

REFINITIV

DELTA REPORT

10-K

ALSET INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

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TOTAL DELTAS 4193

CHANGES 8

DELETIONS 4068

ADDITIONS 117

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022

or

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

For the transition period from _____ to _____

Commission File Number: 001-39732

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 Number)

4800 Montgomery Lane, Suite 210

Bethesda, MD20814

301-971-3940

(Address of Principal Executive Offices)

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

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statement of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2022 was approximately \$20,298,644, based upon the closing market price of \$5.88 per share of common stock on the Nasdaq Capital Market. (For purposes of this calculation the registrant's directors and officers are deemed affiliates of the registrant.)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of March 31, 2023, there were 9,235,119 shares outstanding of the registrant's common stock, \$0.001 par value.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Throughout this Report on Form 10-K, the terms the “Company,” “we,” “us” and “our” refer to Alset Inc., and “our board of directors” refers to the board of directors of Alset Inc. We use the terms “EHome” and “EHome communities” to refer to homes and communities that reflect our vision of accelerating sustainable, healthy living using energy and technology products and practices to provide a healthy ecosystem.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K contains forward-looking statements regarding, among other things, our future operating results and financial position, our business strategy, and other objectives for our future operations. The words “anticipate,” “believe,” “intend,” “expect,” “may,” “estimate,” “predict,” “project,” “potential” and similar expression are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. There are a number of important risks and uncertainties that could cause our actual results to differ materially from those indicated by forward-looking statements. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments that we may make.

You should read this Report on Form 10-K and the documents that we have filed as exhibits to this Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements contained in this Report on Form 10-K are made as of the date of this Report on Form 10-K, and we do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Alset Inc.
Form 10-K
For the Year Ended December 31, 2022
Table of Contents

	Page
PART I	
Item 1. Business	3
Item 1A. Risk Factors	16
Item 1B. Unresolved Staff Comments	34
Item 2. Properties	34
Item 3. Legal Proceedings	35
Item 4. Mine Safety Disclosures	36
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	36
Item 6. Reserved	37
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	38
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	56
Item 8. Financial Statements and Supplementary Data	57
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	105
Item 9A. Controls and Procedures	105
Item 9B. Other Information	105
Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections	105
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	106
Item 11. Executive Compensation	112
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	115
Item 13. Certain Relationships and Related Transactions, and Director Independence	116
Item 14. Principal Accounting Fees and Services	121
PART IV	
Item 15. Exhibit and Financial Statement Schedules	122
Item 16. Form 10-K Summary	127
Signatures	128

PART I

Item 1. Business.

Our Company

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 our three principal businesses primarily through our 85.4% owned subsidiary, Alset International Limited (“Alset International”), 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. Recently, the Company expanded its real estate portfolio to single family rental homes, and we currently own 132 homes that are rented or are available for rent. 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 sale of consumer products. We identify global businesses for acquisition, incubation and corporate advisory services, primarily related to our operating business segments.

We also have ownership interests outside of Alset International, including a 36.9% equity interest in American Pacific Bancorp Inc., an indirect 15.5% equity interest in Holista CollTech Limited, a 45.2% equity interest in DSS Inc. (“DSS”), an 38.3% equity interest in Value Exchange International, Inc., a 0.8% equity interest in New Electric CV Corporation (formerly known as “American Premium Mining Corporation”), and an interest in Alset Capital Acquisition Corp. (“Alset Capital”). 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, direct marketing, commercial lending, securities and investment management, alternative trading, digital transformation, 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). New Electric CV Corporation is a publicly traded consumer products company (OTCPK: HIPH). Alset Capital is a newly organized blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses and is listed on the Nasdaq (Nasdaq: ACAXU, ACAX, ACAXW and ACAXR).

Under the guidance of Chan Heng Fai, our founder, Chairman and Chief Executive Officer, who is also our largest stockholder, we have positioned ourselves as a participant in these key markets through a series of strategic transactions. Our growth strategy is both to pursue acquisition opportunities that we can leverage on our global network using our capital and management resources and to accelerate the expansion of our organic businesses.

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.

We intend at all times to operate our business in a manner as to not become inadvertently subject to the regulatory requirements under the Investment Company Act by, among other things, (i) in the event of acquisitions, purchasing all or substantially all of an acquisition target’s voting stock, and only in limited cases purchase less than 51% of the voting stock; (ii) monitoring our operations and our assets on an ongoing basis in order to ensure that we own no less than a majority, or other control, of Alset International and that Alset International, in turn, owns no less than a majority, or other control, of LiquidValue Development Inc. and other such subsidiaries with significant assets and operations; and (iii) limiting additional equity investments into affiliated companies including our majority-owned and/or controlled operating subsidiaries, except in special limited circumstances. Additionally, we will continue to hire in-house management personnel and employees with industry background and experience, rather than retaining traditional investment portfolio managers to oversee our group of companies.

The Company was incorporated in the State of Delaware on March 7, 2018, as HF Enterprises Inc. Effective as of February 5, 2021, the Company changed its name from “HF Enterprises Inc.” to “Alset EHome International Inc.” The Company effected such name change pursuant to a merger entered into with a wholly owned subsidiary, Alset EHome International Inc. The Company was the surviving entity following this merger and had adopted the name of its former subsidiary. In connection with this name change, our trading symbol on the Nasdaq Stock Market was changed from “HFEN” to “AEI.” On October 4, 2022, through a merger transaction, the Company was reincorporated in Texas and changed its name to Alset Inc. The Company effected such name change pursuant to a merger entered into with a wholly owned subsidiary, Alset Inc. The Company is the surviving entity following this merger and has adopted the name of its former subsidiary. Our trading symbol on Nasdaq Stock Market did not change due to the name change.

The following chart illustrates the current corporate structure of our key operating entities:



Our Current Operations

Real Estate

Property Development Business

Our real estate business is primarily conducted through our indirect subsidiary, LiquidValue Development Inc. (“LiquidValue Development”), a 99.9%-owned U.S. subsidiary of Alset International, which owns, operates and manages real estate development projects with a focus on land subdivision developments (LiquidValue Development was formerly known as “SeD Intelligent Home Inc.”). We generally contract out all real estate development activities, working with engineers, surveyors, architects and general contractors through each phase, including planning, design and construction. Once the contractors complete the land development, we then sell the developed lots to builders for the construction of new homes. Where possible, we have attempted to pre-sell these lots before they are fully developed. LiquidValue Development’s main assets are two such subdivision development projects, one near Houston, Texas (known as Black Oak), and one in Frederick, Maryland (known as Ballenger Run).

Our property development business is headquartered in Bethesda, Maryland. For the years ended December 31, 2022 and 2021, our property development business accounted for 29% and 70% of our total revenues, respectively.

Frederick, Maryland Property. In November 2015, through LiquidValue Development, we acquired Ballenger Run, a land subdivision development consisting of 197 acres, for \$15.65 million. This property is presently zoned for 479 entitled residential lots and 210 entitled multi-family units. After several years of development, this project is now in its final phases. The Company anticipates that the estimated construction costs (not including land costs and financing costs) for the final phases of the Ballenger Run project will be \$249,133. The expected completion date for the final phases of the Ballenger Run project is June of 2023.

On May 28, 2014, the RBG Family, LLC entered into an Assignable Real Estate Sales Contract with NVR, Inc. (“NVR”) by which RBG Family, LLC would sell the 197 acres for \$15 million to NVR. On December 10, 2014, NVR assigned this contract to SeD Maryland Development, LLC (“SeD Maryland”) in the Assignment and Assumption Agreement and entered into a series of Lot Purchase Agreements by which NVR purchased subdivided lots from SeD Maryland (the “Lot Purchase Agreements”).

SeD Maryland’s acquisition of the 197 acres was funded in part from a \$5.6 million deposit from NVR. The balance of \$10.05 million was derived from a total equity contribution of \$15.2 million by SeD Ballenger, LLC (“SeD Ballenger”) and CNQC Maryland Development LLC (a unit of Qingjian International Group Co, Ltd, China, “CNQC”). The project is owned by SeD Maryland is 83.55% owned by SeD Ballenger and 16.45% by CNQC.

MacKenzie Equity Partners, owned by Charles MacKenzie, our Chief Development Officer and a Director of the Company’s subsidiary LiquidValue Development, has had a consulting agreement with a subsidiary of the Company since 2015. Per the terms of the agreement, as amended on January 1, 2018, the Company’s subsidiary pays a monthly fee of \$20,000 for the consulting services. Pursuant to an agreement entered into in June of 2022, the Company’s subsidiary has paid \$25,000 per month for consulting services, effective as of January 2022. The Company incurred expenses of \$350,000 and \$360,000 for the years ended December 31, 2022 and 2021, respectively, which were capitalized as part of Real Estate on the Company’s Consolidated Balance Sheet as the services relate to property and project management. During 2022 and 2021, MacKenzie Equity Partners was granted additional \$50,000 and \$120,000 bonus payments, respectively. As of December 31, 2022 and 2021 the Company owed \$25,000 and \$80,000, respectively, to this entity.

Revenue from Ballenger Run is anticipated to come from three main sources:

- sale of 479 entitled and constructed residential lots to NVR;
- sale of the lot for the 210 entitled multi-family units; and
- sale of 479 front foot benefit assessments.

On April 17, 2019, SeD Maryland Development LLC entered into a Development Loan Agreement with Manufacturers and Traders Trust Company (“M&T Bank”) which is comprised of: (1) a Note 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, and (2) a letter of credit facility in an aggregate amount of up to \$900,000 (the “L/C Facility”). The Note bears an interest rate of the one month LIBOR plus 375 basis points. Commissions on each letter of credit (“L/C”) are 1.5% per annum on the face amount of the L/C. Other standard lender fees apply in the event L/C is drawn down. The Note 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 Development Loan Agreement was secured by \$2,600,000 collateral fund and a Deed of Trust issued to M&T Bank on the property owned by SeD Maryland.

As of December 31, 2022 and 2021, the principal balance of the loan was \$0. As part of the transaction during 2019, we incurred loan origination fees and closing fees in the amount of \$381,823 and capitalized them 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.

The proceeds from the Land Development Loan and Letter of Credit Facility were used in connection with the Ballenger Run project, including the development of certain single-family lots. The Loan Agreement contains standard representations and warranties. LiquidValue Development Inc. will serve as the guarantor to the Land Development Loan and Letter of Credit Facility and has executed an Environmental Indemnification Agreement in favor of the Lender.

Sale of Residential Lots to NVR

The residential lots were contracted for sale under the Lot Purchase Agreements with NVR. NVR is a home builder engaged in the construction and sale of single-family detached homes, townhouses and condominium buildings. It also operates a mortgage banking and title services business. Under the Lot Purchase Agreements, NVR provided SeD Maryland Development LLC with an upfront deposit of \$5.6 million and has agreed to purchase the lots at a range of prices. The lot types and quantities to be sold to NVR under the Lot Purchase Agreements include the following:

Lot Type	Quantity
Single Family Detached Large	85
Single Family Detached Small	89
Single Family Detached Neo Traditional	33
Single Family Attached 28' Villa	121
Single Family Attached 20' End Unit	46
Single Family Attached 16' Internal Unit	105
Total	479

There were five different types of Lot Purchase Agreements, which had generally the same terms except for the price and unit details for each type of lot. Under the Lot Purchase Agreements, NVR has agreed to purchase 30 available lots per quarter. The Lot Purchase Agreements provided several conditions related to preparation of the lots which had to be met so that a lot can be made available for sale to NVR. SeD Maryland was to provide customary lot preparation including survey, grading, utilities installation, paving, and other infrastructure and engineering. The sale of lots to NVR began in May 2017. As of December 31, 2022, all 479 lots have been sold to NVR.

Sale of the Front Foot Benefit Assessments

Through LiquidValue Development and its subsidiaries, we have established a front foot benefit (“FFB”) assessment on all of the lots sold to NVR. 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 on the type of home. Our total expected revenue from the front foot benefit assessment is approximately \$1 million. To recognize revenue of the FFB assessment, both our and NVR’s performance obligations have to be satisfied. Our performance obligation is completed once we complete the construction of water and sewer facilities and close the lot sales with NVR, which inspects these water and sewer facilities prior to the close of 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 upon NVR’s sales of homes to homeowners. The agreement with these FFB investors is not subject to amendment by regulatory agencies and thus our revenue from FFB assessment is not either. During the years ended December, 2022 and 2021, we recognized revenue in the amounts of \$126,737 and \$289,375 from FFB assessments, respectively.

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 December 31, 2022 and 2021, the accrued balance due to NVR was \$189,475 and \$188,125, respectively.

K-6 Grade School Site

In connection with getting the necessary approvals for the Ballenger Project, we agreed to transfer 30 acres of land that abut the development for the construction of a local K-6 grade school. We will not be involved in the construction of the school.

Black Oak Property, Texas. Black Oak is a land infrastructure and subdivision development project situated in Magnolia, Texas, north of Houston. The site plan at Black Oak allows for approximately 550-600 residential lots of varying sizes. Through a partnership with 150 CCM Black Oak, Ltd., we had contracts to purchase seven contiguous parcels of land. Our initial equity ownership in 150 CCM Black Oak, Ltd. was \$4.3 million for 60% ownership in the partnership. Since then, LiquidValue Development has increased its ownership to 100%. On January 18, 2019, the first sale of lots at Black Oak was completed and 124 lots were sold.

The Black Oak project has applied for reimbursement of certain costs for construction of roads, sewers, water and other basic requirements. While we may be entitled to reimbursements from a local improvement district, the amount and timing of such payments is uncertain. The timing of such potential reimbursements will be impacted by certain bond sales by the Southeast Management District from time to time.

On November 4, 2021, Black Oak Ltd received \$750,000 reimbursement from Aqua Texas pursuant to a contractual agreement whereby Aqua is obligated to pay 150 CCM Black Oak \$6,000 for each connection made to an individual single-family home upon sale to the end customer.

On January 13, 2021, 150 CCM Black Oak, Ltd. purchased an approximately 6.3 acre tract of land in Montgomery County, Texas. The Company's strategic acquisition contiguous to the Black Oak project is intended to provide additional lot yield, potential additional amenities and/or a solar farm to support the Company's sustainable, healthy living concept.

On October 28, 2022, 150 CCM Black Oak Ltd. (the "Seller"), 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 in a residential community in the city of Magnolia, Texas, known as the "Lakes at Black Oak." The parties agreed that the lots will be sold at a range of prices, and the Seller will also be entitled to receive a community enhancement fee for each lot sold. The Buyer was entitled to a thirty (30) day inspection period in which to inspect the properties and determine their suitability; during such inspection period, the Buyer was entitled to decline to proceed with the closing of these transactions.

The aggregate purchase price and community enhancement fees were originally anticipated to be \$12,881,000, with such purchase price to be adjusted accordingly, if the total number of lots increased or decreased prior to the closing of the transactions contemplated by the Agreement.

On November 28, 2022, the parties to the Agreement entered into an amendment to the Agreement (the "Amendment"). Pursuant to the Amendment, the Buyer will now proceed with the purchase of approximately 131 single-family detached residential lots, instead of 242 lots, and the anticipated purchase price has been reduced.

The closing of the transactions described in the Agreement 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.

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

The site plan at Black Oak allows for approximately 550-600 residential lots of varying sizes. We anticipate that our involvement in land development aspects of this project will take approximately three to five additional years to complete, however, at the present time, the Company is also considering expanding its current policy of selling buildable lots to include a strategy of building housing for sale or rent, particularly at our Black Oak and Alset Villas (described below) properties. The required time and expenses needed to complete the Black Oak and Alset Villas projects will be influenced by the strategy, or mix of strategies, we utilize at each project.

Recent Agreements to Sell Additional Lots

Agreement to Sell 110 Lots

On March 16, 2023, 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 price of the lots and certain community enhancement fees the Seller will be entitled to receive are anticipated to equal an aggregate of \$6,586,250.

The closing of the sale of these 110 lots depends on the satisfaction of certain conditions set forth in the Purchase and Sale Agreement. There can be no assurance that such closings will be completed on the terms outlined herein or at all. Commencing on March 16, 2023, Rausch Coleman has a thirty (30) day inspection period in which to inspect the properties and determine their suitability; during such inspection period, Rausch Coleman may decline to proceed with the closing of these transactions.

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

Agreement to Sell 189 Lots

On March 17, 2023, 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 purchase on or before December 29, 2023. Commencing on March 17, 2023, Davidson Homes shall have a thirty (30) day inspection period in which to inspect the properties and determine their suitability; during such inspection period, Davidson Homes may decline to proceed with the closing of these transactions.

