and Equipment, net	11,266	1,485
Operating lease right-of-use assets, net	114,232	16,516
Total assets acquired	158,198	33,099
<i>Liabilities assumed:</i>		
Current liabilities	(33,437)	(20,885)
Operating lease liability	(114,232)	(11,395)
Accrued taxes	(349)	-
Total liabilities assumed	(148,018)	(32,280)
Net assets acquired	10,180	819
Goodwill	60,343	214,174
Total purchase consideration	\$ 70,523	\$ 214,993

The following table summarizes changes in the carrying amount of goodwill at September 30, 2023 and December 31, 2022

	September 30, 2023	December 31, 2022
Balance at beginning of the period/year	\$ 60,343	\$ -
Acquisitions	214,174	60,343
Foreign currency exchange adjustment	(72)	
Balance as of end of the period/year	\$ 274,445	\$ 60,343

10. EQUITY

On June 14, 2021, the Company filed an amendment (the "Amendment") to its Third Amended and Restated Certificate of Incorporation, as amended, to increase the Company's authorized share capital. The Amendment increased the Company's authorized share capital to 250,000,000 common shares and 25,000,000 preferred shares, from 20,000,000 common shares and 5,000,000 preferred shares, respectively.

The Company has designated 6,380 preferred shares as Series A Preferred Stock and 2,132 as Series B Preferred Stock.

On December 6, 2022 the Company filed a certificate of Amendment to the Company's Certificate of Formation with the Texas Secretary of State to effect a 1-for-20 reverse stock split. The reverse stock split was effective as of December 28, 2022.

Holders of the Series A Preferred Stock shall be entitled to receive dividends equal, on an as-if-converted basis, to and in the same form as dividends actually paid on shares of the Company's common stock, par value \$0.001 per share ("Common Stock") when, as and if paid on shares of Common Stock. Each holder of outstanding Series A Preferred Stock is entitled to vote equal to the number of whole shares of Common Stock into which each share of the Series A Preferred Stock is convertible. Holders of Series A Preferred Stock are entitled, upon liquidation of the Company, to receive the same amount that a holder of Series A Preferred Stock would receive if the Series A Preferred Stock were fully converted into Common Stock.

Holders of the Series B Preferred Stock shall be entitled to receive dividends equal, on an as-if-converted basis, to and in the same form as dividends actually paid on shares of the Company's common stock par value \$0.001 per share ("Common Stock") when, as and if paid on shares of Common Stock. Each holder of outstanding Series B Preferred Stock is entitled to vote equal to the number of whole shares of Common Stock into which each share of the Series B Preferred Stock is convertible. Holders of Series B Preferred Stock are entitled, upon liquidation of the Company, to receive the same amount that a holder of Series B Preferred Stock would receive if the Series B Preferred Stock were fully converted into Common Stock.

The Company analyzed the Preferred stock and the embedded conversion option for derivative accounting consideration under ASC 815-15 "Derivatives and Hedging" and determined that the conversion option should be classified as equity.

On February 6, 2023, the Company entered into an Underwriting Agreement (the "Underwriting Agreement") in connection with an offering (the "Offering") of its common stock, par value \$0.001 per share (the "Common Stock"), with Aegis Capital Corp. (the "Underwriter") as the underwriter, relating to an underwritten public offering of 1,727,273 shares of Common Stock at a public offering price of \$ 2.20 per share. The Underwriting Agreement provides the Underwriter a 45-day option to purchase up to an additional 212,863 shares of Common Stock to cover over-allotments, if any.

The net proceeds to the Company from the Offering were approximately \$ 3.4 million, after deducting underwriting discounts and the payment of other offering expenses associated with the Offering that are payable by the Company.

The Offering closed on February 8, 2023. The Common Stock was being offered pursuant to an effective registration statement on Form S-3 (File No. 333-264234), as well as a prospectus supplement in connection with the Offering filed with the Securities and Exchange Commission.

On September 30, 2023, there were 9,235,119 common shares issued and outstanding.

The following table summarizes the warrant activity for the nine months ended September 30, 2023.

	Warrant for Common Shares	Weighted Average Exercise Price	Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Warrants Outstanding as of December 31, 2022	634,488	\$ 80.32	3.23	\$ -
Warrants Vested and exercisable at December 31, 2022	634,488	\$ 80.32	3.23	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited, cancelled, expired	26,038	53.00	-	-
Warrants Outstanding as of September 30, 2023	608,451	\$ 115.14	2.60	\$ -
Warrants Vested and exercisable at September 30, 2023	608,451	\$ 115.14	2.60	\$ -

Changes of Ownership of Alset International

In the year ended December 31, 2022 the Company purchased 6,670,200 shares of Alset International from the market.

On January 17, 2022 the Company entered into a securities purchase agreement with Chan Heng Fai, pursuant to which the Company agreed to purchase from Chan Heng Fai 293,428,200 ordinary shares of Alset International for a purchase price of 29,468,977 newly issued shares of the Company's common stock. On February 28, 2022, the Company and Chan Heng Fai entered into an amendment to this securities purchase agreement pursuant to which the Company shall purchase these 293,428,200 ordinary shares of Alset International for a purchase price of 35,319,290 newly issued shares of the Company's common stock. The closing of this transaction with Chan Heng Fai was subject to approval of the Nasdaq and the Company's stockholders. These 293,428,200 ordinary shares of Alset International represent approximately 8.4% of the 3,492,713,362 total issued and outstanding shares of Alset International. The Company had a Special Meeting of Stockholders to vote on the approval of this transaction on June 6, 2022.

Due to these transactions the Company's ownership of Alset International changed from 76.8% as of December 31, 2021 to 85.4% as of September 30, 2023 and December 31, 2022.

Promissory Note Converted into Shares

On December 13, 2021 the Company entered into a Securities Purchase Agreement with Chan Heng Fai for the issuance and sale of a convertible promissory note in favor of Chan Heng Fai, in the principal amount of \$6,250,000. The note bears interest of 3% per annum and was due on the earlier of December 31, 2024 or when declared due and payable by Chan Heng Fai. The note could be converted in part or whole into common shares of the Company at the conversion price of \$0.625 or into cash. The loan closed on January 26, 2022 after all closing conditions were met. Chan Heng Fai opted to convert all of the amount of such note into 10,000,000 shares of the Company's common stock, which shares were issued on January 27, 2022.

Registration Statement on Form S-3

On April 11, 2022 the Company filed a Registration Statement on Form S-3 using a "shelf" registration or continuous offering process. Under this shelf registration process, the Company may, from time to time, sell any combination of the securities (common stock, preferred stock, warrants, rights, units) described in the filed prospectus in one or more offerings up to a total aggregate offering price of \$75,000,000.

Class A Common Stock of Alset Capital Acquisition Corp. Subject to Possible Redemption

The Company accounts for its, and its subsidiaries' common stock subject to possible redemption in accordance with the guidance enumerated in ASC 480 " *Distinguishing Liabilities from Equity*". Common stock subject to possible redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable common stock (including shares of common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, shares of common stock are classified as stockholders' equity. The Company's Class A common stock features certain redemption rights that are considered by the Company to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at September 30, 2023, the Class A common stock of Alset Capital Acquisition Corp. subject to possible redemption in the amount of \$20,382,965, are presented as temporary equity, outside of the stockholders' equity section of the Company's balance sheets.