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

Planned Alset Villas Project in Texas. In 2021, our subsidiary Alset EHome Inc. acquired approximately 19.5 acres of partially developed land near Houston, Texas which will be used to develop a community named Alset Villas ("Alset Villas"). Alset EHome is targeting to develop approximately 63 homes at Alset Villas for rent and/or for sale. The Alset Villas project remains at the early stage.

Home Rental Business

Houston, Texas Rental Homes. Recently, the Company expanded its real estate portfolio to single family rental houses. During 2022 and 2021 the Company signed multiple purchase agreements to acquire 23 and 109 homes, respectively, in Montgomery and Harris Counties, Texas. By December 31, 2022, the acquisition of all 132 homes was completed with an aggregate purchase cost of \$30,998,258. All of these purchased homes are properties of our rental business.

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. 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.

In approximately fifty-three single-family of the 132 rental homes that were acquired by our subsidiary in 2022 and 2021, as part of our commitment to advancing smart and healthy, sustainable living, we have installed Tesla PV solar panels and Powerwalls. We are reviewing plans to add solar panels and related technologies at the balance of the single-family rental homes, where feasible. In addition, we have added technologies at many of the single-family rental homes such as (i) smart solar, thermostat, and energy usage controls; (ii) smart lighting controls; (iii) smart locks and security; and (iv) smart home automation devices. We believe these and other technologies will be attractive to renters and we continue to build and pursue strategic, technological partnerships that will assist us as we expand our real estate business to include building homes for rent and building homes for sale in the future.

The Company has entered into a 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 per property unit and a leasing fee.

Potential Future Projects

In addition to our main projects, we are embarking on residential construction activities in partnership with U.S. homebuilders, and have commenced discussions to acquire smaller U.S. residential construction projects. These projects may be within both the for-sale and for-rent markets. We consider projects in diverse regions across the United States, and maintain longstanding relationships with local owners, brokers, attorneys and lenders to source projects. We will continue to focus on off-market deals and raise appropriate financing for attractive development opportunities. We believe these initiatives will provide a set of solutions to stabilize the long-term revenue associated with property development in the United States and create new ancillary service opportunities and revenue from this business.

Through our subsidiaries, we will explore the potential to pursue other business opportunities related to real estate. The Company is evaluating the potential to enter into additional activities related to solar energy and energy efficient products as well as smart home technologies. Through the Company's eco-systems of businesses based around sustainable, healthy living communities, our Alset EHome Inc. subsidiary intends to develop single family homes which are eco-friendly. They will be fitted out with solar energy products such as photovoltaic systems, battery systems, and car charging ports for sustainable transport as well as other energy efficient systems. The Company also envisions acquiring land surrounding its communities for solar farm projects to power these communities. Alset EHome has commenced the infrastructure design, engineering and construction for this sustainable, healthy living community concept within the Black Oak project outside of Houston, Texas. The Company intends to bring this concept to other strategic parts of the US.

We also intend to enlarge the scope of property-related services. Additional planned activities, which we intend to be carried out through Alset EHome, include financing, home management, realtor services, insurance and home title validation. We may particularly provide these services in connection with homes we build. These activities are also in the planning stages.

Digital Transformation Technology

Our digital transformation technology business unit is committed to enabling enterprises to engage in a digital transformation by providing support, implementation and development services with various technologies including blockchain, e-commerce, social media, artificial intelligent and metaverse. We commenced our technology business in 2015 through Hapi Metaverse Inc. (“Hapi Metaverse”) (formerly known as GigWorld Inc.), our 99.7% owned subsidiary. Its technology platform focuses on business-to-business, or B2B, solutions, such as communications and workflow, through instant messaging, international calling, social media, e-commerce. Hapi Metaverse’s latest investment into Value Exchange International Inc. (“VEII”) expanded our offering to retail business digital transformation such as supermarket and chain stores. Hapi Metaverse is now the largest stockholder of VEII.

Through Hapi Metaverse, we have successfully implemented several strategic platform developments for clients, including a mobile front-end solution for network marketing, a hotel e-commerce platform for a company in Asia and a real estate agent management platform in China. We have also enhanced our technological capability from mobile application development to include artificial intelligent, augmented reality and the metaverse.

While focusing on direct selling industry by building white label mobile applications for direct marketing and affiliate marketing brands, VEII has been working on I.T. Services for major retailers in Asia and enhanced their offering with mobile applications and artificial intelligence.

We believe that the increasing deployment of the GigWorld App (whether through white labeling by potential customers or otherwise) will allow for feedback from customers, and help us build a robust and scalable software. Adding latest technological framework such as A.I. and Metaverse allows the company to enhance our clients’ digital transformation journey with better consumer engagement and analytics.

Biohealth Business

With populations aging and a growing focus on healthcare issues, biohealth science has become increasingly vital. We entered the biomedical and healthcare market by forming our biohealth division, which is engaged in developing, researching, testing, manufacturing, licensing and distributing (through retail, direct selling, network marketing and e-commerce) biohealth products and services. We strive to leverage our scientific know-how and intellectual property rights to provide solutions to pending healthcare issues.

HWH World. In October 2019, the Company expanded its biohealth segment into the Korean market through one of the subsidiaries of HWH International Inc., HWH World Inc (“HWH World”). HWH World is in the business of sourcing and distributing dietary supplements and other health products through its network of members in the Republic of Korea (“South Korea”). HWH World generates product sales via its direct sale model as products are sold to its members. Through the use of a Hapi Gig platform that combines e-commerce, social media and a customized rewards system, HWH Korea equips, trains and empowers its members. We compete with numerous direct sales companies in South Korea.

Vivacitas Oncology. Until March 18, 2021, we held an equity interest in Vivacitas Oncology Inc., a U.S.-based biopharmaceutical company. The Company sold the subsidiary that held this interest to a subsidiary of DSS for \$2,480,000. We had an indirect equity interest of 13.1% of Vivacitas at December 31, 2020. Vivacitas focuses on developing medications for cancer patients. We had a close partnership with Vivacitas and its management, an experienced research team and a distinguished medical advisory board. Vivacitas seeks to bring more effective and less toxic chemotherapies to the market for treatment of the most aggressive and intractable cancers. At the time of this sale, Vivacitas had three programs: (i) one program had completed three clinical studies, including two Phase I and one Phase II studies; (ii) one program for a potential palliative treatment had completed three Phase III studies; and (iii) one program was in the planning stages of a 2b/3 clinical study.

Our financial statements did not consolidate Vivacitas Oncology, and we had not managed its operations.

Other Business Activities

In addition to our three principal business activities, we oversee several smaller other business activities at the present time, which we believe complement our three principal businesses.

BMI Capital Partners. Alset International's wholly-owned Hong Kong subsidiary, BMI Capital Partners International Limited provides consultancy services on corporate restructuring efforts, debt restructuring efforts and capital markets related corporate actions, including potential stock exchange listings.

Alset F&B. 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.

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

The cafes are operated by subsidiaries of HCI-T, namely Hapi Café SG Pte. Limited ("HCSG") in Singapore and Hapi Café Korea Inc. ("HCKI") in Seoul, South Korea. Hapi Cafes 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.

During the years ended on December 31, 2022 and 2021, the revenue from the other business activities described above was approximately 13% and 0% of the total revenue, respectively.

Effective as of March 12, 2021, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with Chan Heng Fai, the founder, Chairman and Chief Executive Officer of the Company, True Partner International Limited, LiquidValue Development Pte Ltd. ("LVD") and American Pacific Bancorp, Inc. ("APB"), pursuant to which the Company purchased from Chan Heng Fai (i) warrants (the "Warrants") to purchase 1,500,000,000 shares of Alset International; (ii) 1,000,000 shares of LVD's common stock, constituting all of the issued and outstanding stock of LVD; (iii) 62,122,908 ordinary shares in True Partner Capital Holding Limited ("True Partner"); and (iv) 4,775,523 shares of APB's Class B common stock, representing 86.44% of the total issued and outstanding common stock of APB.

The four acquisitions set forth in the Securities Purchase Agreement closed on March 12, 2021. The Company has issued four convertible notes to Chan Heng Fai as follows: (i) a convertible note in the amount of \$28,363,966 for warrants to purchase 1,500,000,000 shares of Alset International; (ii) a convertible note in the amount of \$173,395 to acquire all of the outstanding capital stock of LVD; (iii) a convertible note in the amount of \$6,729,629 to acquire 62,122,908 ordinary shares of True Partner; and (iv) a convertible note in the amount of \$28,653,138 for 4,775,523 Class B shares of APB. Such four notes will only become convertible into shares of the Company's common stock following the approval of the Company's shareholders. Subject to such shareholder approval, each note shall be convertible into shares of the Company's common stock at a conversion price equal to \$111.80 per share (equivalent to the average five closing per share prices of the Company's common stock preceding January 4, 2021). The above four acquisitions from Chan Heng Fai were transactions between entities under common control. On May 13, 2021 and June 14, 2021 convertible promissory notes of \$63,920,128 and accrued interests of \$306,438 were converted into 2,123 shares of series B preferred stock and 458,198 shares of common stock of the Company.

LiquidValue Development Pte Ltd. LVD operates in the asset management field and will be leveraged by the Company to establish an actively managed open-ended exchange-traded fund in the U.S. focused on disruptive investment opportunities with long-term exponential growth potential. The Company has acquired all of the issued and outstanding stock of LVD.

True Partner Capital Holding Limited. True Partner operates as a fund management company in the U.S. and Hong Kong. True Partner manages funds and provides managed accounts on a discretionary basis using a proprietary trading platform, offering investment management and consultancy services. True Partner also develops and supports its trading platform and related proprietary software and provides management services for a portfolio of securities and futures contracts. Its fund investors and managed accounts are primarily professional investors, including family offices, pension funds, high-net-worth individuals, endowments/foundations, and financial institutions. True Partner was founded in 2010 and is headquartered in Hong Kong. True Partner is currently listed on the Hong Kong Stock Exchange (HKSE), with over USD \$1.7 billion assets under management (AUM). Pursuant to the Securities Purchase Agreement, the Company has acquired 62,122,908 ordinary shares in True Partner (HKG: 8657). At December 31, 2021 the Company owned 15.5% of True Partner.

On January 18, 2022, the Company entered into a stock purchase agreement with DSS, Inc., pursuant to which the Company has agreed to sell, through the transfer of subsidiary and otherwise, 62,122,908 shares of stock of True Partner Capital Holding Limited in exchange for 11,397,080 shares of the common stock of DSS. On February 28, 2022 the Company entered into a revised Stock Purchase Agreement with DSS, Inc., pursuant to which the Company has agreed to replace the January 18, 2022 agreement with a new agreement to sell a subsidiary holding 44,808,908 shares of stock of True Partner Capital Holding Limited, together with an additional 17,314,000 shares of True Partner Capital Holding Limited (for a total of 62,122,908 shares) in exchange for 17,570,948 shares of common stock of DSS (the “DSS Shares”). The issuance of the DSS Shares was subject to the approval of the NYSE American (on which the common stock of DSS is listed) and DSS’s shareholders. The transaction closed on May 17, 2022.

American Pacific Bancorp Inc. APB is a financial network holding company focused on acquiring equity positions in (i) undervalued commercial bank(s), bank holding companies and nonbanking licensed financial companies operating in the United States, South East Asia, Taiwan, Japan and South Korea, and (ii) companies engaged in—nonbanking activities closely related to banking, including loan syndication services, mortgage banking, trust and escrow services, banking technology, loan servicing, equipment leasing, problem asset management, SPAC (special purpose acquisition company) consulting services, and advisory capital raising services. The Company acquired 4,775,523 shares of the Class B common stock of APB, representing approximately 86.4% of the total common stock of APB. 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 such share issuance, the Company’s ownership percentage of APB fell to 41.3% and subsequently to 36.9% at the end of 2022 due to APB’s share issuances.

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 \$10.00 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.

Alset Capital’s units have been listed on the Nasdaq Global Market and began trading on February 1, 2022, under the ticker symbol “ACAXU”. On March 24, 2022, the shares of Class A common stock, warrants and rights were listed on Nasdaq under the symbols “ACAX,” “ACAXW” and “ACAXR,” respectively.

Alset Capital is a newly organized blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.

The Company owns 55% and its majority-owned subsidiary Alset International Limited owns 45% of the sole member of Alset Acquisition Sponsor, LLC, the sponsor (the “Sponsor”) of Alset Capital.

On February 3, 2022, the Sponsor purchased 473,750 units (the “Private Placement Units”) pursuant to a private placement for a purchase price of \$4,737,500. Each Private Placement Unit consists of one share of Class A common stock, one-half of one warrant and one right entitling the holder to receive one tenth (1/10) of one share of Class A common stock. Previously, the Sponsor had purchased 2,156,250 shares of Class B common stock pursuant to a private placement for a purchase price of \$25,000, or approximately \$0.012 per share. The Class B common stock will automatically convert into shares of Class A common stock at the time of Alset Capital’s initial business combination on a one-for-one basis, subject to certain adjustments.

While Alset Capital may pursue an initial business combination target in any business or industry, it initially intended to focus on identifying businesses in the real estate industry, including construction, homebuilding, real estate owners and operators, arrangers of financing, insurance, and other services for real estate, and adjacent businesses and technologies targeting the real estate space, which may be referred to as “PropTech” businesses. Immediately following its initial public offering, Alset Capital began to evaluate acquisition candidates that can be considered PropTech businesses. However, Alset Capital did not identify a suitable acquisition candidate in the PropTech business. Instead, on September 9, 2022, Alset Capital entered into an agreement and plan of merger (the “Merger Agreement”) by and among Alset Capital, our indirect subsidiary 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”). Upon the closing of the Merger, it is anticipated that Alset Capital will change its name to “HWH International Inc.”

We expect Alset Capital to operate as a separately managed, publicly traded entity following the completion of the initial business combination, or “De-SPAC”.

Sales and Marketing

We focus our corporate marketing efforts on increasing brand awareness, communicating the advantages of our various platforms and generating qualified leads for our sales team. Our corporate marketing plan is designed to continually elevate awareness of our brand and generate demand for our offerings. We rely on a number of channels in this area, including digital advertising, email marketing, social media, affiliate marketing and broad-based media, as well as through various strategic partnerships. We maintain our website at <https://www.alsetinc.com>, and our various operating subsidiaries maintain individual websites, many of which are accessible through our main website.

Each of our businesses has developed a field sales force in their geographic markets. These sales force teams are responsible for identifying and managing individual sales opportunities in their respective regions.

Competition

The businesses in which we participate, real estate, digital transformation technology and biohealth, are each highly competitive. Competition is based upon several factors, including price, reputation, quality and brand recognition. Existing and future competitors may introduce products and services in the same markets we serve, and competing products or services may have better performance, lower prices, better functionality and broader acceptance than our products. Our competitors may also add features to their products or services similar to features that presently differentiate our product and service offerings from theirs. This competition could result in increased sales and marketing expenses, thereby materially reducing our operating margins, and could harm our ability to increase, or cause us to lose, market share. Some of our competitors and potential competitors supply a wide variety of products and services, and have well-established relationships with our current and prospective customers.

Most, if not all, of our current and potential competitors may have significantly greater resources or better competitive positions in certain product segments, geographic regions or user demographics than we do. These factors may allow our competitors to respond more effectively than us to new or emerging technologies and changes in market conditions. By way of example, in our real estate business, some of our competitors already have the advantage of having created vertically integrated businesses, while other competitors have broader and deeper relationships with sources of financing. Other competitors in our real estate business may have more substantial ties and experience in geographical areas in which we operate.

Our competitors may develop products, features or services that are similar to ours or that achieve greater acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies. This is particularly relevant for our digital transformation technology business. Certain competitors could use strong or dominant positions in one or more markets to gain competitive advantage against us in our target market or markets. As a result, our competitors may acquire and engage customers or generate revenue at the expense of our own efforts.

Protection of Proprietary Technology

We rely on a combination of patent, trademark, copyright and trade secret laws in the United States and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our proprietary information, technology and brands.

We protect our proprietary information and technology, in part, by generally requiring our employees to enter into agreements providing for the maintenance of confidentiality and the assignment of rights to inventions made by them while employed by us. We also may enter into non-disclosure and invention assignment agreements with certain of our technical consultants to protect our confidential and proprietary information and technology. We cannot assure you that our confidentiality agreements with our employees and consultants will not be breached, that we will be able to effectively enforce these agreements, that we will have adequate remedies for any breach of these agreements, or that our trade secrets and other proprietary information and technology will not be disclosed or will otherwise be protected.

We also rely on contractual and license agreements with third parties in connection with their use of our technology and services. There is no guarantee that such parties will abide by the terms of such agreements or that we will be able to adequately enforce our rights. Protection of confidential information, trade secrets and other intellectual property rights in the markets in which we operate and compete is highly uncertain and may involve complex legal questions. We cannot completely prevent the unauthorized use or infringement of our confidential information or intellectual property rights as such prevention is inherently difficult. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our confidential information and intellectual property protection.

Government Regulation

Like many similarly diversified companies, our operations are subject to routine regulation by governmental agencies. Much of this regulation will affect us indirectly, inasmuch as, and to the extent that, it affects our customers more directly. A summary of the laws and regulations that might affect our customers is set forth below.

Real Estate Business. The development of our real estate projects will require us to comply with federal, state and local environmental regulations. In connection with this compliance, our real estate acquisition and development projects will require environmental studies. To date, we have spent approximately \$57,581 on environmental studies and compliance. Such costs are reflected in capitalized construction costs in our financial statements.

The cost of complying with governmental regulations is significant and will increase if we add additional real estate projects, become involved in homebuilding in the future and are required to comply with certain due diligence procedures related to third party lenders.

At the present time, we believe that we have all of the material government approvals that we need to conduct our business as currently conducted. We are subject to periodic local permitting that must be addressed, but we do not anticipate that such requirements for government approval will have a material impact on our business as presently conducted. We are required to comply with government regulations and to make filings from time to time with various government entities. Such work is typically handled by outside contractors we retain.

Digital Transformation Technology Business. Companies conducting business on the Internet are subject to a number of foreign and domestic laws and regulations. In addition, laws and regulations relating to user privacy, freedom of expression, content, advertising, information security and intellectual property rights are being debated and considered for adoption by many countries throughout the world. Online businesses face risks from some of the proposed legislation that could be passed in the future.

The adoption of any laws or regulations that adversely affect the growth, popularity or use of the Internet, including laws impacting Internet neutrality, could decrease the demand for our services and increase our cost of doing business. As we expand internationally, government regulation concerning the Internet, and in particular, network neutrality, may be nascent or non-existent. Within such a regulatory environment, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business.

In the United States, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, which include actions for libel, slander, invasion of privacy and other tort claims, unlawful activity, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted, or the content generated by users. Certain foreign jurisdictions are also testing the liability of providers of online services for activities of their users and other third parties. Any court ruling that imposes liability on providers of online services for activities of their users and other third parties could harm our licensees' businesses, and thus, indirectly, our business.

Biohealth Business. Our businesses are subject to varying degrees of governmental regulation in the countries in which our operations are conducted, and the general trend is toward increasingly stringent regulation. In the United States, the drug, device and cosmetic industries have long been subject to regulation by various federal and state agencies, primarily as to product safety, efficacy, manufacturing, advertising, labeling and safety reporting. The exercise of broad regulatory powers by the U.S. Food and Drug Administration, or FDA, continues to result in increases in the amounts of testing and documentation required for FDA approval of new drugs and devices and a corresponding increase in the expense of product introduction. Similar trends are also evident in major markets outside of the United States. The new medical device regulatory framework and the new privacy regulations in Europe are examples of such increased regulation.

The costs of human health care have been and continue to be a subject of study, investigation and regulation by governmental agencies and legislative bodies around the world. In the United States, attention has been focused on drug prices and profits and programs that encourage doctors to write prescriptions for particular drugs, or to recommend, use or purchase particular medical devices. Payers have become a more potent force in the market place and increased attention is being paid to drug and medical device pricing, appropriate drug and medical device utilization and the quality and costs of health care generally. The regulatory agencies under whose purview we operate have administrative powers that may subject it to actions such as product withdrawals, recalls, seizure of products and other civil and criminal sanctions. In some cases, our subsidiaries may deem it advisable to initiate product recalls.

In addition, business practices in the health care industry have come under increased scrutiny, particularly in the United States, by government agencies and state attorneys general, and resulting investigations and prosecutions carry the risk of significant civil and criminal penalties.

Further, we rely on global supply chains, and production and distribution processes, that are complex, are subject to increasing regulatory requirements, and may be faced with unexpected changes that may affect sourcing, supply and pricing of materials used in our products. These processes also are subject to lengthy regulatory approvals.

As described above, certain of our businesses are subject to compliance with laws and regulations of U.S. federal and state governments, non-U.S. governments, their respective agencies and/or various self-regulatory organizations or exchanges relating to, among other things, disclosure and the privacy of client information, and any failure to comply with these regulations could expose us to liability and/or damage our reputation. Our businesses have operated for many years within a legal framework that requires us to monitor and comply with a broad range of legal and regulatory developments that affect our activities. However, additional legislation, changes in rules promulgated by self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules, either in the United States or elsewhere, may directly affect our mode of operation and profitability.

Rigorous legal and compliance analysis of our businesses is endemic to our culture and risk management. Management of each of our businesses supervise our compliance personnel, who are responsible for addressing all regulatory and compliance matters that affect our activities. We strive to maintain a culture of compliance through the use of policies and procedures, including a code of ethics, electronic compliance systems, testing and monitoring, communication of compliance guidance and employee education and training. Our compliance policies and procedures address a variety of regulatory and compliance matters such as the handling of material non-public information, personal securities trading, marketing practices, gifts and entertainment, valuation of investments, recordkeeping, potential conflicts of interest, the allocation of corporate opportunities, collection of fees and expense allocation.

We also monitor the information barriers that we maintain between the public and private sides of our businesses. We believe that our various businesses' access to the intellectual knowledge and contacts and relationships that reside throughout our firm benefits all of our businesses. To maximize that access without compromising compliance with our legal and contractual obligations, our compliance group oversees and monitors the communications between groups that are on the private side of our information barrier and groups that are on the public side, as well as between different public side groups. Our compliance group also monitors contractual obligations that may be impacted and potential conflicts that may arise in connection with these inter-group discussions.

Facilities

We manage our worldwide business from our principal executive offices located in Bethesda, Maryland, in a leased space of approximately 2,059 square feet, under a lease that expires in 2024. We also maintain offices in Singapore, Magnolia, Texas, Hong Kong and South Korea through leased spaces aggregating approximately 15,811 square feet, under leases expiring on various dates from May 2023 to August 2025. The leases have rental rates ranging from \$2,300 to \$23,020 per month. Our total rent expense under these office leases was \$767,306 and \$587,685 in 2022 and 2021, respectively. We expect total rent expense to be approximately \$944,807 under office leases in 2023. We believe our present office space and locations are adequate for our current operations and for near-term planned expansion.

Employees

As of March 31, 2023, we had a total of 48 full-time employees. In addition to our full-time employees, we occasionally hire part-time employees and independent contractors to assist us in various operations, including real estate, research and product development and production.

Our future success will depend in part on our ability to attract, retain and motivate highly qualified technical and sales personnel for whom competition is intense. Our employees are not represented by any collective bargaining unit. We believe our relations with employees and contractors are good.

Additional Information

The Company is subject to the information requirements of the Exchange Act, and, in accordance therewith, files annual, quarterly, and special reports, proxy statements and other information with the Commission. The Commission maintains an internet website at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. The periodic reports, proxy statements and other information that the Company files with the Commission are available for inspection on the Commission's website free of charge as soon as reasonably practicable after they are electronically filed with or furnished to the Commission.

The Company maintains a website at <https://www.alsetinc.com> where you may also access these materials free of charge. We have included our website address as an inactive textual reference only and the information contained in, and that can be accessed through, our website is not incorporated into and is not part of this report on Form 10-K.

Item 1A. Risk Factors.

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Report before making a decision to invest in our common stock. If any of the following risks and uncertainties develop into actual events, our business, results of operations and financial condition could be adversely affected. In those cases, the trading price of our common stock could decline and you may lose all or part of your investment. As a "smaller reporting company", the Company is not required to provide the information required by this item, but below are the risk factors the Company believes investors should consider before purchasing any of the Company's securities.

Risks Related to Our Company

Management has identified a material weakness in the design and effectiveness of our internal controls, which, if not remediated, could affect the accuracy and timeliness of our financial reporting and result in misstatements in our financial statements.

In connection with the preparation of our Report on Form 10-K, an evaluation was carried out by management, with the participation of our Co-Chief Executive Officers and Co-Chief Financial Officers, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”) as of December 31, 2022. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified, and that such information is accumulated and communicated to management, including the Co-Chief Executive Officers and Co-Chief Financial Officers, to allow timely decisions regarding required disclosure.

During evaluation of our disclosure controls and procedures as of December 31, 2022, conducted as part of our annual audit and preparation of our annual financial statements, management conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures and concluded that our disclosure controls and procedures were not effective. Management determined that at December 31, 2022, we had a material weakness that relates to the relatively small number of staff. This limited number of staff prevents us from segregating duties within our internal control system and restricts our ability to timely evaluate the accuracy and completeness of our financial statement disclosures.

This material weakness, which remained unremediated by the Company as of December 31, 2022, could result in a misstatement to the accounts and disclosures that would result in a material misstatement to our annual or interim consolidated financial statements that would not be prevented or detected. If we do not remediate the material weakness or if other material weaknesses are identified in the future, we may be unable to report our financial results accurately or to report them on a timely basis, which could result in the loss of investor confidence and have a material adverse effect on our stock price as well as our ability to access capital and lending markets. We are presently taking efforts to remediate this weakness.

Risks Relating to Our Business

We have a history of annual net losses which may continue and which may negatively impact our ability to achieve our business objectives.

For the years ended December 31, 2022 and 2021, we had revenue of \$4,480,442 and \$19,798,822, respectively, and net losses of \$46,212,505 and \$119,017,591 in the years ended December 31, 2022 and 2021, respectively. Our failure to increase our revenues or improve our gross margins will harm our business. We may not be able to achieve, sustain or increase profitability on a quarterly or annual basis in the future. If our revenue grows more slowly than we anticipate, our gross margins fail to improve or our operating expenses exceed our expectations, our operating results will suffer. The prices we charge for our properties, products and services may decrease, which would reduce our revenues and harm our business. If we are unable to sell our properties, products and services at acceptable prices relative to our costs, or if we fail to develop and introduce on a timely basis new products or services from which we can derive additional revenues, our financial results will suffer.

We cannot ensure the long-term successful operation of our business or the execution of our growth strategy.

Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by growing companies in new and rapidly evolving markets. We may meet many challenges including:

- establishing and maintaining broad market acceptance of our products and services and converting that acceptance into direct and indirect sources of revenue;
- establishing and maintaining adoption of our technology on a wide variety of platforms and devices;
- timely and successfully developing new products and services and increasing the features of existing products and services;
- developing products and services that result in high degrees of customer satisfaction and high levels of customer usage;
- successfully responding to competition, including competition from emerging technologies and solutions;
- developing and maintaining strategic relationships to enhance the distribution, features, content and utility of our products and services; and
- identifying, attracting and retaining talented technical and sales services staff at reasonable market compensation rates in the markets in which we operate.

Our growth strategy may be unsuccessful and we may be unable to address the risks we face in a cost-effective manner, if at all. If we are unable to successfully address these risks our business will be harmed.

We have a holding company ownership structure and will depend on distributions from our majority-owned and/or controlled operating subsidiaries to meet our obligations. Contractual or legal restrictions applicable to our subsidiaries could limit payments or distributions from them.

We are a holding company and derive all of our operating income from, and hold substantially all of our assets through, our U.S. and foreign subsidiaries, some of which are publicly held and traded. The effect of this structure is that we will depend on the earnings of our subsidiaries, and the payment or other distributions to us of these earnings, to meet our obligations and make capital expenditures. Provisions of U.S. and foreign corporate and tax law, like those requiring that dividends are paid only out of surplus, and provisions of any future indebtedness, may limit the ability of our subsidiaries to make payments or other distributions to us. Certain of our subsidiaries are minority owned and the assets of these companies are not included in our consolidated balance sheets. Additionally, in the event of the liquidation, dissolution or winding up of any of our subsidiaries, creditors of that subsidiary (including trade creditors) will generally be entitled to payment from the assets of that subsidiary before those assets can be distributed to us.

Our significant ownership interests in public companies listed on limited public trading markets subjects us to risks relating to the sale of their shares and the fluctuations in their stock prices.

We own indirect interests in several publicly traded companies – most significantly, Alset International Limited, whose shares are listed on the Singapore Stock Exchange, DSS, Inc., whose shares are listed on the NYSE American LLC Exchange, Holista CollTech Limited, whose shares are listed on the Australian Stock Exchange, Value Exchange International Inc., whose shares are listed on OTCQB Venture Market of the OTC Markets Group, Inc. and Alset Capital Acquisition Corp., listed on the Nasdaq (LiquidValue Development Inc. and Hapi Metaverse Inc. are not currently traded on any exchange). The average trading volume of the public shares is limited for some of these companies. In view of the limited public trading markets for some of these shares, there can be no assurance that we would succeed in obtaining a price for these shares equal to the price quoted for such shares in their respective trading markets at the time of sale or that we would not incur a loss on our shares should we determine to dispose our shareholding in any of these companies in the future. Additionally, on an ongoing basis, fluctuations in the stock prices of these companies are likely to be reflected in the market price of our common stock. Given the limited public trading markets in some of these public companies, stock price fluctuations in our price may be significant.

General political, social and economic conditions can adversely affect our business.

Demand for our products and services depends, to a significant degree, on general political, social and economic conditions in our markets. Worsening economic and market conditions, downside shocks, or a return to recessionary economic conditions could serve to reduce demand for our products and services and adversely affect our operating results. In addition, an economic downturn could impact the valuation and collectability of certain long-term receivables held by us. We could also be adversely affected by such factors as changes in foreign currency rates and weak economic and political conditions in each of the countries in which we operate.

Disruptions in the financial markets and uncertain economic conditions could adversely affect the value of our real estate investments.

Disruptions in the financial markets could adversely affect the value of our real estate investments. Concerns over economic recession, the COVID-19 pandemic, interest rate increases, policy priorities of the U.S. presidential administration, trade wars, labor shortages, or inflation may contribute to increased volatility and diminished expectations for the economy and markets. Additionally, concern over geopolitical issues may also contribute to prolonged market volatility and instability. For example, the conflict between Russia and Ukraine has led to disruption, instability and volatility in global markets and industries. The U.S. government and other governments in jurisdictions have imposed severe economic sanctions and export controls against Russia and Russian interests, have removed Russia from the SWIFT system, and have threatened additional sanctions and controls. The impact of these measures, as well as potential responses to them by Russia, is unknown. Such conditions could impact real estate fundamentals and result in lower occupancy, lower rental rates, and declining values in our real estate portfolio and in the collateral securing our loan investments. As a result, the value of our property investments could decrease below the amounts paid for such investments, the value of collateral securing our loans could decrease below the outstanding principal amounts of such loans, and revenues from our properties could decrease due to fewer and/or delinquent tenants or lower rental rates. These factors would significantly harm our revenues, results of operations, financial condition, business prospects and our ability to make distributions to our stockholders.

The coronavirus or other adverse public health developments could have a material and adverse effect on our business operations, financial condition and results of operations.

In December 2019, a novel strain of coronavirus (COVID-19) was first identified in Wuhan, Hubei Province, China, and has since spread to a number of other countries, including the United States. The coronavirus, or other adverse public health developments, could have a material and adverse effect on our business operations. The coronavirus' far-reaching impact on the global economy could negatively affect various aspects of our business, including demand for real estate. In addition, the coronavirus could directly impact the ability of our staff and contractors to continue to work, and our ability to conduct our operations in a prompt and efficient manner. The coronavirus may adversely impact the timeliness of local government in granting required approvals. Accordingly, the coronavirus may cause the completion of important stages in our projects to be delayed. The extent to which the coronavirus may impact our business will depend on future developments, which are highly uncertain and cannot be predicted. For more information on this matter, see "Management's Discussion and Analysis of Financial Condition and Results of Operations- Financial Impact of the COVID-19 Pandemic."

We have made and expect to continue to make acquisitions as a primary component of our growth strategy. We may not be able to identify suitable acquisition candidates or consummate acquisitions on acceptable terms, which could disrupt our operations and adversely impact our business and operating results.