On May 1, 2023, after the redemptions (for further details on this transaction refer to Note 8. – Related Party Transactions, Consolidation of Alset Capital Acquisition Corp.), the Company consolidated Alset Capital. As of September 30, 2023, non-controlling interest of \$(844,994) was recorded as temporary equity, since these non-controlling interests are considered redeemable noncontrolling interests in accordance with ASC 810-10 and ASC 480-10-S99-3A.

11. LEASE INCOME

The Company generally rents its SFRs under lease agreements with a term of one or two years. Future minimum rental revenue under existing leases on our properties at September 30, 2023 in each calendar year through the end of their terms are as follows:

Total Future Receipts	\$ 1,606,810
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Property Management Agreements

The Company has entered into property management agreement with the property managers under which the property managers generally oversee and direct the leasing, management and advertising of the properties in our portfolio, including collecting rents and acting as liaison with the tenants. The Company pays its property managers a monthly property management fee for each property unit and a leasing fee. For the three months ended September 30, 2023 and 2022, property management fees incurred by the property managers were \$35,370 and \$28,890, respectively. For the nine months ended September 30, 2023 and 2022, property management fees incurred by the property managers were \$101,970 and \$60,390, respectively. For the three months ended September 30, 2023 and 2022, leasing fees incurred by the property managers were \$29,360 and \$36,420, respectively. For the nine months ended September 30, 2023 and 2022, leasing fees incurred by the property managers were \$ 96,115 and \$149,625, respectively.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

Following is a summary of the changes in the balances of accumulated other comprehensive income, net of tax:

	Unrealized Gains and Losses on Security Investment	Foreign Currency Translations	Change in Minority Interest	Total
Balance at January 1, 2023	\$ (54,921)	\$ 121,272	\$ 3,769,712	\$ 3,836,063
Other Comprehensive Income	-	936,265	-	936,265
Balance at March 31, 2023	\$ (54,921)	\$ 1,057,537	\$ 3,769,712	\$ 4,772,328
Other Comprehensive Loss	-	(1,849,049)	-	(1,849,049)
Balance at June 30, 2023	\$ (54,921)	\$ (791,512)	\$ 3,769,712	\$ 2,923,279
Other Comprehensive Loss	-	(1,583,130)	11,386	(1,571,744)
Balance at September 30, 2023	\$ (54,921)	\$ (2,374,642)	\$ 3,781,098	\$ 1,351,535
	Unrealized Gains and Losses on Security Investment	Foreign Currency Translations	Change in Minority Interest	Total
Balance at January 1, 2022	\$ (90,031)	\$ (367,895)	\$ 799,572	\$ 341,646
Other Comprehensive Income	(7,027)	(499,967)	459,069	(47,925)
Balance at March 31, 2022	\$ (97,058)	\$ (867,862)	\$ 1,258,641	\$ 293,721
Other Comprehensive Income	(505)	(3,002,167)	3,266,996	264,324
Balance at June 30, 2022	\$ (97,563)	\$ (3,870,029)	\$ 4,525,637	\$ 558,045
Other Comprehensive Income	42,642	370,778	(486,134)	(72,714)
Balance at September 30, 2022	\$ (54,921)	\$ (3,499,251)	\$ 4,039,503	\$ 485,331

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13. INVESTMENTS MEASURED AT FAIR VALUE

Financial assets measured at fair value on a recurring basis are summarized below and disclosed on the condensed consolidated balance sheet as of September 30, 2023 and December 31, 2022:

	Fair Value Measurement Using			Amount at Fair Value	
	Level 1	Level 2	Level 3		
September 30, 2023					
Assets					
Investment Securities- Fair Value	\$ 270,253	\$ -	\$ -	\$ 270,253	
Investment Securities- Fair Value - Related Party	15,594,980	-	-	15,594,980	
Investment Securities- Trading	1,711,616	-	-	1,711,616	
Convertible Note Receivable	-	-	88,599	88,599	
Warrants - New Electric CV Corp.	-	-	430	430	
Warrants - VEII	-	-	6,449,100	6,449,100	
Total Investment in securities at Fair Value	\$ 17,576,849	\$ -	\$ 6,538,129	\$ 24,114,978	
December 31, 2022					
Assets					
Investment Securities- Fair Value	\$ 884,432	\$ -	\$ -	\$ 884,432	
Investment Securities- Fair Value - Related Party	12,865,525	-	-	12,865,525	
Investment Securities- Trading	5,315,204	-	-	5,315,204	
Convertible Note Receivable	-	-	88,599	88,599	
Warrants - New Electric CV Corp.	-	-	327,565	327,565	
Total Investment in securities at Fair Value	\$ 19,065,161	\$ -	\$ 416,164	\$ 19,481,325	

Realized loss on investment securities for the nine months ended September 30, 2023 was \$ 11,291,166 and realized loss on investment securities for the nine months ended September 30, 2022 was \$6,500,573. Unrealized loss on securities investment was \$6,910,205 and \$21,773,223 in the nine months ended September 30, 2023 and 2022, respectively. These gains and losses were recorded directly to net loss. The change in fair value of the convertible note receivable in the nine months ended September 30, 2023 and 2022 was \$0 and \$40,201, respectively, and was recorded in condensed consolidated statements of stockholders' equity.

For U.S. trading stocks, we use Bloomberg Market stock prices as the share prices to calculate fair value. For overseas stock, we use the stock price from the local stock exchange to calculate fair value. The following chart shows details of the fair value of equity security investment at September 30, 2023 and December 31, 2022, respectively.

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	Share price 9/30/2023	Shares	Market Value 9/30/2023	Valuation
DSS (Related Party)	\$ 0.180	62,812,264	\$ 11,306,208	Investment in Securities at Fair Value
AMBS	\$ 0.001	20,000,000	\$ 16,000	Investment in Securities at Fair Value
Holista	\$ 0.006	39,376,205	\$ 254,253	Investment in Securities at Fair Value
New Electric CV (Related Party)	\$ 0.000	354,039,000	\$ 0	Investment in Securities at Fair Value
Value Exchange (Related Party)	\$ 0.176	21,179,275	\$ 3,736,024	Investment in Securities at Fair Value
Sharing Services (Related Party)	\$ 0.004	125,624,528	\$ 552,748	Investment in Securities at Fair Value
Trading Stocks			\$ 1,711,615	Investment in Securities at Fair Value
		Total Level 1 Equity Securities	\$ 17,576,849	
Nervotec	N/A	1,666	\$ 36,633	Investment in Securities at Cost
HWH World Co.	N/A	3,800	\$ 42,562	Investment in Securities at Cost
UBeauty	N/A	3,600	\$ 19,609	Investment in Securities at Cost
		Total Equity Securities	\$ 17,675,653	
	Share price 12/31/2022	Shares	Market Value 12/31/2022	Valuation
DSS (Related Party)	\$ 0.164	62,812,264	\$ 10,301,211	Investment in Securities at Fair Value
AMBS (Related Party)	\$ 0.002	20,000,000	\$ 34,000	Investment in Securities at Fair Value
Holista (Related Party)	\$ 0.020	42,999,621	\$ 850,432	Investment in Securities at Fair Value
New Electric CV (Related Party)	\$ 0.001	354,039,000	\$ 212,423	Investment in Securities at Fair Value
Value Exchange (Related Party)	\$ 0.170	13,834,643	\$ 2,351,889	Investment in Securities at Fair Value
Trading Stocks			\$ 5,315,204	Investment in Securities at Fair Value
		Total Level 1 Equity Securities	\$ 19,065,161	
Nervotec	N/A	1,666	\$ 35,958	Investment in Securities at Cost
HWH World Co.	N/A	3,800	\$ 42,562	Investment in Securities at Cost
UBeauty	N/A	3,600	\$ 19,609	Investment in Securities at Cost
		Total Equity Securities	\$ 19,163,290	

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Sharing Services Convertible Note

The fair value of the Sharing Services Convertible Note under level 3 category was calculated using a Black-Scholes valuation model.