A primary component of our growth strategy has been to acquire complementary businesses to grow our company. We intend to continue to pursue acquisitions of complementary technologies, products and businesses as a primary component of our growth strategy to expand our operations and customer base and provide access to new markets and increase benefits of scale. Acquisitions involve certain known and unknown risks that could cause our actual growth or operating results to differ from our expectations. For example:

- we may not be able to identify suitable acquisition candidates or to consummate acquisitions on acceptable terms;
- we may pursue international acquisitions, which inherently pose more risks than domestic acquisitions;
- we compete with others to acquire complementary products, technologies and businesses, which may result in decreased availability of, or increased price for, suitable acquisition candidates;
- we may not be able to obtain the necessary financing, on favorable terms or at all, to finance any or all of our potential acquisitions; and
- we may ultimately fail to consummate an acquisition even if we announce that we plan to acquire a technology, product or business.

We may be unable to successfully integrate acquisitions, which may adversely impact our operations.

Acquired technologies, products or businesses may not perform as we expect and we may fail to realize anticipated revenue and profits. In addition, our acquisition strategy may divert management's attention away from our existing business, resulting in the loss of key customers or employees, and expose us to unanticipated problems or legal liabilities, including responsibility as a successor for undisclosed or contingent liabilities of acquired businesses or assets.

If we fail to conduct due diligence on our potential targets effectively, we may, for example, not identify problems at target companies or fail to recognize incompatibilities or other obstacles to successful integration. Our inability to successfully integrate future acquisitions could impede us from realizing all of the benefits of those acquisitions and could severely weaken our business operations. The integration process may disrupt our business and, if new technologies, products or businesses are not implemented effectively, may preclude the realization of the full benefits expected by us and could harm our results of operations. In addition, the overall integration of new technologies, products or businesses may result in unanticipated problems, expenses, liabilities and competitive responses. The difficulties integrating an acquisition include, among other things:

- issues in integrating the target company's technologies, products or businesses with ours;
- incompatibility of marketing and administration methods;
- maintaining employee morale and retaining key employees;
- integrating the cultures of our companies;
- preserving important strategic customer relationships;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations; and
- coordinating and integrating geographically separate organizations.

In addition, even if the operations of an acquisition are integrated successfully, we may not realize the full benefits of the acquisition, including the synergies, cost savings or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all.

Acquisitions which we complete may have an adverse impact on our results of operations.

Acquisitions may cause us to:

- issue common stock that would dilute our current stockholders' ownership percentage;
- use a substantial portion of our cash resources;
- increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition;
- assume liabilities for which we do not have indemnification from the former owners; further, indemnification obligations may be subject to dispute or concerns regarding the creditworthiness of the former owners;
- record goodwill and non-amortizable intangible assets that are subject to impairment testing and potential impairment charges;
- experience volatility in earnings due to changes in contingent consideration related to acquisition earn-out liability estimates;
- incur amortization expenses related to certain intangible assets;
- lose existing or potential contracts as a result of conflict of interest issues;
- become subject to adverse tax consequences or deferred compensation charges;
- incur large and immediate write-offs; or
- become subject to litigation.

Our resources may not be sufficient to manage our expected growth; failure to properly manage our potential growth would be detrimental to our business.

We may fail to adequately manage our anticipated future growth. Any growth in our operations will place a significant strain on our administrative, financial and operational resources and increase demands on our management and on our operational and administrative systems, controls and other resources. We cannot assure you that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future or that we will be able to successfully implement appropriate measures consistent with our growth strategy. As part of this growth, we may have to implement new operational and financial systems, procedures and controls to expand, train and manage our employee base, and maintain close coordination among our technical, accounting, finance, marketing and sales. We cannot guarantee that we will be able to do so, or that if we are able to do so, we will be able to effectively integrate them into our existing staff and systems. There may be greater strain on our systems as we acquire new businesses, requiring us to devote significant management time and expense to the ongoing integration and alignment of management, systems, controls and marketing. If we are unable to manage growth effectively, such as if our sales and marketing efforts exceed our capacity to design and produce our products and services or if new employees are unable to achieve performance levels, our business, operating results and financial condition could be materially and adversely affected.

We will lose our entire investment in Alset Capital if it does not complete its initial business combination and our officers may have a conflict of interest in determining whether a particular business combination target is appropriate for Alset Capital.

We purchased, through the Sponsor, founder shares in Alset Capital for an aggregate purchase price of \$25,000. In connection with Alset Capital's initial public offering, we purchased, through the Sponsor, 473,750 private placement units at a price of \$10.00 per unit, for an aggregate purchase price of \$4,737,500. The founder shares and private placement units will be worthless if Alset Capital does not complete an initial business combination. In addition, the Sponsor may provide loans to Alset Capital. The interests of our officers and directors who also serve as officers and directors of Alset Capital may influence their motivation in identifying and selecting a target business combination, completing an initial business combination and influencing the operation of the business following Alset Capital's initial business combination.

Our officers, including our Chairman, Chief Executive Officer Chan Heng Fai, will allocate some of their time to Alset Capital, thereby causing potential conflicts of interest in their determination as to how much time to devote to our affairs. This potential conflict of interest could have a negative impact on our operations.

Mr. Chan, our Chairman and Chief Executive Officer, and Mr. Wei, our Chief Financial Officer, also serve in these positions for Alset Capital, and Mr. Chan additionally also serves as a director of Alset Capital. These officers may not commit their full time to our affairs, which may result in a conflict of interest in allocating their time between our operations and Alset Capital's operations. These officers are engaged in Alset Capital and are not obligated to contribute any specific number of hours per week to our affairs. While we do not believe that the time devoted to Alset Capital will undermine their ability to fulfill their duties with respect to our Company, if the business affairs of Alset Capital require them to devote substantial amounts of time to such affairs, it could limit their ability to devote time to our affairs which may have a negative impact on our operations.

Our international operations are subject to increased risks which could harm our business, operating results and financial condition.

In addition to uncertainty about our ability to expand our international market position, there are risks inherent in doing business internationally, including:

- trade barriers, tariffs and changes in trade regulations;
- difficulties in developing, staffing and simultaneously managing a large number of varying foreign operations as a result of distance, language and cultural differences;
- the need to comply with varied local laws and regulations;
- longer payment cycles;
- possible credit risk and higher levels of payment fraud;
- profit repatriation restrictions and foreign currency exchange restrictions;
- political or social unrest, economic instability or human rights issues;
- geopolitical events, including acts of war and terrorism;
- import or export regulations;
- compliance with U.S. laws (such as the Foreign Corrupt Practices Act), and local laws prohibiting corrupt payments to government officials;
- laws and business practices that favor local competitors or prohibit foreign ownership of certain businesses; and
- different and more stringent data protection, privacy and other laws.

Our failure to manage any of these risks successfully could harm our international operations and our overall business, and results of our operations.

If we are unable to retain the services of Chan Heng Fai or if we are unable to successfully recruit qualified personnel, we may not be able to continue operations.

Our success depends to a significant extent upon the continued service of Chan Heng Fai, our founder, Chairman and Chief Executive Officer. The loss of the services of Chan Heng Fai could have a material adverse effect on our growth, revenues and prospective business. If Chan Heng Fai was to resign or we are unable to retain his services, the loss could result in loss of sales, delays in new product development and diversion of management resources. We could face high costs and substantial difficulty in hiring a qualified successor and could experience a loss in productivity while any such successor obtains the necessary training and experience. Chan Heng Fai has committed that the majority of his time will be devoted to managing the affairs of our company; however, Chan Heng Fai may engage in other business ventures, including other technology-related businesses.

In order to successfully implement and manage our businesses, we are also dependent upon successfully recruiting qualified personnel. In particular, we must hire and retain experienced management personnel to help us continue to grow and manage each business, and skilled engineering, product development, marketing and sales personnel to further our research and product development efforts. Competition for qualified personnel is intense. If we do not succeed in attracting new personnel or in retaining and motivating our current personnel, our business could be harmed.

If we do not successfully develop new products and services, our business may be harmed.

Our business and operating results may be harmed if we fail to expand our various product and service offerings (either through internal product or capability development initiatives or through partnerships and acquisitions) in such a way that achieves widespread market acceptance or that generates significant revenue and gross profits to offset our operating and other costs. We may not successfully identify, develop and market new product and service offerings in a timely manner. If we introduce new products and services, they may not attain broad market acceptance or contribute meaningfully to our revenue or profitability. Competitive or technological developments may require us to make substantial, unanticipated capital expenditures in new products and technologies or in new strategic partnerships, and we may not have sufficient resources to make these expenditures. Because the markets for many of our products and services are subject to rapid change, we may need to expand and/or evolve our product and service offerings quickly. Delays and cost overruns could affect our ability to respond to technological changes, evolving industry standards, competitive developments or customer requirements and harm our business and operating results.

Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act; if we or our majority-owned and/or controlled operating subsidiaries become an unregistered investment company, then we would need to modify our business philosophy and/or make other changes to our asset composition.

Neither we nor any of our majority-owned and/or controlled subsidiaries intends to register as an investment company under the Investment Company Act of 1940. If we or our subsidiaries were obligated to register as investment companies, then we would have to comply with a variety of regulatory requirements under the Investment Company Act that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

Under the relevant provisions of Section 3(a)(1) of the Investment Company Act, an investment company is any issuer that:

- pursuant to Section 3(a)(1)(A), is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities (the “primarily engaged test”); or
- pursuant to Section 3(a)(1)(C), is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire “investment securities” having a value exceeding 40% of the value of such issuer’s total assets (exclusive of United States government securities and cash items) on an unconsolidated basis (the “40% asset test”). “Investment securities” exclude United States government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

Neither we nor any of our majority-owned and/or controlled subsidiaries should be required to register as an investment company under either of the tests above. With respect to the 40% asset test, most of the entities through which we and our majority-owned and/or controlled subsidiaries will own assets will in turn be majority-owned and/or controlled subsidiaries that will not themselves be investment companies and will not be relying on the exceptions from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) (relating to private investment companies).

With respect to the primarily engaged test, we, together with our majority-owned and/or controlled subsidiaries, are a holding company and do not intend to invest or trade in securities. Rather, through our majority-owned and/or controlled subsidiaries, we will be primarily engaged in the non-investment company businesses of these subsidiaries, namely, real estate, digital transformation technology and biohealth.

To maintain compliance with the Investment Company Act, our majority-owned and/or controlled operating subsidiaries may be unable to sell assets we would otherwise want them to sell and may need to sell assets we would otherwise wish them to retain. In addition, our subsidiaries may have to acquire additional assets that they might not otherwise have acquired or may have to forego opportunities to buy minority equity interests that we would otherwise want them to make and would be important to our business philosophy. Moreover, the SEC or its staff may issue interpretations with respect to various types of assets that are contrary to our views and current SEC staff interpretations are subject to change, which increases the risk of non-compliance and the risk that we may be forced to make adverse changes to our asset composition. If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our current business and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court required enforcement and a court could appoint a receiver to take control of our company and liquidate our business.

If we are deemed to be an investment company under the Investment Company Act, including due to our sponsorship of the Alset Capital Acquisition Corp., our stockholders' investment return may be reduced.

We are not registered as an investment company under the Investment Company Act of 1940, based on exceptions we believe are available to us. Our investment in the Alset Capital Acquisition Corp. discussed above could give rise to a determination that we are an investment company subject to registration under the Investment Company Act. We intend to conduct our operations so that we will not be deemed to be an investment company. The Alset Capital Acquisition Corp. initial public offering registration statement and related prospectus includes an exception permitting us to transfer our ownership in the founder shares at any time to the extent that we determine, in good faith, that such transfer is necessary to ensure that we comply with the Investment Company Act.

If we do not adequately protect our intellectual property rights, we may experience a loss of revenue and our operations may be materially harmed.

We rely on and expect to continue to rely on a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships, as well as patent, trademark, copyright and trade secret protection laws, to protect our intellectual property and proprietary rights. We cannot assure you that we can adequately protect our intellectual property or successfully prosecute potential infringement of our intellectual property rights. Also, we cannot assure you that others will not assert rights in, or ownership of, trademarks and other proprietary rights of ours or that we will be able to successfully resolve these types of conflicts to our satisfaction. Our failure to protect our intellectual property rights may result in a loss of revenue and could materially harm our operations and financial condition.

New legislation, regulations or rules related to obtaining patents or enforcing patents could significantly increase our operating costs and decrease our revenue.

We spend a significant number of resources to enforce our patent assets. If new legislation, regulations or rules are implemented either by Congress, the U.S. Patent and Trademark Office (the "USPTO"), any state or the courts that impact the patent application process, the patent enforcement process or the rights of patent holders, these changes could negatively affect our expenses and revenue and any reductions in the funding of the USPTO could negatively impact the value of our assets.

A number of states have adopted or are considering legislation to make the patent enforcement process more difficult for non-practicing entities, such as allowing such entities to be sued in state court and setting higher standards of proof for infringement claims. We cannot predict what, if any, impact these state initiatives will have on the operation of our enforcement business. However, such legislation could increase the uncertainties and costs surrounding the enforcement of our patented technologies, which could have a material adverse effect on our business and financial condition.

In addition, the U.S. Department of Justice has conducted reviews of the patent system to evaluate the impact of patent assertion entities on industries in which those patents relate. It is possible that the findings and recommendations of the Department of Justice could impact the ability to effectively license and enforce standards-essential patents and could increase the uncertainties and costs surrounding the enforcement of any such patented technologies.

Finally, new rules regarding the burden of proof in patent enforcement actions could significantly increase the cost of our enforcement actions, and new standards or limitations on liability for patent infringement could negatively impact any revenue we might derive from such enforcement actions.

For our real estate business, the market for real estate is subject to fluctuations that may impact the value of the land or housing inventory that we hold, which may impact the price of our common stock.

Investors should be aware that the value of any real estate we own may fluctuate from time to time in connection with broader market conditions and regulatory issues, which we cannot predict or control, including interest rates, the availability of credit, the tax benefits of homeownership and wage growth, unemployment and demographic trends in the regions in which we may conduct business. Should the price of real estate decline in the areas in which we have purchased land, the price at which we will be able to sell lots to home builders, or if we build houses, the price at which we can sell such houses to buyers, will decline.

Zoning and land use regulations impacting the land development and homebuilding industries may limit our activities and increase our expenses, which would adversely affect our financial results.

We must comply with zoning and land use regulations impacting the land development and home building industries. We will need to obtain the approval of various government agencies to expand our operations into new areas and to commence the building of homes. Our ability to gain the necessary approvals is not certain, and the expense and timing of approval processes may increase in ways that adversely impact our profits.

Health and safety incidents that occur in connection with our potential expansion into the homebuilding business could be costly with uninsured losses.

If we commence operations in the homebuilding business, we will be exposed to the danger of health and safety risks to our employees and contractors. Health and safety incidents could result in the loss of the services of valued employees and contractors and expose us to significant litigation and fines. Insurance may not cover, or may be insufficient to cover, such losses, and premiums may rise.

Adverse weather conditions, natural disasters and man-made disasters may delay our real estate development projects or cause additional expenses.

The land development operations which we currently conduct and the construction projects which we may become involved in at a later date may be adversely impacted by unexpected weather and natural disasters, including storms, hurricanes, tornados, floods, blizzards, fires and earthquakes. Man-made disasters including terrorist attacks, electrical outages and cyber-security incidents may also impact the costs and timing of the completion of our projects. Cyber-security incidents, including those that result in the loss of financial or other personal data, could expose us to litigation and reputational damage. If insurance is unavailable to us on acceptable terms, or if our insurance is not adequate to cover business interruptions and losses from the conditions described above and similar incidents, our results of operations will be adversely affected. In addition, damage to new homes caused by these conditions may cause our insurance costs to increase.

We may face liability for information displayed on or accessible via our website, and for other content and commerce-related activities, which could reduce our net worth and working capital and increase our operating losses.

We could face claims for errors, defamation, negligence or copyright or trademark infringement based on the nature and content of information displayed on or accessible via our website, which could adversely affect our financial condition. Even to the extent that claims made against us do not result in liability, we may incur substantial costs in investigating and defending such claims.

Our insurance, if any, may not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liabilities that may be exposed. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage would reduce our net worth and working capital and increase our operating losses.

Any failure of our network could lead to significant disruptions in our businesses, which could damage our reputation, reduce our revenues or otherwise harm our businesses.

All of our businesses and, in particular, our digital transformation technology business unit, are dependent upon providing our customers with fast, efficient and reliable services. A reduction in the performance, reliability or availability of our network infrastructure may harm our ability to distribute our products and services to our customers, as well as our reputation and ability to attract and retain customers and content providers. Our systems and operations are susceptible to, and could be damaged or interrupted by outages caused by fire, flood, power loss, telecommunications failure, Internet or mobile network breakdown, earthquakes and similar events. Our systems are also subject to human error, security breaches, power losses, computer viruses, break-ins, “denial of service” attacks, sabotage, intentional acts of vandalism and tampering designed to disrupt our computer systems and network communications, and our systems could be subject to greater vulnerability in periods of high employee turnover. A sudden and significant increase in traffic on our customers’ websites or demand from mobile users could strain the capacity of the software, hardware and telecommunications systems that we deploy or use. This could lead to slower response times or system failures. Our failure to protect our network against damage from any of these events could harm our business.

Public scrutiny of Internet privacy and security issues may result in increased regulation and different industry standards, which could deter or prevent us from providing our current products and solutions to our members and customers, thereby harming our business.

The regulatory framework for privacy and security issues worldwide is evolving and is likely to remain in flux for the foreseeable future. Practices regarding the collection, use, storage, display, processing, transmission and security of personal information by companies offering online services have recently come under increased public scrutiny. The U.S. government, including the White House, the Federal Trade Commission, the Department of Commerce and many state governments, are reviewing the need for greater regulation of the collection, use and storage of information concerning consumer behavior with respect to online services, including regulation aimed at restricting certain targeted advertising practices and collection and use of data from mobile devices. The Federal Trade Commission in particular has approved consent decrees resolving complaints and their resulting investigations into the privacy and security practices of a number of online, social media companies. Similar actions may also impact us directly.

Our business, including our ability to operate and expand internationally or on new technology platforms, could be adversely affected if legislation or regulations are adopted, interpreted, or implemented in a manner that is inconsistent with our current business practices that may require changes to these practices, the design of our websites, mobile applications, products, features or our privacy policy. In particular, the success of our business is expected to be driven by our ability to responsibly use the data that our members share with us. Therefore, our business could be harmed by any significant change to applicable laws, regulations or industry standards or practices regarding the storage, use or disclosure of data our members choose to share with us, or regarding the manner in which the express or implied consent of consumers for such use and disclosure is obtained. Such changes may require us to modify our products and features, possibly in a material manner, and may limit our ability to develop new products and features that make use of the data that we collect about our members.

Particularly with regard to our biohealth business, product reliability, safety and effectiveness concerns can have significant negative impacts on sales and results of operations, lead to litigation and cause reputational damage.

Concerns about product safety, whether raised internally or by litigants, regulators or consumer advocates, and whether or not based on scientific evidence, can result in safety alerts, product recalls, governmental investigations, regulatory action on the part of the FDA (or its counterpart in other countries), private claims and lawsuits, payment of fines and settlements, declining sales and reputational damage. These circumstances can also result in damage to brand image, brand equity and consumer trust in our products. Product recalls could in the future prompt government investigations and inspections, the shutdown of manufacturing facilities, continued product shortages and related sales declines, significant remediation costs, reputational damage, possible civil penalties and criminal prosecution.

Significant challenges or delays in our innovation and development of new products, technologies and indications could have an adverse impact on our long-term success.

Our continued growth and success depend on our ability to innovate and develop new and differentiated products and services that address the evolving health care needs of patients, providers and consumers. Development of successful products and technologies is also necessary to offset revenue losses when our existing products lose market share due to various factors such as competition and loss of patent exclusivity. We cannot be certain when or whether we will be able to develop, license or otherwise acquire companies, products and technologies, whether particular product candidates will be granted regulatory approval, and, if approved, whether the products will be commercially successful.

We pursue product development through internal research and development as well as through collaborations, acquisitions, joint ventures and licensing or other arrangements with third parties. In all of these contexts, developing new products, particularly biotechnology products, requires a significant commitment of resources over many years. Only a very few biopharmaceutical research and development programs result in commercially viable products. The process depends on many factors, including the ability to discern patients' and healthcare providers' future needs; develop new compounds, strategies and technologies; achieve successful clinical trial results; secure effective intellectual property protection; obtain regulatory approvals on a timely basis; and, if and when they reach the market, successfully differentiate our products from competing products and approaches to treatment. New products or enhancements to existing products may not be accepted quickly or significantly in the marketplace for healthcare providers, and there may be uncertainty over third-party reimbursement. Even following initial regulatory approval, the success of a product can be adversely impacted by safety and efficacy findings in larger real world patient populations, as well as market entry of competitive products.

Our competitors may have greater financial and other resources than we do and those advantages could make it difficult for us to compete with them.

Our three principal businesses, real estate, digital transformation technology and biohealth activities are each highly competitive and constantly changing. We expect that competition will continue to intensify. Increased competition may result in price reductions, reduced margins, loss of customers, and changes in our business and marketing strategies, any of which could harm our business. Current and potential competitors may have longer operating histories, greater name recognition, more employees and significantly greater financial, technical, marketing, public relations and distribution resources than we do. In addition, new competitors with potentially unique or more desirable products or services may enter the market at any time. The competitive environment may require us to make changes in our products, pricing, licensing, services or marketing to maintain and extend our current brand and technology. Price concessions or the emergence of other pricing, licensing and distribution strategies or technology solutions of competitors may reduce our revenue, margins or market share, any of which will harm our business. Other changes we have to make in response to competition could cause us to expend significant financial and other resources, disrupt our operations, strain relationships with partners, or release products and enhancements before they are thoroughly tested, any of which could harm our operating results and stock price.

Since some members of our board of directors are not residents of the United States and certain of our assets are located outside of the United States, you may not be able to enforce a U.S. judgment for claims you may bring against such directors or assets.

Several members of our senior management team, including Chan Heng Fai, have their primary residences and business offices in Asia, and a portion of our assets and a substantial portion of the assets of these directors are located outside the United States. As a result, it may be more difficult for you to enforce a lawsuit within the United States against these non-U.S. residents than if they were residents of the United States. Also, it may be more difficult for you to enforce any judgment obtained in the United States against our assets or the assets of our non-U.S. resident management located outside the United States than if these assets were located within the United States. We cannot assure you that foreign courts would enforce liabilities predicated on U.S. federal securities laws in original actions commenced in such foreign jurisdiction, or judgments of U.S. courts obtained in actions based upon the civil liability provisions of U.S. federal securities laws.

We may be required to record a significant charge to earnings if our real estate properties become impaired.

Our policy is to obtain an independent third-party valuation for each major project in the United States to identify triggering events for impairment. Our management may use a market comparison method to value other relatively small projects, such as the project in Perth, Australia. In addition to the annual assessment of potential triggering events in accordance with ASC 360 – Property Plant and Equipment (“ASC 360”), we apply 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.

Fluctuations in foreign currency exchange rates affect our operating results.

A portion of our revenues arises from international operations. Revenues generated and expenses incurred by our international subsidiaries are often denominated in the currencies of the local countries. As a result, our consolidated U.S. dollar financial statements are subject to fluctuations due to changes in exchange rates as the financial results of our international subsidiaries are translated from local currencies into U.S. dollars. In addition, our financial results are subject to changes in exchange rates that impact the settlement of transactions in non-local currencies.

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 were approximately \$51 million and \$45 million on December 31, 2022 and 2021, respectively, are the reason for the significant fluctuation of foreign currency transaction Gain or Loss on the Consolidated Statements of Operations and Other Comprehensive Income. Because the intercompany loan balances between Singapore and United States will remain at approximately \$51 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 loans 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.

Our international operations expose us to additional legal and regulatory risks, which could have a material adverse effect on our business, results of operations and financial conditions.

At the present time, the majority of our activities are conducted in the United States (particularly with regard to our real estate operations). However, we also have operations worldwide through employees, contractors and agents, as well as those companies to which we outsource certain of our business operations. Compliance with foreign and U.S. laws and regulations that apply to our international operations increase our cost of doing business. These numerous and sometimes conflicting laws and regulations include, among others, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, data privacy requirements, export requirements, and anti-bribery and anti-corruption laws.

Our business activities currently are subject to no particular regulation by governmental agencies in the United States or the other countries in which we operate other than that routinely imposed on corporate businesses, and no such regulation is currently anticipated. As our operations expand, we anticipate that we will need to comply with laws and regulations in additional jurisdictions.

There is a risk that we may inadvertently breach some provisions which apply to us at the present time or which may apply to us in the future. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Violations of laws and regulations also could result in prohibitions on our ability to operate in one or more countries and could materially damage our reputation, our ability to attract and retain employees, or our business, results of operations and financial condition.

If tariffs or other restrictions are placed on foreign imports or any related counter-measures are taken by other countries, our business and results of operations could be harmed.

At the present time, we do not sell any products produced in China and have no plans to commence manufacturing in China; however, this may change at some point in the future. The current administration has put into place tariffs and other trade restrictions. The current or future administrations may additionally alter trade agreements and terms between the United States and China, among other countries, including limiting trade and/or imposing tariffs on imports from such countries. In addition, China, among others, has either threatened or put into place retaliatory tariffs of their own. Should we commence manufacturing in China, and if tariffs or other restrictions are placed on foreign imports, including on any of our products manufactured overseas for sale in the United States, or any related counter-measures are taken by other countries, our business and results of operations may be materially harmed.

These tariffs have the potential to significantly raise the cost of any products we may manufacture in China. In such a case, there can be no assurance that we will be able to shift manufacturing and supply agreements to non-impacted countries, including the United States, to reduce the effects of the tariffs. As a result, we may suffer margin erosion or be required to raise our prices, which may result in the loss of customers, negatively impact our results of operations, or otherwise harm our business. Additionally, the imposition of tariffs on products that we export to international markets could make such products more expensive compared to those of our competitors if we pass related additional costs on to our customers, which may also result in the loss of customers, negatively impact our results of operations, or otherwise harm our business.

We are an “emerging growth company” and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our consolidated financial statements not being comparable to those of some other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our shares may be less attractive to investors.

As a company with less than \$1.07 billion in revenue during our last completed fiscal year, we qualify as an “emerging growth company” under the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company, we:

- are not required to obtain an attestation and report from our auditors on our management’s assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as “compensation discussion and analysis”);
- are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the “say-on-pay,” “say-on-frequency” and “say-on-golden-parachute” votes);
- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;
- may present only two years of audited financial statements and only two years of related Management’s Discussion & Analysis of Financial Condition and Results of Operations, or MD&A; and
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

We intend to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our consolidated financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under §107 of the JOBS Act.

Certain of these reduced reporting requirements and exemptions were already available to us due to the fact that we also qualify as a “smaller reporting company” under SEC rules. For instance, smaller reporting companies are not required to obtain an auditor attestation and report regarding management’s assessment of internal control over financial reporting, are not required to provide a compensation discussion and analysis, are not required to provide a pay-for-performance graph or CEO pay ratio disclosure, and may present only two years of audited financial statements and related MD&A disclosure.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act, or such earlier time that we no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that we would cease to be an “emerging growth company” if we have more than \$1.07 billion in annual revenue, have more than \$700 million in market value of our common stock held by non-affiliates, or issue more than \$1.0 billion in principal amount of non-convertible debt over a three-year period. Under current SEC rules, however, we will continue to qualify as a “smaller reporting company” for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than \$250 million as of the last business day of our most recently completed second fiscal quarter.

Investors may find our shares less attractive due to our reliance on these exemptions. This could impact our ability to raise funds in the future.

We will incur increased costs as a result of being a U.S. public company, and our management expects to devote substantial time to public company compliance programs.

As a public company, we incur significant legal, insurance, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Nasdaq Capital Market listing requirements and other applicable securities rules and regulations impose various requirements on public companies. Our management and administrative staff need to devote a substantial amount of time to comply with these requirements. For example, in connection with becoming a public company, we will need to adopt additional internal controls and disclosure controls and procedures and bear all of the internal and external costs of preparing periodic and current public reports in compliance with our obligations under the securities laws. We intend to commit resources to comply with evolving laws, regulations and standards, and this commitment will result in increased general and administrative expenses and may divert management's time and attention away from product development activities. If for any reason our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Additionally, in order to comply with the requirements of being a public company, we may need to undertake various actions, including implementing new internal controls and procedures and hiring new accounting or internal audit staff. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that information required to be disclosed in reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is accumulated and communicated to our principal executive and financial officers. Any failure to develop or maintain effective controls could adversely affect the results of our periodic management evaluations. In the event that we are not able to demonstrate compliance with the Sarbanes-Oxley Act, that our internal control over financial reporting is perceived as inadequate, or that we are unable to produce timely or accurate consolidated financial statements, investors may lose confidence in our operating results and the price of our common stock could decline. In addition, if we are unable to continue to meet these requirements, we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities, and we may not be able to remain listed on the Nasdaq Capital Market.

Prior to becoming a public company, we were not required to comply with the SEC's rules that implement Section 404 of the Sarbanes-Oxley Act, and therefore were not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. We are now required to comply with certain of these rules, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report. This assessment needs to include the disclosure of any material weaknesses in our internal control over financial reporting identified by our management or our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we are engaged in a costly and challenging process to document and evaluate our internal control over financial reporting. In this regard, we need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of our internal control over financial reporting. We also need to continue to improve our control processes as appropriate, validate through testing that our controls are functioning as documented and implement a continuous reporting and improvement process for our internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404.

If we are unable to address the weaknesses in our internal control over financial reporting, investors may lose confidence in our company and it could result in material errors in our financial statements.

We have identified material weaknesses in our internal control over financial reporting. If we do not remediate the material weaknesses in our internal control over financial reporting, we may not be able to accurately report our financial results or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in the market price of our common stock.

Our business is subject to reporting requirements that continue to evolve and change, which could continue to require significant compliance effort and resources.

Because our common stock is publicly traded, we will be subject to certain rules and regulations of federal, state and financial market exchange entities charged with the protection of investors and the oversight of companies whose securities are publicly traded. These entities, including the Public Company Accounting Oversight Board (PCAOB), the SEC and the Nasdaq Capital Market, periodically issue new requirements and regulations and legislative bodies also review and revise applicable laws. As interpretation and implementation of these laws and rules and promulgation of new regulations continues, we will continue to be required to commit significant financial and managerial resources and incur additional expenses to address such laws, rules and regulations, which could in turn reduce our financial flexibility and create distractions for management.

Any of these events, in combination or individually, could disrupt our business and adversely affect our business, financial condition, results of operations and cash flows.

Risks Related to Ownership of Our Common Stock

Our stock price may be volatile and your investment could decline in value.

The market price of our common stock may fluctuate substantially as a result of many factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of the value of your investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include the following:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts;
- publication of research reports about us or the industries in which we participate;
- announcements by us or our competitors of significant contracts, acquisitions or capital commitments;
- announcements by third parties of significant legal claims or proceedings against us;
- changes affecting the availability of financing for smaller publicly traded companies like us;
- regulatory developments in the real estate, digital transformation technology or biohealth businesses;
- significant future sales of our common stock, and additions or departures of key personnel;
- the realization of any of the other risk factors presented in this Report; and
- general economic, market and currency factors and conditions unrelated to our performance.

In addition, the stock market in general has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to operating performance of individual companies. These broad market factors may seriously harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A class action suit against us could result in significant liabilities and, regardless of the outcome, could result in substantial costs and the diversion of our management's attention and resources.

Investors purchasing our common stock may be diluted by the issuance of stock options.

To the extent stock options are issued pursuant to our 2018 Incentive Compensation Plan in the future and ultimately exercised, there will be further dilution of the common stock. See "Dilution".

Future sales, or the perception of future sales, of a substantial amount of our shares of common stock could depress the trading price of our common stock.

If we or our stockholders sell substantial amounts of our shares of common stock in the public market or if the market perceives that these sales could occur, the market price of shares of our common stock could decline. These sales may make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate, or to use equity as consideration for future acquisitions.

As of March 31, 2023, we have 250,000,000 shares of common stock authorized, and 9,235,119 shares of common stock outstanding. Of these shares, 6,077,357 shares are freely tradable.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, or if our actual results differ significantly from our guidance, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

In addition, from time to time, we may release earnings guidance or other forward-looking statements in our earnings releases, earnings conference calls or otherwise regarding our future performance that represent our management's estimates as of the date of release. Some or all of the assumptions of any future guidance that we furnish may not materialize or may vary significantly from actual future results. Any failure to meet guidance or analysts' expectations could have a material adverse effect on the trading price or volume of our stock.

Anti-takeover provisions in our charter documents could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock.

Our corporate documents and the Texas Business Organizations Code contain provisions that may enable our board of directors to resist a change in control of our company even if a change in control were to be considered favorable by you and other stockholders. These provisions include:

- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to help defend against a takeover attempt;

- establish that advance notice requirements for nominating directors and proposing matters to be voted on by stockholders at stockholder meetings will be as provided in the bylaws; and
- provide that stockholders are only entitled to call a special meeting upon written request by 50% of the outstanding common stock.