We assumed dividend yield rate of 0.00% in Sharing Services. The volatility was based on the historical volatility of the Sharing Services' common stock. Risk-free interest rates were obtained from U.S. Treasury rates for the applicable periods.

The Sharing Services Convertible Note was redeemed in July 2022.

Changes in the observable input values would likely cause material changes in the fair value of the Company's Level 3 financial instruments. A significant increase (decrease) in this likelihood would result in a higher (lower) fair value measurement.

The table below provides a summary of the changes in fair value which are recorded as other comprehensive income (loss), including net transfers in and/or out of all financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three and nine months ended September 30, 2023 and 2022:

	Total
Balance at January 1, 2023	\$ 327,565
Total gains	\$ 62,348
Balance at March 31, 2023	\$ 389,913
Total losses	(342,798)

Balance at June 30, 2023	\$ 47,115
Acquisition of VEII warrants	6,488,457
Total gains	2,557
Balance at September 30, 2023	\$ 6,538,129
	Total
Balance at January 1, 2022	\$ 1,108,252
Total losses	(203,463)
Balance at March 31, 2022	\$ 904,789
Total losses	(591)
Balance at June 30, 2022	\$ 904,198
Total losses	49,915
Balance at September 30, 2022	\$ 954,113

Vector Com Convertible Bond

On February 26, 2021, the Company invested approximately \$88,599 in the convertible bond of Vector Com Co., Ltd ("Vector Com"), a private company in South Korea. The interest rate is 2% per annum and maturity is two years. The conversion price is approximately \$21.26, per common share of Vector Com. As of September 30, 2023, the management estimated that the fair value of this note remained unchanged from its initial purchase price.

Warrants

AMRE

On March 2, 2020 and October 29, 2021, the Company received warrants to purchase shares of AMRE, a related party private company, in conjunction with the Company lending two \$200,000 promissory notes. For further details on this transaction, refer to Note 8 - Related Party Transactions, *Note Receivable from a Related Party Company*. As of September 30, 2022 and December 31, 2021, AMRE was a private company. Based the management's analysis, the fair value of the warrants was \$0 as of December 31, 2021. All warrants were converted into common shares in March 2022.

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NECV

On July 17, 2020, the Company purchased 122,039,000 shares, approximately 9.99% ownership, and 1,220,390,000 warrants with an exercise price of \$0.0001 per share, from NECV, for an aggregated purchase price of \$122,039. During 2021, the Company exercised 232,000,000 of the warrants to purchase 232,000,000 shares of NECV for the total consideration of \$232,000, leaving the balance of outstanding warrants of 988,390,000 at December 31, 2021 and 2022. The Company did not exercise any warrants during nine months ended September 30, 2023. We value NECV warrants under level 3 category through a Black Scholes option pricing model and the fair value of the warrants from NECV was \$430 as of September 30, 2023 and \$ 327,565 as of December 31, 2022.

The fair value of the NECV warrants under level 3 category as of September 30, 2023 and December 31, 2022 was calculated using a Black-Scholes valuation model valued with the following weighted average assumptions:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Stock Price	\$ 0.0001	\$ 0.0006
Exercise price	0.001	0.001
Risk free interest rate	4.62%	3.95%
Annualized volatility	869.4%	186.1%
Dividend Yield	0.00	0.00
Year to maturity	6.82	7.56

VEII

On September 6, 2023, the Company received warrants to purchase shares of VEII, a related party listed company. For further details on this transaction, refer to Note 8 - Related Party Transactions, *Note Receivable from a Related Party Company*. As of September 30, 2023, the fair value of the warrants was \$ 6,449,100. The Company did not exercise any warrants during nine months ended September 30, 2023. The Company values VEII warrants under level 3 category through a Black Scholes option pricing model.

The fair value of the VEII warrants under level 3 category as of September 6, 2023, and September 30, 2023 was calculated using a Black-Scholes valuation model valued with the following weighted average assumptions:

	<u>September 30, 2023</u>	<u>September 6, 2023</u>
Stock price	\$ 0.1756	\$ 0.1770
Exercise price	0.1770	0.1770
Risk free interest rate	8.50%	8.50%
Annualized volatility	270.02%	273.79%
Dividend Yield	\$ 0.00	\$ 0.00
Year to maturity	4.94	5.00

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14. COMMITMENTS AND CONTINGENCIES

Lots Sales Agreement

On November 23, 2015, SeD Maryland Development LLC completed the \$ 15,700,000 acquisition of Ballenger Run, a 197-acre land sub-division development located in Frederick County, Maryland. Previously, on May 28, 2014, the RBG Family, LLC entered into a \$ 15,000,000 assignable real estate sales contract with NVR, by which RBG Family, LLC would facilitate the sale of the 197 acres of Ballenger Run to NVR. On December 10, 2014, NVR assigned this contract to SeD Maryland Development, LLC through execution of an assignment and assumption agreement and entered into a series of lot purchase agreements by which NVR would purchase 443 subdivided residential lots from SeD Maryland Development, LLC. On December 31, 2018, SeD Maryland entered into the Third Amendment to the Lot Purchase Agreement for Ballenger Run with NVR. Pursuant to the Third Amendment, SeD Maryland will convert the 5.9 acre CCRC parcel to 36 lots (the 28 feet wide villa lot) and sell to NVR. SeD Maryland pursued the required zoning approval to change the number of such lots from 85 to 121, which was approved in July 2019. Subsequently, SeD Maryland Development signed Fourth Amendment to the Lot Purchase Agreement, pursuant to which NVR agreed to purchase all of the new 121 lots.

During the three months ended on September 30, 2023 and 2022, NVR purchased 0 lots. During the nine months ended on September 30, 2023 and 2022, NVR purchased 0 and 3 lots, respectively. Through September 30, 2023 and December 31, 2022, NVR had purchased a total of 479 lots.

Certain arrangements for the sale of buildable lots to NVR require the Company to credit NVR with an amount equal to one year of the FFB assessment. Under ASC 606, the credits to NVR are not in exchange for a distinct good or service and accordingly, the amount of the credit was recognized as the reduction of revenue. As of September 30,

2023 and December 31, 2022, the accrued balance due to NVR was \$189,475.