In addition, Section 21.606 of the Texas Business Organizations Code prohibits large stockholders, in particular those owning 20% or more of our outstanding voting stock, from merging or consolidating with us within a three-year period immediately following the shareholder's acquisition of shares except under certain circumstances. These provisions and other provisions under Texas law could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you desire.

Concentration of ownership of our common stock by our principal stockholder will limit new investors from influencing significant corporate decisions.

As of March 31, 2023, our principal stockholder Chan Heng Fai owns approximately 51.1% of our outstanding shares of common stock. He will be able to make decisions such as (i) making amendments to our certificate of incorporation and bylaws, (ii) whether to issue additional shares of common stock and preferred stock, including to himself, (iii) employment decisions, including compensation arrangements, (iv) whether to enter into material transactions with related parties, (v) election and removal of directors and (vi) any merger or other significant corporate transactions. The interests of Chan Heng Fai may not coincide with our interests or the interests of other stockholders.

We do not expect to pay any dividends on our common stock for the foreseeable future.

We currently expect to retain all future earnings, if any, for future operation, expansion and debt repayment and have no current plans to pay any cash dividends to holders of our common stock for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our operating results, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

We have 25,000,000 authorized unissued shares of preferred stock, and our board has the ability to designate the rights and preferences of this preferred stock without your vote.

Our certificate of incorporation authorizes our board of directors to issue "blank check" preferred stock and to fix the rights, preferences, privileges and restrictions, including voting rights, of these shares, without further stockholder approval. The rights of the holders of common stock will be subject to and may be adversely affected by the rights of holders of any preferred stock that may be issued in the future. As indicated in the preceding risk factor, the ability to issue preferred stock without stockholder approval could have the effect of making it more difficult for a third party to acquire a majority of the voting stock of our company thereby discouraging, delaying or preventing a change in control of our company. We currently have no outstanding shares of preferred stock, or plans to issue any such shares in the future.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.**Black Oak**

The Black Oak property is located in Montgomery County in Magnolia, Texas. This property is located east of FM 2978 via Standard Road to Dry Creek Road and South of the Woodlands, one of the most successful, fastest growing master planned communities in Texas. This residential land development initially consisted of approximately 162 acres. On January 13, 2021, 150 CCM Black Oak, Ltd. purchased an approximately 6.3 acre tract of land in Montgomery County. The Company's strategic acquisition contiguous to the Black Oak project is intended to provide additional lot yield, potential additional amenities and/or a solar farm to support the Company's sustainable, healthy living concept. Together with the additional tract of land there are approximately 550-600 lots to be platted for the Company's future endeavors. This does not include the 124 lots sold to Rausch Coleman. 150 CCM Black Oak Ltd is the primary developer responsible for all infrastructure development. This property is included in the Southeast Management District.

Planned Alset Villas Project in Texas

In 2021, our subsidiary Alset EHome Inc. acquired approximately 19.5 acres of partially developed land near Houston, Texas which will be used to develop a community named Alset Villas ("Alset Villas"). Alset EHome is targeting to develop approximately 63 homes at Alset Villas for rent and/or for sale. The Alset Villas project is currently in the engineering and design phase to achieve final record plat.

Ballenger Run

Ballenger Run is a residential land development project located in Frederick County in Frederick, Maryland. This property is located approximately 40 miles from Washington, DC, 50 miles from Baltimore and is located less than four miles from I-70 and I-270. Ballenger Run is situated on approximately 197 acres of land and entitled for 689 residential units consisting of 479 residential Lots and 210 multi-family units. SeD Maryland Development, LLC is the primary developer responsible for all infrastructure development.

Rental Properties

During 2021 and 2022 the Company signed multiple purchase agreements to acquire 132 homes in Montgomery and Harris Counties, Texas. By December 31, 2022, the acquisition of the 132 homes was completed with an aggregate purchase cost of \$30,998,258.

Item 3. Legal Proceedings

On September 27, 2019, iGalen International Inc., which was at that time one of our majority-owned subsidiaries, and iGalen Inc., its wholly-owned subsidiary, filed a complaint in the Superior Court of the State of California, County of San Diego, Central Division, against Gara Group, Inc., a Delaware corporation, and certain affiliated or related entities, including the Chief Executive Officer of the Gara Group (collectively these entities are referred to herein as the “Gara Group”). A similar complaint had been filed in Utah on September 26, 2019, but subsequently re-filed in California. The complaint, as amended on October 24, 2019, enumerates causes of action for breach of contract, breach of covenant of good faith and fair dealing and intentional interference with economic relations.

iGalen Inc. and Gara Group are parties to a Specialized Services Agreement, dated March 29, 2017 (the “Specialized Services Agreement”). iGalen Inc. contracted with Gara Group to provide for services that include, among other things, (i) product fulfillment; (ii) software development and maintenance of an onsite “Platform,” which includes a company website and interactive portal referred to as the “Back Office”; and (iii) managing iGalen’s social media sites. The Gara Group had previously claimed that iGalen Inc. owed Gara Group certain amounts, including (i) \$125,000 for “Back Office Fees”; (ii) \$150,000 for “Speaking Fees”; and (iii) \$67,299 for services related to iGalen’s merchant account, back office, and shipping fulfillment, invoiced on August 28 and 31, and September 15, 2019. iGalen Inc.’s amended complaint notes that no provision in the Specialized Services Agreement allows for the particular “Back Office Fees” of \$125,000 and that no provision in the Specialized Services Agreement allows for the so-called “Speaking Fees” of \$150,000. Gara Group cut off services to iGalen following iGalen’s indication that it was disputing the amounts owed. iGalen’s amended complaint notes that the actions of Gara Group and Mr. Gara have caused, and continue to cause, iGalen to suffer substantial harm by, among other things, making it so iGalen was unable to communicate with distributors via its website and Back Office, fulfill orders made by distributors, or pay commission to distributors. iGalen is seeking damages.

On October 10, 2019, Gara Group filed a complaint in the Superior Court of the State of California, County of San Diego, Central Division against iGalen International Inc., iGalen Inc., Alset International Limited, Chan Heng Fai, Dr. Rajen Manicka and David Price, an executive of iGalen Inc. Gara Group’s complaint for damages asserts that the Gara Group is entitled to general damages of \$9,000,000 and liquidated damages of \$50,000,000. Gara Group filed an amended complaint filed on March 13, 2020. The court dismissed Kosta Gara from the iGalen suit and dismissed a cause of action for intentional interference with economic relations on January 14, 2022. The court set a trial date of April 7, 2023. iGalen International Inc. was sold by one of the Company’s subsidiaries on December 30, 2020.

On April 13, 2022, the parties to these lawsuits entered into a settlement agreement, resolving these matters.

In addition, from time to time, during the normal course of our businesses, we may be subject to various litigation claims and legal disputes, including in the area of intellectual property (e.g., trademarks, copyrights and patents). Our intellectual property rights extend to our technology, business processes and the content on our website. We use the intellectual property of third parties in marketing and providing our services through contractual and other rights. Despite our efforts, from time to time, third parties may allege that we have violated their intellectual property rights.

Although the results of claims, lawsuits and proceedings in which we may be involved cannot be predicted with certainty, we do not currently believe that the final outcome of the matters discussed above will have a material adverse effect on our business, financial condition or results of operations. However, defending and prosecuting any such claims is costly and may impose a significant burden on our management and employees. In addition, we may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained. With regard to intellectual property matters which may arise, if we are unable to obtain an outcome which sufficiently protects our rights, successfully defends our use or allows us time to develop non-infringing technology and content or to otherwise alter our business practices on a timely basis in response to the claims against us, our business, prospects and competitive position may be adversely affected.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Company's Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities****Market Information**

Since November 24, 2020, the principal market on which our common stock trades is the Nasdaq Capital Market. The Company's common stock initially traded under the symbol "HFEN." In connection with our name change from "HF Enterprises Inc." to "Alset EHome International Inc.", and later to "Alset Inc.", our symbol was changed to "AEL."

Prior to our listing on the Nasdaq Capital Market, there was no public trading market for our securities.

Holders

As of March 31, 2023, the Company had six shareholders of record. Such number does not include shareholders holding shares in nominee or "street name".

Dividends

Since inception, we have not paid any dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future on our common stock. Although we intend to retain our earnings, if any, to finance the exploration and growth of our business, our board of directors will have the discretion to declare and pay dividends in the future. Payment of dividends in the future will depend upon our earnings, capital requirements, and other factors, which our board of directors may deem relevant.

Securities authorized for issuance under equity compensation 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.

Performance graph

Not applicable to smaller reporting companies.

Recent sales of unregistered securities; use of proceeds from registered securities

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 is due on the earlier of December 31, 2024 or when declared due and payable by Chan Heng Fai. The note can be converted in part or whole into common shares of the Company at the conversion price of \$12.50 or into cash. The loan closed on January 26, 2022 after all closing conditions were met. Mr. Chan opted to convert all of the amount of such note into 500,000 shares of the Company's common stock, which shares were issued on January 27, 2022. Such restricted shares were issued pursuant to the exemption provided by Regulation D promulgated under the Securities Act of 1933, as amended.

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 1,473,449 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 agreed to purchase these 293,428,200 ordinary shares of Alset International for a purchase price of 1,765,964 newly issued shares of the Company's common stock. The closing of this transaction was subject to the approval of the Nasdaq and the Company's stockholders in accordance with NASDAQ Listing Rule 5635(a). These 293,428,200 ordinary shares of Alset International represent approximately 8.4% of the total issued and outstanding shares of Alset International.

On June 6, 2022, the Company held a Special Meeting of Stockholders (the "Special Meeting"). At the Special Meeting, the stockholders approved the issuance of 1,765,964 newly issued shares of the Company's common stock in connection with the purchase of 293,428,200 ordinary shares of Alset International Limited in accordance with NASDAQ Listing Rule 5635(a). The transaction was completed on July 18, 2022. In connection with the issuance of these securities, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

Purchases of Equity Securities by the issuer and affiliated purchasers

The Company did not repurchase any shares of the Company's common stock during 2022.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Form 10-K 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-K that are not statements of historical fact including, without limitation, statements under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, 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. Such forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors detailed in our filings with the SEC.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

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 our three principal businesses primarily 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 15.5% equity interest in Holista CollTech Limited, a 45.2% equity interest in DSS Inc. ("DSS"), a 38.3% equity interest in Value Exchange International, Inc., a 0.8% 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 an interest in Alset Capital Acquisition Corp. ("Alset Capital"). 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, direct marketing, commercial lending, securities and investment management, alternative trading, digital transformation, 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). Alset Capital is a newly organized blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses and is listed on the Nasdaq (Nasdaq: ACAXU, ACAX, ACAXW and ACAXR).

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.

Our Revenue Model

Our total revenue for the years ended December 31, 2022, and 2021, was \$4,480,442 and \$19,798,822, respectively. Our net losses for the years ended December 31, 2022, and 2021, were \$46,212,505 and \$119,017,591, respectively.

We currently recognize revenue from the sale of our subdivision development properties, rental homes, the sale of our biohealth products and other activities. Sales of real properties accounted for approximately 29%, revenue from houses rental accounted for approximately 40%, sales of biohealth products accounted for approximately 17% and revenue from other activities accounted for approximately 13% of our total revenue in the year ended December 31, 2022. Sales of real properties accounted for approximately 70%, revenue from houses rental accounted for approximately 2% and sales of biohealth products accounted for approximately 28% of our total revenue in the year ended December 31, 2021.

From a geographical perspective, we recognized 69% and 72% of our total revenue in the years ended December 31, 2022, and 2021, respectively, in the United States. 20% and 28% of our revenue in 2022 and 2021, respectively, was recognized from our sales in South Korea. 11% and 0% of our revenue in 2022 and 2021, respectively, was recognized from our sales in Singapore.

We believe that, on an ongoing basis, revenue generated from our property development business will decline as a percentage of our total revenue as we expect to experience greater revenue contribution from our rental business, digital transformation technology, biohealth businesses and future business acquisitions.

Financial Impact of the COVID-19 Pandemic

Real Estate Projects

The extent to which the COVID-19 pandemic may impact our business will depend on future developments. The COVID-19 pandemic's far-reaching impact on the global economy could negatively affect various aspects of our business, including demand for real estate. From March 2020 through December 2022, we continued to sell lots at our Ballenger Run project (in Maryland) for the construction of town homes to NVR. At this time, all of the lots at Ballenger Run have been sold to NVR, however we continue to complete our development requirements under our agreements with NVR. We do not anticipate that the COVID-19 pandemic will have a material impact on the timing of the completion of our remaining tasks at Ballenger Run.

We have received strong indications that buyers and renters across the country are expressing interest in moving from more densely populated urban areas to the suburbs. We believe this trend, should it continue, will encourage interest in some of our projects.

The COVID-19 pandemic could impact the ability to conduct our operations in a prompt and efficient manner.

In addition, the COVID-19 pandemic may adversely impact the timeliness of local government in granting required approvals. Accordingly, the COVID-19 pandemic may cause the completion of important stages in our real estate projects to be delayed.

At our Black Oak project in Texas, we have strategically redesigned the lots for a smaller "starter home" products that we believe will be more resilient in fluctuating markets. Should we initiate sales at Black Oak, we believe the same implications described above, regarding our Ballenger Run project, may apply to our Black Oak project (including the general trend of customers' interest shifting from urban to suburban areas). Our Black Oak project may include our involvement in single family rental home development.

On February 11, 2021, the Company entered into a term 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 is evidenced by a promissory note. The PPP Term Note bears interest at a fixed annual rate of 1.00%, with the first sixteen months of principal and interest deferred or until we apply for the loan forgiveness. The PPP Term Note may be accelerated upon the occurrence of an event of default.

The PPP Term Note was unsecured and guaranteed by the United States Small Business Administration. 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.

Other Business Activities

The COVID-19 pandemic may adversely impact our potential to expand our business activities in ways that are difficult to assess or predict. The COVID-19 pandemic continues to evolve. The COVID-19 pandemic has impacted, and may continue to impact, the global supply of certain goods and services in ways that may impact the sale of products to consumers that we, or companies we may invest in or partner with, will attempt to make. The COVID-19 pandemic may prevent us from pursuing otherwise attractive opportunities.

COVID-19 pandemic has impacted our operations in South Korea; since the start of the pandemic, the South Korean government has at various times placed certain restrictions on business meetings to reduce the spread of COVID-19. Such restrictions have impacted our ability to recruit potential affiliate sales personnel, and to introduce products to a larger audience.

Impact on Staff

Most of our U.S. staff works out of our Bethesda, Maryland office.

Some of our U.S. staff has shifted to mostly working from home since March 2020, but this has had a minimal impact on our operations to date. Our staff in Singapore and Hong Kong has been able to work from home when needed with minimal impact on our operations, however our staff’s ability to travel between our Hong Kong and Singapore offices has been significantly limited until early 2022. The COVID-19 pandemic initially impacted the frequency with which our management would travel to the Black Oaks project, however, this is no longer the case. Limitations on the mobility of our management and staff, should they arise in the future, could slow down our ability to enter into new transactions and expand existing projects.

We have not reduced our staff in connection with the COVID-19 pandemic. To date, we did not have to expend significant resources related to employee health and safety matters related to the COVID-19 pandemic. We have a small staff, however, and the inability of any significant number of our staff to work due to illness or the illness of a family member could adversely impact our operations.

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; and
- Our ability to control our operating expenses as we expand each of our businesses and product and service offerings.

Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The 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.

Use of Estimates and Critical Accounting Estimates and Assumptions

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, recoverability and useful lives of property, plant and equipment, valuation of real estate assets, allocation of development costs and capitalized interest to sold lots, the valuation allowance of deferred taxes, contingencies and equity compensation. Actual results could differ from those estimates.

Transactions between Entities under Common Control

On March 12, 2021, the Company entered into a Securities Purchase Agreement (the “SPA”) with Chan Heng Fai, the founder, Chairman and Chief Executive Officer of the Company, for four proposed transactions, consisting of (i) purchase of certain warrants (the “Warrants”) to purchase 1,500,000,000 shares of Alset International Limited, which was valued at \$28,363,966; (ii) purchase of all of the issued and outstanding stock of LiquidValue Development Pte Ltd. (“LVD”), which was valued at \$173,395; (iii) purchase of 62,122,908 ordinary shares in True Partner Capital Holding Limited (HKG: 8657) (“True Partner”), which was valued at \$6,729,629; and (iv) purchase of 4,775,523 shares of the common stock of American Pacific Bancorp Inc. (“APB”), which was valued at \$28,653,138. The total amount of above four transactions was \$63,920,129, payable on the Closing Date by the Company, in the convertible promissory notes (“Alset CPNs”), which, subject to the terms and conditions of the Alset CPNs and the Company’s shareholder approval, shall be convertible into shares of the Company’s common stock (“AEI Common Stock”), par value \$0.001 per share, at the conversion price of AEI’s Stock Market Price. AEI’s Stock Market Price shall be \$111.80 per share, equivalent to the average of the five closing per share prices of AEI’s Common Stock preceding January 4, 2021 as quoted by Bloomberg L.P. The above four acquisitions from Chan Heng Fai were transactions between entities under common control.

On October 15, 2020, American Pacific Bancorp (which subsequently became a majority-owned subsidiary of the Company) entered into an acquisition agreement to acquire 3,500,001 common shares of HengFeng Finance Limited (“HFL”), representing 100% of the common shares of HFL, in consideration for \$1,500,000, to be satisfied by the issuance and allotment of 250,000 shares of the Class A Common Stock of American Pacific Bancorp. HFL is incorporated in Hong Kong with limited liability. The principal activities of HFL are money lending, securities trading and investment. This transaction closed on April 21, 2021. This transaction between the Company and Chan Heng Fai is under common control of Chan Heng Fai. In third quarter of 2021 APB was deconsolidated due to our loss of majority ownership.

The common control transactions resulted in the following basis of accounting for the financial reporting periods:

- The acquisition of the Warrants and True Partner stock were accounted for prospectively as of March 12, 2021 and they did not represent a change in reporting entity.
- The acquisition of LVD, APB and HFL was under common control and was consolidated in accordance with ASC 850-50. The consolidated financial statements were retrospectively adjusted for the acquisition of LVD, APB and HFL, and the operating results of LVD, APB and HFL as of January 1, 2020 for comparative purposes.

AEI's stock price was \$10.03 on March 12, 2021, the commitment date. The Beneficial Conversion Feature ("BCF") intrinsic value was \$50,770,192 for the four convertible promissory notes and was recorded as debt discount of convertible notes after these transactions. The debt discount attributable to the BCF is amortized over period from issuance to the date that the debt becomes convertible using the effective interest method. If the debt is converted, the discount is amortized to finance cost in full immediately. On May 13, 2021 and June 14, 2021 all Alset CPNs of \$63,920,128 and accrued interests of \$306,438 were converted into 2,123 shares of series B preferred stock and 458,198 shares of common stock of the Company.

Revenue Recognition and Cost of Revenue

The following represents a disaggregation of our revenue recognition policies by segment:

Real Estate

- **Property Sales.** Part of the Company's real estate business is land development. The Company purchases land and develops it into residential communities. The developed lots are sold to builders (customers) for the construction of new homes. The builders enter into a sales contract with the Company before they take the lots. The prices and timeline are determined and agreed upon in the contract. 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 and Black Oak projects, which represented approximately 29% and 70% of the Company's revenue in the years ended on December 31, 2022 and 2021, respectively, 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. 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 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 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.

- **Sale of the Front Foot Benefit Assessments.** We have established a front foot benefit ("FFB") assessment on all of the lots sold to NVR. 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 on the type of home. Our total expected revenue from the front foot benefit assessment is approximately \$1 million. To recognize revenue of the FFB assessment, both our and NVR's performance obligations have to be satisfied. Our performance obligation is completed once we complete the construction of water and sewer facilities and close the lot sales with NVR, which inspects these water and sewer facilities prior to the close of 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 upon NVR's sales of homes to homeowners. The agreement with these FFB investors is not subject to amendment by regulatory agencies and thus our revenue from FFB assessment is not either. During the years ended December, 2022 and 2021, we recognized revenue in the amounts of \$126,737 and \$289,375 from FFB assessments, respectively.

- **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 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 years ended December 31, 2022 and 2021, the Company did not recognize any deferred revenue and collected all rents due.

- **Cost of Revenue.** 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 the 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 an area method, which uses the size of the lots compared to the total project area and allocates costs based on their size.

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.

Digital Transformation Technology

- **Software Development Income.** Revenue is recognized when (or as) the Company transfers promised goods or services to its customers in amounts that reflect the consideration to which the Company expects to be entitled to in exchange for those goods or services, which occurs when (or as) the Company satisfies its contractual obligations and transfers over control of the promised goods or services to its customers. We generate revenue from a project involving provision of services and web/software development for customers. In respect to the provision of services, the agreements are less than one year with a cancellation clause and customers are typically billed on a monthly basis.

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 years ended December 31, 2022 and 2021 were approximately \$41,755 and \$39,203, 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. The Company recognizes revenue from membership fee over the one-year period of the membership.

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. ("HCI-T"), commenced operation of two cafés during 2022 and 2021, which are located in Singapore and South Korea.

The cafes are operated by subsidiaries of HCI-T, namely Hapi Café SG Pte. Limited ("HCSG") in Singapore and Hapi Café Korea Inc. ("HCKI") in Seoul, South Korea. Hapi Cafes 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.

The revenue earned from Food and Beverage business for the years ended December 31, 2022 and 2021 were \$449,240 and \$ 42,380 respectively.

- **Remaining performance obligations.** As of December 31, 2022 and 2021, there were no remaining performance obligations or continuing involvement, as all service obligations within the other business activities segment have been completed.

Real Estate Assets

Real estate assets are recorded at cost, except when acquired real estate assets meet the definition of a business combination in accordance with ASC 805, "Business Combinations," which 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.

The Company capitalized construction costs of approximately \$3.2 million and \$6.0 million in the years ended December 31, 2022 and 2021, respectively.

On December 31, 2022, total real estate property under development was \$23.4 million, including:

- land held for development in the amount of \$7.9 million (consisting of \$7.3 million for Black Oak and \$0.6 million for Alset Villas);
- capitalized development costs in the amount of \$12.3 million (consisting of \$12 million for Black Oak and \$0.3 million for Alset Villas); and
- capitalized finance costs were \$3.2 million.

On December 31, 2021, total real estate property under development was \$15.7 million, including:

- land held for development in the amount of \$9.0 million (consisting of \$7.7 million for Black Oak, \$0.1 million for Ballenger Run, \$0.7 million for Alset Villas and \$0.5 million for our Perth project);
- capitalized development costs in the amount of \$3.4 million (consisting of \$3.4 million for Black Oak); and
- capitalized finance costs were \$3.2 million.

On December 31, 2022, the capitalized construction costs were as follows:

	Ballenger Run	Black Oak	Alset Villas	Total
Land held for development	\$ -	\$ 7,304,064	\$ 639,062	\$ 7,943,126
Capitalized development Costs				
Hard Construction Costs	29,253,317	10,960,927	-	40,214,245
Engineering	3,632,588	3,306,281	194,510	7,133,379
Consultation	340,528	121,698	16,950	479,176
Project Management	4,335,183	2,702,175	-	7,037,359
Legal	375,672	256,693	-	632,365
Taxes	1,325,086	1,204,186	43,770	2,573,042
Other Services	627,487	47,276	-	674,763
Impairment Reserve	-	(5,230,828)	-	(5,230,828)
Construction - Sold Lots	(39,889,863)	(1,364,805)	-	(41,254,668)
Total capitalized development costs	\$ -	\$ 12,003,603	\$ 255,230	\$ 12,258,833
Capitalized finance costs				\$ 3,247,739
Total property under development				\$ 23,449,698

On December 31, 2021, the capitalized construction costs were as follows:

	Ballenger Run	Black Oak	Alset Villas	Perth Project	Total
Land held for development	\$ 125,497	\$ 7,725,446	\$ 639,062	\$ 528,399	\$ 9,018,404
Capitalized development Costs					
Hard Construction Costs	29,244,223	8,865,369	-	-	38,109,592
Engineering	3,626,928	2,852,710	-	-	6,479,638
Consultation	340,528	109,826	-	-	450,354
Project Management	4,285,533	2,597,175	-	-	6,882,708
Legal	375,585	237,970	-	-	613,555
Taxes	1,326,734	985,440	-	-	2,312,174
Other Services	605,657	33,791	-	80,797	720,245
BAN reimbursement	-	(5,738,461)	-	-	(5,738,461)
Impairment Reserve	-	(5,230,828)	-	-	(5,230,828)
Construction - Sold Lots	(39,805,188)	(1,364,805)	-	-	(41,169,993)
Total capitalized development costs	\$ -	\$ 3,348,187	\$ -	\$ 80,797	\$ 3,428,984
Capitalized finance costs					\$ 3,247,739
Total property under development					\$ 15,695,127

Through December 31, 2021, there were no sales from the Perth project. The project was fully sold during year ended December 31, 2022.

In 2021, our subsidiary Alset EHome Inc. acquired approximately 19.5 acres of partially developed land near Houston, Texas which will be used to develop a community named Alset Villas ("Alset Villas"). Alset EHome is targeting to develop approximately 63 homes at Alset Villas for rent and/or for sale. The Alset Villas project is currently in the engineering and design phase to achieve final record plat.

Results of Operations

Summary of Consolidated Statements of Operations and Other Comprehensive Loss for the Years Ended December 31, 2022 and 2021

	Years Ended December 31,	
	2022	2021
Revenue	\$ 4,480,442	\$ 19,798,822
Operating Expenses	(11,569,816)	(34,792,944)
Other Expenses	(39,123,131)	(103,489,455)
Income Tax Expense	-	(534,014)
Net Loss	\$ (46,212,505)	\$ (119,017,591)

Revenue

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

	Years Ended December 31,		Change	
	2022	2021	Dollars	Percentage
Real Estate	\$ 3,088,628	\$ 14,213,379	\$ (11,124,751)	-78 %
Digital Transformation Technology	69,915	-	69,915	100 %
Biohealth	753,651	5,543,066	(4,789,415)	-86 %
Other	568,248	42,377	525,871	1,241 %
Total revenue	\$ 4,480,442	\$ 19,798,822	\$ (15,318,380)	-77 %

Revenue was \$4,480,442 and \$19,798,822 for the years ended December 31, 2022 and 2021, respectively. A decrease in property sales and direct sales from our indirect subsidiary HWH World in the 2022 contributed to lower revenue in this period. In the year ended December 31, 2022 the last three homes in 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 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 \$289,375 in the year ended December 31, 2021 to \$126,737 in year ended December 31, 2022. The decrease is a result of the decreased sale of properties to homebuyers in 2022.

In the second quarter of 2021, the Company started renting homes to tenants. Revenue from the rental business was \$1,810,011 and \$327,296 for the years ended December 31, 2022 and 2021, 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 \$753,651 and \$5,543,066 in revenue in the years ended December 31, 2022 and 2021, 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 years ended December 31, 2022 and 2021, the revenue from other businesses was \$568,248 and \$42,377, respectively, generated by Korean and Singaporean café shops and restaurants.

Operating Expenses

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

	Years Ended December 31,		Change	
	2022	2021	Dollars	Percentage
Real Estate	\$ 3,016,200	\$ 11,073,756	\$ (8,057,556)	-73 %
Digital Transformation Technology	23,423	-	23,423	100 %
Biohealth	523,534	214,019	309,515	145 %
Other	168,833	14,039	154,794	1,103 %
Total cost of sales	\$ 3,731,990	\$ 11,301,814	\$ (7,569,824)	-67 %

Cost of revenue decreased from \$11,301,814 in the year ended December 31, 2021 to \$3,731,990 in the year ended December 31, 2022, as a result of the decrease in the number of lots sold in the Ballenger Run and sales in HWH World business. Capitalized construction expenses, finance costs and land costs are allocated to sales. We anticipate the total cost of sales to increase as revenue increases.

The gross margin decreased from \$8,497,008 to \$748,452 in the years ended December 31, 2021 and 2022, respectively. The decrease of gross margin was caused by the decrease of gross margin of HWH World, mostly due to the decrease in the sales and from decrease in property sales.

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

	Years Ended December 31,		Change	
	2022	2021	Dollars	Percentage
Real Estate	\$ 1,479,674	\$ 1,136,031	\$ 343,643	30 %
Digital transformation technology	414,167	183,429	230,738	126 %
Biohealth	850,044	3,624,200	(2,774,156)	-77 %
Other	5,093,941	18,547,470	(13,422,592)	-72 %
Total operating expenses	\$ 7,837,826	\$ 23,491,130	\$ (15,653,304)	-67 %

The decrease in sales related expenses and bonuses in our businesses contributed to decreased operating expenses in the year ended December 31, 2022, as compared to the year ended December 31, 2021.

Other Income (Expense)

In the year ended December 31, 2022, the Company had other expense of \$39,123,131 compared to other expense of \$103,489,455 in the year ended December 31, 2021. The change in unrealized loss from related party securities investment and financing costs are the primary reasons for the volatility in these two periods. Unrealized loss on related party securities investment was \$23,556,219 in year ended December 31, 2022, compared to \$47,231,084 loss in the year ended December 31, 2021. Finance costs were \$450,000 in the year ended December 31, 2022, compared to \$50,871,869 in the year ended December 31, 2021. Finance costs in both years were related to the amortization of beneficial conversion feature (BVC).

Net Loss

In the year ended December 31, 2022, the Company had net loss of \$46,212,505 compared to net loss of \$119,017,591 in the year ended December 31, 2021.

Liquidity and Capital Resources

Our real estate assets have increased to \$54,618,729 as of December 31, 2022, from \$40,515,380 as of December 31, 2021. This increase primarily reflects the acquisition of 132 new rental properties during 2022 and 2021. Our cash has decreased from \$56,061,309 as of December 31, 2021 to \$17,827,383 as of December 31, 2022. Our liabilities decreased from \$13,920,357 at December 31, 2021 to \$4,827,221 at December 31, 2022. Our total assets have decreased to \$153,490,336 as of December 31, 2022 from \$184,210,143 as of December 31, 2021 due to the decrease in cash.

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 on 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 a \$2,600,000 collateral fund and a Deed of Trust issued to the Lender on the property owned by SeD Maryland. On March 15, 2022, approximately \$2,300,000 was released from collateral, leaving approximately \$300,000 as collateral for outstanding letters of credit.

On June 18, 2020, Alset EHome Inc. entered into a Loan Agreement with M&T Bank. Pursuant to this Loan Agreement, M&T Bank provided a non-revolving loan to Alset EHome Inc. in an aggregate amount of up to \$2,990,000. Repayment of this loan was secured by a deed of trust issued to the Lender on the property owned by certain subsidiaries of Alset EHome Inc. Certain subsidiaries of our company were the guarantors of this loan. The loan was closed in June 2021.

On February 11, 2021, the Company entered into a term 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 is evidenced by a promissory note. The PPP Term Note bears interest at a fixed annual rate of 1.00%, with the first sixteen months of principal and interest deferred or until we apply for the loan forgiveness. The PPP Term Note may be accelerated upon the occurrence of an event of default.

The PPP Term Note was unsecured and guaranteed by the United States Small Business Administration. 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.

From January to December 2021, the Company sold 280,000 shares of Hapi Metaverse to international investors with the amount of \$478,300, which was booked as addition paid-in capital. The Company held 505,667,376 shares of the 506,898,576 outstanding shares before the sale. After the sale, the Company still owns approximately 99% of Hapi Metaverse's total outstanding shares.

The management believes that the available cash on hand, available debt and equity financing are sufficient to fund our operations for at least the next 12 months.

Summary of Cash Flows for the Years Ended December 31, 2022 and 2021

	Years Ended December 31,	
	2022	2021
Net cash used in operating activities	\$ (31,855,435)	\$ (16,684,360)
Net cash used in investing activities	\$ (15,123,041)	\$ (56,044,001)
Net cash provided by financing activities	\$ 6,057,481	\$ 103,417,404

Cash Flows from Operating Activities

Net cash used in operating activities was \$31,855,435 in the year ended December 31, 2022, as compared to net cash used in operating activities of \$16,684,360 in the same period of 2021. The purchase of trading securities for investment purposes and high property development costs explained the increased cash flow used in operating activities during year 2022.