Leases

The Company leases offices in Bethesda, Maryland, Magnolia, Texas, Singapore, Hong Kong, South Korea and China through leased spaces aggregating approximately 30,000 square feet, under leases expiring on various dates from November 2023 to March 2027. The leases have rental rates ranging from \$ 1,401 to \$23,020 per month. Our total rent expense under these office leases was \$274,980 and \$179,094 in the three months ended September 30, 2023 and 2022, respectively. Our total rent expense under these office leases was \$800,762 and \$492,034 in the nine months ended September 30, 2023 and 2022, respectively. Total cash paid for operating leases was \$846,983 and \$618,114 for the nine months ended September 30, 2023 and 2022, respectively. The following table outlines the details of lease terms:

Office Location	Lease Term as of December 31, 2021
Singapore - AI	June 2023 to May 2026
Singapore - F&B	October 2021 to October 2024
Singapore - Four Seasons Park	July 2022 to July 2024
Singapore - Hapi Cafe	July 2022 to June 2024
Singapore - PLQ	December 2022 to July 2024
Hong Kong - Office	October 2022 to October 2024
Hong Kong - Warehouse	November 2022 to October 2024
Hong Kong - Shop	October 2022 to September 2024
Hong Kong - Hapi Travel	September 2023 to August 2025
South Korea - Hapi Cafe	August 2022 to August 2025
South Korea - HWH World	August 2022 to July 2025
Magnolia, Texas	May 2022 – January 2023
Bethesda, Maryland	January 2021 to March 2024
China - Cafe	December 2022 - November 2023
China - Office	March 2023 – March 2027

The Company adopted ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02") to recognize a right-of-use asset and a lease liability for all the leases with terms greater than twelve months. We elected the practical expedient to not recognize operating lease right-of-use assets and operating lease liabilities for lease agreements with terms of 12 months or less. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As our leases do not provide a readily determinable implicit rates, we estimate our incremental borrowing rates to discount the lease payments based on information available at lease commencement. Our incremental borrowings rates are at a range from 0.35% to 3.9% in 2023 and 2022, which were used as the discount rates. The Company's weighted-average remaining lease term relating to its operating leases is 1.93 years. The balances of operating lease right-of-use assets and operating lease liabilities as of September 30, 2023 were \$1,695,055 and \$1,725,243 respectively. The balances of operating lease right-of-use assets and operating lease liabilities as of December 31, 2022 were \$1,614,159 and \$1,628,039, respectively.

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The table below summarizes future payments due under these leases as of September 30, 2023.

For the Years Ended September 30:

2024	\$ 1,047,474
2025	529,156
2026	147,129
2027	18,396
Total Minimum Lease Payments	\$ 1,742,155
Less: Effect of Discounting	(16,912)
Present Value of Future Minimum Lease Payments	1,725,243
Less: Current Obligations under Leases	(207,301)
Long-term Lease Obligations	\$ 1,517,942

Agreement to Sell 189 Lots

On March 17, 2023, 150 CCM Black Oak (the "Seller") entered into a Contract of Sale (the "Contract of Sale") with Davidson Homes, LLC, an Alabama limited liability company ("Davidson Homes"). Pursuant to the terms of the Contract of Sale, the Seller has agreed to sell approximately 189 single-family detached residential lots comprising an additional section of the Lakes at Black Oak. The price of the lots and certain community enhancement fees the Seller will be entitled to receive are anticipated to equal an aggregate of \$10,022,500.

The closing of the transactions described in the Contract of Sale depends on the satisfaction of certain conditions set forth therein. There can be no assurance that such closings will be completed on the terms outlined herein or at all. Davidson Homes has agreed to purchase the lots in stages, comprising an initial closing of 94 lots, the remaining lots to be purchased on or before December 29, 2023. Commencing on March 17, 2023, Davidson Homes had a thirty (30) day inspection period in which to inspect the properties and determine their suitability; during such inspection period, Davidson Homes was entitled to decline to proceed with the closing of these transactions. Davidson Homes did not exercise its right to decline, and pursuant to the Contract of Sale, has made an additional deposit in escrow. Through the date hereof, Davidson Homes has deposited \$1,425,000 in escrow. On May 30, 2023 the sale of 94 lots closed and the Company received approximately \$ 5 million.

The Seller shall be required to complete certain improvements at the property at the Seller's cost prior to the closing of the remaining lots.

Security Deposits

Our rental-home lease agreements require tenants to provide a one-month security deposits. The property management company collects all security deposits and maintains them in a trust account. The Company also has obligation to refund these deposits to the renters at the time of lease termination. As of September 30, 2023 and December 31, 2022, the security deposits held in the trust account were \$294,255 and \$271,480, respectively.

15. DIRECTORS AND EMPLOYEES' BENEFITS

AEI Stock Option plans

Under our 2018 Incentive Compensation Plan (the "Plan"), adopted by our board of directors and holders of a majority of our outstanding shares of common stock in September 2018, 25,000 shares of common stock (subject to certain adjustments) were reserved for issuance upon exercise of stock options and grants of other equity awards. No options or other equity awards have been granted under the Plan. The reservation of shares under the Incentive Compensation Plan was cancelled in May 2021.

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Alset International Stock Option plans

On November 20, 2013, Alset International approved a Stock Option Plan (the "2013 Plan"). Employees, executive directors, and non-executive directors (including the independent directors) are eligible to participate in the 2013 Plan.

The following tables summarize stock option activity under the 2013 Plan for the nine months ended September 30, 2023:

	<u>Options for Common Shares</u>	<u>Exercise Price</u>	<u>Remaining Contractual Term (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding as of January 1, 2022	1,061,333	\$ 0.09	2.00	\$ -
Vested and exercisable at January 1, 2022	1,061,333	\$ 0.09	2.00	\$ -
Granted	-	-		
Exercised	-	-		
Forfeited, cancelled, expired	-	-		
Outstanding as of December 31, 2022	1,061,333	\$ 0.09	1.00	\$ -
Vested and exercisable at December 31, 2022	1,061,333	\$ 0.09	1.00	\$ -
Granted	-	-		
Exercised	-	-		
Forfeited, cancelled, expired	-	-		
Outstanding as of September 30, 2023	1,061,333	\$ 0.09	0.25	\$ -
Vested and exercisable at September 30, 2023	1,061,333	\$ 0.09	0.25	\$ -

16. SUBSEQUENT EVENTS

On September 28, 2023, Alset International Limited, a subsidiary of the Company, finalized a Loan Agreement and Promissory Note with Value Exchange International, Inc. ("VEII"), extending an unsecured loan of \$500,000. The principal bears simple interest at a rate of Eight Percent (8%) per annum. As of September 30, 2023, the loan had not yet been disbursed to VEII. On October 3, 2023, \$500,000 of the loan amount was transferred to VEII.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may", "will", "expect", "believe", "anticipate", "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control. These factors include but are not limited to economic conditions generally and in the industries in which we may participate, competition within our chosen industry, including competition from much larger competitors, technological advances and failure to successfully develop business relationships.

Business Overview

We are a diversified holding company principally engaged through our subsidiaries in the development of EHome communities and other real estate, financial services, digital transformation technologies, biohealth activities and consumer products with operations in the United States, Singapore, Hong Kong, Australia and South Korea. We manage a significant portion of our businesses through our 85.4% owned subsidiary, Alset International Limited, a public company traded on the Singapore Stock Exchange. Through this subsidiary (and indirectly, through other public and private U.S. and Asian subsidiaries), we are actively developing real estate projects near Houston, Texas and in Frederick, Maryland, in our real estate segment. In our digital transformation technology segment, we focus on serving business-to-business (B2B) needs in e-commerce, collaboration and social networking functions. Our biohealth segment includes the sale of consumer products.

We also have ownership interests outside of Alset International, including a 36.9% equity interest in American Pacific Bancorp Inc., an indirect 14.1% equity interest in Holista CollTech Limited, a 44.8% equity interest in DSS Inc. ("DSS"), a 48.7% equity interest in Value Exchange International, Inc., a 0.5% equity interest in New Electric CV Corporation ("NECV" formerly known as "American Premium Mining Corporation" or "APM," and earlier known as "American Premium Water Corp."), and 33.4% equity interest in Sharing Services Global Corp. ("SHRG"). American Pacific Bancorp Inc. is a financial network holding company. Holista CollTech Limited is a public Australian company that produces natural food ingredients (ASX: HCT). DSS is a multinational company operating businesses within nine divisions: product packaging, biotechnology, consumer marketing, commercial lending, securities and investment management, alternative trading, secure living, and alternative energy. DSS Inc. is listed on the NYSE American (NYSE: DSS). Value Exchange International, Inc. is a provider of information technology services for businesses, and is traded on the OTCQB (OTCQB: VEII). NECV is a publicly traded consumer products company (OTCPK: HIPH). SHRG markets and distributes health and wellness products, as well as member-based travel services, using a direct selling business model. SHRG is traded on the OTCQB (OTCQB: SHRG).

We generally acquire majority and/or control stakes in innovative and promising businesses that are expected to appreciate in value over time. Our emphasis is on building businesses in industries where our management team has in-depth knowledge and experience, or where our management can provide value by advising on new markets and expansion. We have at times provided a range of global capital and management services to these companies in order to gain access to Asian markets. We have historically favored businesses that improve an individual's quality of life or that improve the efficiency of businesses through technology in various industries. We believe our capital and management services provide us with a competitive advantage in the selection of strategic acquisitions, which creates and adds value for our company and our stockholders.

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Recent Developments

Alset Capital Acquisition Corp.

On February 3, 2022 Alset Capital Acquisition Corp. ("Alset Capital"), a special purpose acquisition company sponsored by the Company and certain affiliates, closed its initial public offering of 7,500,000 units at \$10 per unit. Each unit consisted of one of Alset Capital's shares of Class A common stock, one-half of one redeemable warrant and one right to receive one-tenth of one share of Class A common stock upon the consummation of an initial business combination. Each whole warrant entitles the holder thereof to purchase one share of Class A common stock at a price of \$11.50 per share. Only whole warrants are exercisable. The underwriters exercised their over-allotment option in full for an additional 1,125,000 units on February 1, 2022, which closed at the time of the closing of the Offering. As a result, the aggregate gross proceeds of this offering, including the over-allotment, were \$86,250,000, prior to deducting underwriting discounts, commissions, and other offering expenses.

On February 3, 2022, simultaneously with the consummation of Alset Capital's initial public offering, Alset Capital consummated the private placement of 473,750 units (the "Private Placement Units") to the Sponsor, which amount includes 33,750 Private Placement Units purchased by the Sponsor in connection with the underwriters' exercise of the over-allotment option in full, at a price of \$10.00 per Private Placement Unit, generating gross proceeds of approximately \$4.7 million (the "Private Placement") the proceeds of which were placed in the trust account. No underwriting discounts or commissions were paid with respect to the Private Placement. The Private Placement Units are identical to the units sold in the initial public offering, except that (a) the Private Placement Units and their component securities will not be transferable, assignable or saleable until 30 days after the consummation of Alset Capital's initial business combination except to permitted transferees and (b) the warrants and rights included as a component of the Private Placement Units, so long as they are held by the Sponsor or its permitted transferees, will be entitled to registration rights, respectively.

The Company and its majority-owned subsidiary Alset International together own the sole member of Alset Acquisition Sponsor, LLC, the sponsor of Alset Capital.

On September 9, 2022, Alset Capital entered into an agreement and plan of merger (the "Merger Agreement") by and among Alset Capital, HWH International Inc., a Nevada corporation ("HWH") and HWH Merger Sub Inc., a Nevada corporation and a wholly owned subsidiary of Alset Capital ("Merger Sub"). Pursuant to the Merger Agreement, a business combination between Alset Capital and HWH will be effected through the merger of Merger Sub with and into HWH, with HWH surviving the merger as a wholly owned subsidiary of Alset Capital (the "Merger"). HWH is an indirect subsidiary of the Company through its subsidiary Alset International Limited.

Following a Special Meeting of Stockholders held on May 1, 2023 (the "Alset Capital Special Meeting"), Alset Capital filed an amendment to its Amended and Restated Certificate of Incorporation with the Delaware Secretary of State on May 2, 2023, to (i) revise Alset Capital's right to extend the date by which it has to consummate a business combination; and (ii) expand the methods that it may employ to not become subject to the "penny stock" rules of the Securities and Exchange Commission.

In connection with the Alset Capital Special Meeting, 6,648,964 shares of the Class A Common Stock of Alset Capital were tendered for redemption. Following this

redemption, 2,449,786 shares of the Class A Common Stock of Alset Capital remained issued and outstanding, including 473,750 shares held by Alset Acquisition Sponsor, LLC and 1,976,036 public shares. Alset Acquisition Sponsor, LLC owns 2,156,250 shares of Class B Common Stock.

On August 1, 2023, Alset Capital held a Special Meeting of Stockholders. In connection with this Special Meeting, Alset Capital's business combination with HWH International Inc. was approved by its stockholders and certain amendments to Alset Capital's Amended and Restated Certification of Incorporation were also approved. Alset Capital is working to close the business combination, subject to the completion of certain closing conditions.

On November 2, 2023, Alset Capital held an additional Special Meeting of Stockholders. The stockholders of Alset Capital extended the date before which the Company must complete a business combination from November 3, 2023, to February 3, 2024.

Purchase of Rental Business from Majority-Owned Subsidiary

On December 9, 2022, Alset Inc. entered into an agreement with Alset EHome Inc. and Alset International Limited pursuant to which Alset Inc. agreed to reorganize the ownership of its home rental business. Previously, Alset Inc. and certain majority-owned subsidiaries collectively owned 132 single-family rental homes in Texas. 112 of these rental homes are owned by subsidiaries of American Home REIT Inc. ("AHR"). Alset Inc. owns 85.4% of Alset International Limited, and Alset International Limited indirectly owns approximately 99.9% of Alset EHome Inc.

The closing of the transaction contemplated by this agreement was completed on January 13, 2023. Pursuant to this agreement, Alset Inc. has become the direct owner of AHR and its subsidiaries that collectively own these 112 homes, instead of such homes being owned indirectly through Alset International Limited's subsidiaries.

Alset EHome Inc. sold AHR to Alset Inc. for a total consideration of \$26,250,933, including the forgiveness of debt in the amount of \$13,900,000, a promissory note in the amount of \$11,350,933 and a cash payment of \$1,000,000. This purchase price represents the book value of AHR as of November 30, 2022.

The closing of this transaction was approved by the shareholders of Alset International Limited and the transaction was closed on January 13, 2023. Certain members of Alset Inc.'s Board of Directors and management are also members of the Board of Directors and management of each of Alset International Limited and Alset EHome Inc.

Public Offering

On February 6, 2023, we entered into an Underwriting Agreement (the "Underwriting Agreement") in connection with an offering (the "Offering") of our common stock, par value \$0.001 per share (the "Common Stock"), with Aegis Capital Corp. (the "Underwriter") as the underwriter, relating to an underwritten public offering of 1,727,273 shares of Common Stock at a public offering price of \$2.20 per share. The Underwriting Agreement provides the Underwriter a 45-day option to purchase up to an additional 212,863 shares of Common Stock to cover over-allotments, if any.

The net proceeds to the Company from the Offering were approximately \$3.3 million, after deducting underwriting discounts and the payment of other offering expenses associated with the Offering that are payable by the Company.

The Offering closed on February 8, 2023. The Common Stock was being offered pursuant to an effective registration statement on Form S-3 (File No. 333-264234), as well as a prospectus supplement in connection with the Offering filed with the Securities and Exchange Commission.

Purchase of Travel Business

On June 14, 2023, Hotapp Blockchain Pte. Ltd., ("Hotapp") a wholly owned subsidiary of Hapi Metaverse Inc., a majority owned subsidiary of the Company, entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") in connection with its purchase of all of the outstanding shares of Hapi Travel Limited, a Hong Kong corporation, from Business Mobile Intelligence Inc. ("BMI") for a total consideration of \$214,993 (the "Purchase Price"). In order to facilitate the Stock Purchase Agreement, Hapi Metaverse made a loan (the "Loan") in an amount equal to the Purchase Price to Hotapp. Chan Heng Fai, the chairman of the Company, is also Chairman of Hotapp and the sole stockholder of BMI, and therefore recused himself from any deliberation or voting regarding the Stock Purchase Agreement and the Loan.

Purchase of Sentinel Brokers Company Inc. Shares

On May 22, 2023 the Company's indirect subsidiary, SeD Capital Pte Ltd ("SeD Capital"), entered into a Stock Purchase Agreement, pursuant to which SeD Capital purchased 39.8 shares (19.9%) of the Common Stock of Sentinel Brokers Company Inc. ("Sentinel") for the aggregate purchase price of \$279,719. Sentinel is a broker-dealer operating primarily as a fiduciary intermediary, facilitating institutional trading of municipal and corporate bonds as well as preferred stock, and is registered with the Securities and Exchange Commission, is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), and is a member of the Securities Investor Protection Corporation ("SIPC"). The Company has significant influence over Sentinel and its CEO holds a director position on Sentinel's Board of Directors.

Sale of Certain Lots

Sale of 131 Lots

On October 28, 2022, 150 CCM Black Oak Ltd. (the "Seller"), a Texas Limited Partnership and an indirect, majority-owned subsidiary of the Company, entered into a Contract for Purchase and Sale and Escrow Instructions (the "Agreement") with Century Land Holdings of Texas, LLC, a Colorado limited liability company (the "Buyer"). Pursuant to the terms of the Agreement, the Seller agreed to sell all of the approximately 242 single-family detached residential lots comprising a residential community in the city of Magnolia, Texas known as the "Lakes at Black Oak."

On November 28, 2022, the parties to the Agreement entered into an amendment to the Agreement, pursuant to which the Seller agreed to sell approximately 131 lots instead of 242 lots, and the anticipated purchase price was reduced.

On April 13, 2023, the sale of the 131 lots was completed and the Seller received a total consideration of \$6,615,500 from the Buyer.

The Seller was required to develop and improve the property at the Seller's cost pursuant to certain development plans and government regulations prior to the closing described above.

Agreement to Sell 110 Lots

On March 16, 2023, 150 CCM Black Oak Ltd. (the "Seller") entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") with Rausch Coleman Homes Houston, LLC, a Texas limited liability company ("Rausch Coleman"). Pursuant to the terms of the Purchase and Sale Agreement, the Seller has agreed to sell approximately 110 single-family detached residential lots which comprise a section of the Lakes at Black Oak. The transaction closed on May 15, 2023.

Agreement to Sell 189 Lots

On March 17, 2023, 150 CCM Black Oak Ltd. (the "Seller") entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") with Davidson Homes, LLC, an Alabama limited liability company ("Davidson"). Pursuant to the terms of the Purchase and Sale Agreement, the Seller has agreed to sell approximately 189 single-family detached residential lots developed within section 2 of Black Oak project. The sale of the first 94 lots closed on May 30, 2023. The sale of remaining lots is estimated to close at the end of the year 2023.

Purchase of Value Exchange International, Inc. Shares and Conversion of Loan

On October 17, 2022, our majority-owned subsidiary Hapi Metaverse entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with Chan Heng Fai, who is the Chairman of Hapi Metaverse's Board of Directors and the Chairman, Chief Executive Officer and largest stockholder of Alset Inc. Pursuant to the Stock Purchase Agreement, Hapi Metaverse bought an aggregate of 7,276,163 shares of Value Exchange International Inc. ("VEII") for the following purchase prices: (i) \$1,733,079 for 7,221,163 shares, representing a price of \$0.24 per share; (ii) \$2,314 for 10,000 shares, representing a price of \$0.2314 per share; (iii) \$5,015 for 25,000 shares,

representing a price of \$0.2006 per share; and (iv) \$3,326 for 20,000 shares, representing a price of \$0.1663 per share. Collectively, these purchases represent an aggregate purchase price of \$1,743,734 for 7,276,163 shares of VEII. Such purchase prices were negotiated between the parties to the Stock Purchase Agreement.

In September of 2023, the Company's subsidiary Hapi Metaverse converted \$1,300,000 of the principal amount loaned to VEII into 7,344,632 shares of VEII's common stock. Under the terms of the Credit Agreement, the Company's subsidiary Hapi Metaverse received common stock warrants to purchase a maximum of 36,723,160 shares of VEII common stock at an exercise price of \$0.1770 per share. Such warrants expire five (5) years from date of their issuance.

Mr. Chan and another member of the Board of Directors of Hapi Metaverse, Lum Kan Fai Vincent, are both members of the Board of Directors of VEII. In addition to Mr. Chan, two other members of the Board of Directors of Alset Inc. are also members of the Board of Directors of VEII (Mr. Wong Shui Yeung and Mr. Wong Tat Keung).

Matters that May or Are Currently Affecting Our Business

In addition to the matters described above, the primary challenges and trends that could affect or are affecting our financial results include:

- Our ability to improve our revenue through cross-selling and revenue-sharing arrangements among our diverse group of companies;
- Our ability to identify complementary businesses for acquisition, obtain additional financing for these acquisitions, if and when needed, and profitably integrate them into our existing operation;
- Our ability to attract competent, skilled technical and sales personnel for each of our businesses at acceptable compensation levels to manage our overhead;
- Our ability to control our operating expenses as we expand each of our businesses and product and service offerings; and
- The effects of public health issues such as a major epidemic or pandemic, including the impact of COVID-19 on the economy and our business.

Results of Operations

Summary of Statements of Operations for the Three and Nine Months Ended September 30, 2023 and 2022

	Three- Months Ended		Nine-months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue	\$ 990,199	\$ 721,905	\$ 21,070,983	\$ 3,600,482
Operating Expenses	\$ 3,067,103	\$ 2,792,917	\$ 20,128,121	\$ 8,979,297
Other Expenses	\$ 14,903,980	\$ 11,163,538	\$ 28,060,334	\$ 25,546,935
Income Tax (Expense) Benefit	(45,124)	153,159	(45,124)	(68,955)
Net Loss	\$ 17,026,008	\$ 13,081,391	\$ 27,162,596	\$ 30,994,705

Revenue

The following tables set forth period-over-period changes in revenue for each of our reporting segments:

	Three-months Ended		Change	
	September 30, 2023	September 30, 2022	Dollars	Percentage
Real Estate	\$ 711,634	\$ 569,791	\$ 141,843	25%
Biohealth	-	22,154	(22,154)	-100%
Digital Transformation Technology	20	6,365	(6,345)	-100%
Other	278,545	123,595	154,950	125%
Total Revenue	\$ 990,199	\$ 721,905	\$ 268,294	37%

	Nine-months Ended		Change	
	September 30, 2023	September 30, 2022	Dollars	Percentage
Real Estate	\$ 20,227,362	\$ 2,494,707	\$ 17,732,655	711%
Biohealth	12,786	771,847	(759,061)	-98%
Digital Transformation Technology	28,094	14,066	14,028	100%
Other	802,741	319,862	482,879	151%
Total Revenue	\$ 21,070,983	\$ 3,600,482	\$ 17,470,501	485%

Revenue was \$990,199 and \$721,905 for the three months ended September 30, 2023 and 2022, respectively. Revenue was \$21,070,983 and \$3,600,482 for the nine months ended September 30, 2023 and 2022, respectively. The increase in property sales from the Black Oak Project in the second quarter of 2023 contributed to higher revenue in this period.

In late 2022 and early 2023, the Company entered into three contracts with builders to sell multiple lots from its Black Oak project. The sales contemplated by these contracts are contingent on certain conditions which the parties to such contracts will need to meet and are expected to generate approximately \$22 million of funds from operations, not including certain expenses that the Company will be required to pay. The sale of 335 lots closed in the first six months of 2023 generating approximately \$18.1 million revenue.

The Company plans to continue its near-term focus on lot sales to regional and national builders. Funds from such lot sales will substantially improve the Company's liquidity, strengthen its financial position and meet its working capital requirements.

In May 2023, the Company entered into lease agreement for its model house located in Montgomery County, Texas (AHR Black Oak Lease Agreement"). The revenue from the lease was \$6,300 and \$10,500 in the three and nine months ending September 30, 2023.

In 2022 the last three homes in the Ballenger Project were sold. In this project, builders were required to purchase a minimum number of lots based on their applicable sale agreements. We collected revenue only from the sale of lots to builders. We are not involved in the construction of homes at the present time.

Income from the sale of Front Foot Benefits ("FFBs"), assessed on Ballenger Run project lots, decreased from \$9,968 in the three months ended September 30, 2022 to \$0 in the three months ended September 30, 2023. Income from the sale of FFBs decreased from \$126,055 in the nine months ended September 30, 2022 to \$0 in the nine months ended September 30, 2023. The decrease is a result of the decreased sale of properties to homebuyers in 2023.

Revenue from rental business was \$705,334 and \$569,791 in the three months ended September 30, 2023 and 2022, respectively. Revenue from rental business was \$2,030,112 and \$1,206,273 in the nine months ended September 30, 2023 and 2022, respectively. The Company expects that the revenue from this business will continue to increase as we acquire more rental houses and successfully rent them.

In recent years, the Company expanded its biohealth segment to the South Korean market through one of the subsidiaries of HWH International Inc., HWH World Inc

("HWH World"). HWH World operates based on a direct sale model of health supplements. HWH World recognized \$0 and \$ 22,154 in revenue in the three months ended September 30, 2023 and 2022, respectively. HWH World recognized \$12,587 and \$771,847 in revenue in the nine months ended September 30, 2023 and 2022, respectively.

The category described as "Other" includes corporate and financial services, food and beverage business and new venture businesses. "Other" includes certain costs that are not allocated to the reportable segments, primarily consisting of unallocated corporate overhead costs, including administrative functions not allocated to the reportable segments from global functional expenses.

The financial services, food and beverage businesses and new venture businesses are small and diversified, and accordingly they are not separately addressed as one independent category. In the three months ended September 30, 2023 and 2022, the revenue from other businesses was \$278,545 and \$123,595, respectively. In the nine months ended September 30, 2023 and 2022, the revenue from other businesses was \$802,741 and \$319,862, respectively, generated by Korean and Singaporean café shops and restaurants.

Cost of Revenues and Operating Expenses

The following tables sets forth period-over-period changes in cost of revenues for each of our reporting segments:

	Three-months Ended		Change	
	September 30, 2023	September 30, 2022	Dollars	Percentage
Real Estate	\$ 587,232	\$ 254,972	\$ 332,260	130%
Biohealth	(88,141)	500,946	(589,087)	-118%
Digital Transformation Technology	6	1,782	(1,776)	-100%
Other	81,962	55,669	26,293	47%
Total Cost of Revenues	\$ 581,059	\$ 813,369	\$ (232,310)	-29%

	Nine-months Ended		Change	
	September 30, 2023	September 30, 2022	Dollars	Percentage
Real Estate	\$ 12,755,702	\$ 1,880,914	\$ 10,874,788	578%
Biohealth	21,516	512,931	(491,415)	-96%
Digital Transformation Technology	9,145	4,574	4,571	100%
Other	222,470	80,177	142,293	177%
Total Cost of Revenues	\$ 13,008,833	\$ 2,478,596	\$ 10,530,237	425%

Cost of revenues decreased from \$813,369 in the three months ended September 30, 2022 to \$581,059 in the three months ended September 30, 2023. Cost of revenues increased from \$2,478,596 in the nine months ended September 30, 2022 to \$13,008,833 in the three months ended September 30, 2023. The increase is a result of the increase in sales in the Black Oak Project. Capitalized construction expenses, finance costs and land costs are allocated to sales. We anticipate the total cost of revenues to increase as revenue increases.

The gross margin increased from negative \$91,464 to \$409,140 in the three months ended September 30, 2022 and 2023, respectively. The gross margin increased from \$1,121,886 to \$8,062,150 in the nine months ended September 30, 2022 and 2023, respectively. The increase of gross margin was caused by the increase in sales in the Black Oak Project.

The following tables sets forth period-over-period changes in operating expenses for each of our reporting segments.

	Three-months Ended		Change	
	September 30, 2023	September 30, 2022	Dollars	Percentage
Real Estate	\$ 426,542	\$ 667,366	\$ (240,824)	-36%
Biohealth	160,821	311,416	(150,595)	-48%
Digital Transformation Technology	125,316	95,788	29,528	31%
Other	1,773,365	904,978	868,387	96%
Total Operating Expenses	\$ 2,486,044	\$ 1,979,548	\$ 506,496	26%

	Nine-months Ended		Change	
	September 30, 2023	September 30, 2022	Dollars	Percentage
Real Estate	\$ 1,418,743	\$ 1,988,323	\$ (569,580)	-29%
Biohealth	638,738	587,051	51,687	9%
Digital Transformation Technology	327,746	255,764	71,982	28%
Other	4,734,061	3,669,563	1,064,498	29%
Total Operating Expenses	\$ 7,119,288	\$ 6,500,701	\$ 618,587	10%

The decrease of operating expenses of real estate in the first three and nine months of 2023 compared to the same period of 2022 was mostly caused by the decrease rental related expenses. Increase in expenses in our other businesses is mainly caused by the increase in professional and consulting fees.

Other Income (Expense)

In the three months ended September 30, 2023, the Company had other expense of \$14,903,980 compared to other expenses of \$ 11,163,538 in the three months ended September 30, 2022. In the nine months ended September 30, 2023, the Company had other expense of \$28,060,334 compared to other expenses of \$25,546,935 in the nine months ended September 30, 2022. The change in realized and unrealized gain (loss) on securities investments and loss on consolidation of Alset Capital Acquisition Corp. are the primary reasons for the volatility in these two periods. Unrealized loss on securities investment was \$10,742,675 in the three months ended September 30, 2023, compared to \$11,006,833 loss in the three months ended September 30, 2022. Unrealized gain on securities investment was \$6,910,205 in the nine months ended September 30, 2023, compared to \$ 21,773,223 loss in the nine months ended September 30, 2022. Realized loss on security investment was \$602,624 the three months ended September 30, 2023, compared to a loss of \$145,122 in the three months ended September 30, 2022. Realized loss on security investment was \$11,291,166 the nine months ended September 30, 2023, compared to a loss of \$6,500,573 in the nine months ended September 30, 2022. Loss on consolidation was \$21,657,036 in the three and nine months ended September 30, 2023, compared to loss on consolidation of \$0 in the three and nine months ended September 30, 2022.

Net Loss

In the three months ended September 30, 2023 the Company had net loss of \$17,026,008 compared to net loss of \$13,081,391 in the three months ended September 30, 2022. In the nine months ended September 30, 2023 the Company had net loss of \$27,162,596 compared to net loss of \$30,994,705 in the nine months ended September 30, 2022.

Liquidity and Capital Resources

Our real estate assets have decreased to \$39,905,237 as of September 30, 2023 from \$54,618,729 as of December 31, 2022. This decrease primarily reflects the

sale of properties in the Black Oak project.

Our cash has increased from \$17,827,383 as of December 31, 2022 to \$28,038,818 as of September 30, 2023. Our liabilities increased from \$4,827,221 at December 31, 2022 to \$8,149,184 at September 30, 2023. Our total assets have increased to \$157,014,408 as of September 30, 2023 from \$153,490,336 as of December 31, 2022 mainly due to increase in cash held in Trust Account after the consolidation of Alset Capital Acquisition Corp.

The management believes that the available cash in bank accounts and favorable cash revenue from real estate projects are sufficient to fund our operations for at least the next 12 months.

Summary of Cash Flows for the Three Months Ended September 30, 2023 and 2022

	Nine-months Ended	
	2023	2022
Net cash provided by (used in) operating activities	\$ 8,255,675	\$ (28,331,829)
Net cash used in investing activities	\$ (748,188)	\$ (15,031,318)
Net cash provided by financing activities	\$ 3,408,560	\$ 5,996,133

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Cash Flows from Operating Activities

Net cash provided by operating activities was \$8,255,675 in the first nine months of 2023, as compared to net cash used in operating activities of \$28,331,829 in the same period of 2022. Property sales from the Black Oak project in 2023 were the main reason for the cash provided by operating activities in 2023.

Cash Flows from Investing Activities

Net cash used in investing activities was \$748,188 in the first nine months of 2023, as compared to net cash used in investing activities of \$15,031,318 in the same period of 2022. In the nine months ended September 30, 2023 we invested \$734,688 in real estate improvements, issued \$1,693,455 in loans to related parties and received \$2,675,735 from repayment of related party notes receivable. In the nine months ended September 30, 2022 we invested \$8,479,968 in marketable securities, invested \$6,057,493 to purchase real estate properties and \$1,082,225 in real estate improvements.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$3,408,560 in the nine months ended September 30, 2023, compared to net cash provided of \$ 5,996,133 in the nine months ended September 30, 2022. The cash provided by financing activities in the first nine months of 2023 is caused by the proceeds from stock issuance of \$3,433,921. The increase in cash provided by financing activities in the first nine months of 2022 was primarily caused by the proceeds from stock issuance of \$6,213,000.

Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for the three months ended September 30, 2023 or the year ended December 31, 2022. We cannot assure you that future inflation will not have an adverse impact on our operating results and financial condition.

Impact of Foreign Exchange Rates

The effect of foreign exchange rate changes on the intercompany loans (under ASC 830), which mostly consist of loans from Singapore to the United States and which were approximately \$40 million and \$51 million on September 30, 2023 and December 31, 2022, respectively, are the reason for the significant fluctuation of foreign currency transaction Gain or Loss on the Condensed Consolidated Statements of Operations and Other Comprehensive Loss. Because the intercompany loan balances between Singapore and United States will remain at approximately \$40 million over the next year, we expect this fluctuation of foreign exchange rates to still significantly impact the results of operations in 2023, especially given that the foreign exchange rate may and is expected to be volatile. If the amount of intercompany loan is lowered in the future, the effect will also be reduced. However, at this moment, we do not expect to repay the intercompany loans in the short term.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of these exemptions until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption.

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Seasonality

The real estate business is subject to seasonal shifts in costs as certain work is more likely to be performed at certain times of the year. This may impact the expenses of our subsidiary Alset EHome Inc. from time to time. In addition, should we commence building homes, we are likely to experience periodic spikes in sales as we commence the sales process at a particular location.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a "smaller reporting company" as defined by Item 10(f)(1) of Regulation S-K, the Company is not required to provide the information required by this Item.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officers and Chief Financial Officers, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our management, including our Chief Executive Officers and Chief Financial Officers, concluded that our disclosure controls and procedures are not effective as of September 30, 2023 to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officers and Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in the Company's Internal Controls Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during the quarterly period ended September 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceeding

Not applicable.

Item 1A. Risk Factors

Not applicable to smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The following documents are filed as a part of this report:

Exhibit Number	Description
31.1a*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
31.1b*	Certification of Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
31.2a*	Certification of Co-Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
31.2b*	Certification of Co-Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
32.1**	Certifications of the Chief Executive Officer and Chief Financial Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 .
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALSET INC.

November 14, 2023

By: /s/ Chan Heng Fai
Chan Heng Fai
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

November 14, 2023

By: /s/ Chan Tung Moe
Chan Tung Moe
Co-Chief Executive Officer
(Principal Executive Officer)

November 14, 2023

By: /s/ Rongguo Wei
Rongguo Wei
Co-Chief Financial Officer
(Principal Financial and Accounting Officer)

November 14, 2023

By: /s/ Lui Wai Leung Alan
Lui Wai Leung Alan
Co-Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification of Chief Executive Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Chan Heng Fai, certify that:

1. I have reviewed this report on Form 10-Q of Alset Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2023

By: /s/ Chan Heng Fai

Chan Heng Fai
 Chief Executive Officer
 (Principal Executive Officer)

Certification of Chief Executive Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Chan Tung Moe, certify that:

1. I have reviewed this report on Form 10-Q of Alset Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2023

By: /s/ Chan Tung Moe
 Chan Tung Moe
 Co-Chief Executive Officer
 (Principal Executive Officer)

Certification of Chief Financial Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Rongguo Wei, certify that:

1. I have reviewed this report on Form 10-Q of Alset Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2023

By: /s/ Rongguo Wei
 Rongguo Wei
 Co-Chief Financial Officer
 (Principal Financial Officer)

Certification of Chief Financial Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Lui Wai Leung Alan, certify that:

1. I have reviewed this report on Form 10-Q of Alset Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2023

By: /s/ Lui Wai Leung Alan
Lui Wai Leung Alan
Co-Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of Alset Inc. (the "Company") for the three month period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that to the best of his or her knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 14, 2023

/s/ Chan Heng Fai

Chan Heng Fai
Chief Executive Officer, Director
(Principal Executive Officer)

Date: November 14, 2023

/s/ Chan Tung Moe

Chan Tung Moe
Co-Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2023

/s/ Rongguo Wei

Rongguo Wei
Co-Chief Financial Officer
(Principal Financial Officer)

Date: November 14, 2023

/s/ Lui Wai Leung Alan

Lui Wai Leung Alan
Co-Chief Financial Officer
(Principal Financial Officer)