Cash Flows from Investing Activities

Net cash used in investing activities was \$15,123,041 in the year 2022, as compared to net cash used in investing activities of \$56,044,001 in the same period of 2021. In the year ended December 31, 2022 we invested \$8,429,620 in marketable securities, \$6,824,730 to purchase real estate properties and improvements and \$377,864 in promissory notes to a related party. At the same time, we received approximately \$1 million from a related party loan receivable. In the year ended December 31, 2021 we invested \$19,390,318 in marketable securities, \$25,362,146 to purchase real estate properties and \$11,878,605 in promissory notes of a related party. At the same time, we received approximately \$2.5 million from the sale of Vivacitas Oncology to a related party.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$6,057,481 in the year ended December 31, 2022, compared to net cash provided of \$103,417,404 the year ended December 31, 2021. Cash provided by financing activities in the year 2022 is primarily related the proceeds from stock issuance of \$6,213,000 and borrowing from a commercial loan of \$123,633. Additionally, the Company repaid \$279,152 to note payable. The increase in cash provided by financing activities in the year 2021 is primarily caused by the proceeds from stock issuance of \$104,565,659 and exercise of subsidiary warrants of \$3,249,339. During the year ended December 31, 2021, we also received cash proceeds of \$280,000 from the sale of our Hapi Metaverse shares to individual investors and \$68,502 from a loan. Additionally, the Company distributed \$2,549,750 to one minority interest investor, borrowed \$5,545,495 from related parties and repaid \$7,057,324 to related parties.

Real Property Financing Arrangements

Through Alset International, we have three property development projects. Ballenger Run and Black Oak projects are the major projects.

The Company anticipates that the estimated construction costs (not including land costs and financing costs) for the final phases of the Ballenger Run project will be \$0.2 million. The expected completion date for the final phases of the Ballenger Run project is June of 2023.

At the present time, the Company is also considering expanding its current policy of selling buildable lots to include a strategy of building housing for sale or rent, particularly at our Black Oak and Alset Villas properties. The required time and expenses needed to complete the Black Oak and Alset Villas projects will be influenced by the strategy, or mix of strategies, we utilize at each project.

Our Perth project in Australia was relatively small, and based on management's recommendations the land was sold in 2022.

Black Oak

Black Oak is a land infrastructure and subdivision project situated in Magnolia, Texas, north of Houston. This project is owned by certain subsidiaries of Alset International. Currently the Black Oak project does not have any financing from third parties.

Ballenger Run

The Company's Ballenger Run project is nearly complete, as all lots have been sold and the Company is completing its final tasks related to the project.

In November 2015, through LiquidValue Development, we completed the \$15.7 million acquisition of Ballenger Run, a 197-acre land subdivision development located in Frederick County, Maryland. Previously, on May 28, 2014, the RBG Family, LLC entered into the Assignable Real Estate Sales Contract with NVR, Inc. ("NVR") by which RBG Family, LLC would sell the 197 acres for \$15 million to NVR. On December 10, 2014, NVR assigned this contract to SeD Maryland Development, LLC in the Assignment and Assumption Agreement and entered into a series of Lot Purchase Agreements by which NVR would purchase subdivided lots from SeD Maryland Development, LLC (the "Lot Purchase Agreements").

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 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 \$900,000. The L/C commission is 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 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 \$2.6 million collateral fund and a Deed of Trust issued to the Lender on the property owned by SeD Maryland. On March 15, 2022, approximately \$2,300,000 was released from collateral, leaving approximately \$300,000 as collateral for outstanding letters of credit.

As of December 31, 2022 and 2021, the principal balance of the loan was \$0.

Equity Security Investments

Investment Securities at Fair Value

The Company commonly holds investments in equity securities with readily determinable fair values, equity investments without readily determinable fair values, investments accounted for under the equity method, and investments at cost. Certain of the Company's investments in marketable equity securities and other securities are long-term, strategic investments in companies that are in various stages of development.

Prior to the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, investments in equity securities were classified as either 1) available-for-sale securities, stated at fair value, and unrealized holding gains and losses, net of related tax effects, were recorded directly to accumulated other comprehensive income (loss) or 2) trading securities, stated at fair value, and unrealized holding gains and losses, net of related tax benefits, were recorded directly to net income (loss). With the adoption of ASU 2016-01, investments in equity securities are still stated at fair value, quoted by market prices, but all unrealized holding gains and losses are credited or charged to net income (loss) based on fair value measurement as the respective reporting date.

The Company accounts for certain of its investments in equity securities in accordance with ASU 2016-01 *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). In accordance with ASU 2016-01, 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. Amarantus BioScience Holdings ("AMBS") and True Partner Capital Holding Limited ("True Partner") are publicly traded companies. The Company does not have significant influence over AMBS and True Partner as the Company is the beneficial owner of approximately 4.3% of the common shares of AMBS and owned 15.5% of True Partner in 2021. The stock fair value is determined by quoted stock prices.

On April 12, 2021, the Company acquired 6,500,000 common shares of Value Exchange International, Inc. (“Value Exchange International”), an OTC listed company, for an aggregate subscription price of \$650,000. On October 17, 2022 the Company purchased additional 7,276,163 common shares of Value Exchange International for an aggregate purchase price of \$1,743,734. After these transactions the Company owns approximately 38.3% of Value Exchange International and exercises significant influence over it. Our Chief Executive Officer, Chan Heng Fai, is also an owner of the common stock of Value Exchange International (not including any common shares we hold). Additionally, certain members of our board of directors serve as directors of Value Exchange International. The stock’s fair value is determined by quoted stock prices.

During the year ended December 31, 2021, the Company’s subsidiaries established 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 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. Holista CollTech Limited (“Holista”), DSS Inc. (“DSS”) and New Electric CV Corporation (“NECV”, formerly known as “American Premium Mining Corporation” or “APM”) 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 we owned approximately 45.2% of the common stock of DSS as of December 31, 2022, and our Chief Executive Officer, Chan Heng Fai, is an owner of the common stock of DSS (not including any common or preferred shares we hold). In addition, our Chief Executive Officer is 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. The Company did not have a controlling interest and therefore the Company’s investment would be accounted for under equity method accounting or could elect the fair value option accounting.

The Company had significant influence over Holista as the Company and its CEO are the beneficial owner of approximately 15.5% of the outstanding shares of Holista and our CEO had a position on the Board of Directors of Holista from July of 2013 until June of 2021. The Company did not have a controlling interest and therefore the Company’s investment would be accounted for under equity method accounting or could elect the fair value option accounting.

The Company has significant influence over NECV as the Company is the beneficial owner of approximately 0.8% of the common shares of NECV and one officer from the Company holds an executive and director position of NECV’s board. Additionally, our Chief Executive Officer, Chan Heng Fai, is also an owner of the common stock of NECV (not including any common shares we hold). The Company did not have a controlling interest and therefore the Company’s investment would be accounted for under equity method accounting or could elect the fair value option accounting.

The Company has elected the fair value options for the equity securities noted above that would otherwise be accounted for under the equity method of accounting to better match the measurement of assets and liabilities in the Consolidated Statements of Operations. Value Exchange International, Holista and DSS are publicly traded companies and fair value of these equity investments is determined by the quoted stock prices. On December 31, 2022 and 2021, the fair value (calculated by market trading prices on the end dates of the periods) of total held equity stock of Value Exchange International, Holista and DSS was \$13,503,533 and \$16,821,636, respectively.

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 startup company, in conjunction with the Company lending two \$200,000 promissory notes. For further details on this transaction, refer to Note 8 to Company’s Financial Statements, Related Party Transactions, Note Receivable from a Related Party Company. As of December 31, 2022 and 2021, AMRE was a private company. Based on management’s analysis, the fair value of the warrants and the stock option 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.

The Company held a stock option to purchase 250,000 shares of Vivacitas common stock at \$1 per share at any time prior to the date of a public offering by Vivacitas. As of December 31, 2020, Vivacitas was a private company. On March 18, 2021 the Company sold the subsidiary holding the ownership and stock option in Vivacitas to an indirect subsidiary of DSS. For further details on this transaction, refer to Note 8 - Related Party Transactions, *Sale of Investment in Vivacitas to DSS*.

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. We value NECV warrants under level 3 category through a Black Scholes option pricing model and the fair value of the warrants from NECV were \$860,342 as of July 17, 2020, the purchase date and \$327,565 and \$1,009,854 as of December 31, 2022 and 2021, respectively.

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.

The changes in the fair values of the investment were recorded directly to accumulated other comprehensive income (loss). Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

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 consolidated statements of comprehensive income equal to the amount by which the carrying value exceeds the fair value of the investment.

The Company had an equity holding of 13.1% in Vivacitas Oncology Inc. ("Vivacitas"), a private company that is currently not listed on an exchange, with a purchase cost of \$200,128. We measure Vivacitas 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. Our ownership in Vivacitas was sold on March 18, 2021 to DSS for \$2,480,000. The difference of \$2,279,872 between the selling price and our original investment cost was recorded as additional paid capital considering a related party transaction. For further details on this transaction, refer to Note 8 – Related Party Transactions, *Sale of Investment in Vivacitas to DSS*.

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 \$36,628. 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, approximately 19% ownership, 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.

On May 31, 2021, the Company invested \$19,609 in K Beauty Research Lab Co., Ltd ("K Beauty") for 18% ownership. 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 is still carried at a cost.

Investment Securities under Equity Method Accounting

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 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 be liable for the obligations of the investee or provide 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"), 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 CEO, is the executive chairman and director of AMRE. DSS, of which we own 45.2% 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 of 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 of 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 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 \$2.6 million, the Company's 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. From September 8 to December 31, 2021, the investment loss was \$51,999. During the year ended December 31, 2022 the investment gain was \$867,117. As of December 31, 2022 and 2021, the investment in APB was \$31,668,246 and \$30,801,129, respectively.

Alset Capital Acquisition Corp.

On February 3, 2022, Alset Capital Acquisition Corp. ("Alset Capital"), a special purpose acquisition company (SPAC) sponsored by the Company and certain affiliates, closed its initial public offering of 7,500,000 units at \$10.00 per unit (the "Offering"). At the same time the exercise of underwriters' over-allotment option of additional 1,125,000 units closed. The Company is majority owner of Alset Acquisition Sponsor, LLC, the sponsor (the "Sponsor") of Alset Capital. On February 3, 2022, the Sponsor purchased 473,750 units pursuant to a private placement for a purchase price of \$4,737,500. Previously, the Sponsor had purchased 2,156,250 shares of Class B common stock pursuant to a private placement for a purchase price of \$25,000. After the Offering the Company holds 23.4% of Alset Capital. Chan Heng Fai, the Chairman and CEO of the Company, is the CEO and director of Alset Capital. In June 2022, the Company made an adjustment of \$2,830,961 to Additional Paid in Capital and the fair value of investment in Alset Capital, and reversed the previously recorded unrealized loss of \$237,578, because of the change of valuation methods of the investment on Class B Common Stock and units the company held. Initially, the Company used market trading prices of Class A common stock and units to calculate the fair value of these investment securities and recorded \$237,578 unrealized loss on security investment during three months ended March 31, 2022. In June 2022, the Company determined the fair value of Class B common shares and units by using a put option model and a Monte Carlo simulation considering some restrictions and risks related to these securities the Company held. During the year ended December 31, 2022, the Company recorded investment loss of \$203,713 by equity method. On September 30, 2022 the Company purchased the remaining 10% ownership in the Sponsor for \$476,250 and currently owns 100% of it. The Company's investment in Alset Capital was \$21,111,575 as of December 31, 2022.

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 the year ended December 31, 2022 the investment loss was \$48,916. Investment in Ketomei was \$207,402 at December 31, 2022.

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 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 ("Sharing Services 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 December 31, 2021 and 2022, the 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 VIE’s 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.

HWH World Company Limited

HWH World Co. is a direct sales company in Thailand. The Company has a 19% ownership and lent a loan of \$187,500 with zero interest and due on demand, to HWH World Co. The current level of equity in HWH World Co. is not sufficient to permit it to operate on its own without additional subordinated financial support. The Company has a variable interest in HWH World Co. However, the Company is not deemed to absorb losses or receive benefits that could potentially be significant to HWH World Co. Ltd. Moreover, the Company does not have the ultimate power over the activities which can impact VIE’s economic performance, like developing company budgets or overseeing and controlling the management. The power to direct the activities are held by the manager in Thailand who owns 51% of the HWH World Co. Therefore, the Company is not a primary beneficiary of this VIE and does not consolidate it. On December 31, 2022 and 2021 variable interest and amount receivable in the non-consolidated VIE was \$236,699 and \$236,699, respectively, which represents the Company’s maximum risk of loss from non-consolidated VIE. The Company applied ASC 321 and measured HWH World Co. investment 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.

American Medical REIT Inc.

In 2021 the Company owned 3.4% of AMRE and made a loan in the amount of \$8,350,000 to AMRE, as well as two loans of \$200,000 each, all with 8% per annum interest rate. One of the \$200,000 loans was due on March 3, 2022, the other one is due on October 29, 2024. The \$8,350,000 loan is due on November 29, 2023. The Company has a variable interest in AMRE. However, the Company is not deemed to absorb losses or receive benefits that could potentially be significant to AMRE. The Company does not also have the ultimate power over the activities which can impact VIE’s economic performance, like developing company budgets or overseeing and controlling the management. The power to direct these activities are held by the AMRE’s largest shareholder which owns approximately 80.8% of AMRE and AMRE’s management team. Therefore, the Company is not a primary beneficiary of this VIE and does not consolidate it. In March 2022, the Company converted both \$200,000 loans and accrued interests, together with accompanying warrants into AMRE common shares. After the conversion the Company owns 15.8% of AMRE. 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. On December 31, 2022 and 2021 variable interest and amount receivable in the non-consolidated VIE was \$0 and \$8,901,285, respectively, which represents the Company’s maximum risk of loss from non-consolidated VIE.

Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for the years ended December 31, 2022 and 2021. 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 \$51 million and \$45 million on December 31, 2022 and 2021, respectively, are the reason for the significant fluctuation of foreign currency transaction Gain or Loss on the Consolidated Statements of Operations and Other Comprehensive Income. Because the intercompany loan balances between Singapore and United States will remain at approximately \$51 million over the next year, we expect this fluctuation of foreign exchange rates to still significantly impact the results of operations in the year 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.

Controls and Procedures

We are not currently required to maintain an effective system of internal controls as defined by Section 404 of the Sarbanes-Oxley Act. Only in the event that we are deemed to be a large accelerated filer or an accelerated filer would we be required to comply with the independent registered public accounting firm attestation requirement. Further, for as long as we remain an emerging growth company as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirement.

Management is responsible for the preparation and fair presentation of the financial statements included in this Report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and reflect management's judgment and estimates concerning effects of events and transactions that are accounted for or disclosed.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting includes those policies and procedures that pertain to our ability to record, process, summarize and report reliable data. Management recognizes that there are inherent limitations in the effectiveness of any internal control over financial reporting, including the possibility of human error and the circumvention or overriding of internal control. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

In order to ensure that our internal control over financial reporting is effective, management regularly assesses controls and did so most recently for its financial reporting as of December 31, 2022. This assessment was based on criteria for effective internal control over financial reporting described in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. In connection with management's evaluation of the effectiveness of our company's internal control over financial reporting as of December 31, 2022, management determined that our company did not maintain effective controls over financial reporting due to having a limited staff. This limited number of staff prevents us from segregating duties within our internal control system; and restricts our ability to timely evaluate the accuracy and completeness of our financial statement disclosures. Management determined that the ineffective controls over financial reporting constitute a material weakness. To remediate such weaknesses, we plan to appoint additional qualified personnel with financial accounting, GAAP and SEC experience.

This Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable to smaller reporting companies.

Item 8. Financial Statements

Alset Inc. and Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021
Table of Contents

Reports of Independent Registered Public Accounting Firms (PCAOB ID: 606)	58
Consolidated Balance Sheets at December 31, 2022 and 2021	59
Consolidated Statements of Operations and Other Comprehensive Loss for the Years Ended December 31, 2022 and 2021	60
Consolidated Statements of Stockholders' Equity for Two Year Period Ended December 31, 2022	61
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022 and 2021	62
Notes to Consolidated Financial Statements	63

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Alset Inc. and Subsidiaries, formerly known as Alset eHome International Inc. and Subsidiaries
Bethesda, Maryland

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Alset Inc. and subsidiaries, formerly known as Alset eHome International Inc. and Subsidiaries, (the "Company") as of December 31, 2022, and 2021, and the related consolidated statements of operations, consolidated stockholders' equity, and consolidated cash flows for each of the years in the two-year period ended December 31, 2022 and 2021, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and 2021, and the results of its operations and its cash flows for the years in the two-period ended December 31, 2022 and 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

The Company has significant transactions with related parties which are described in Note 13 of the consolidated financial statements. Transactions involving related parties cannot be presumed to be carried out on an arm's length basis, as the requisite condition of competitive, free market dealings may not exist.

We have served as the Company's auditor since 2022.
Jericho, New York
March 31, 2023

Alset Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2022	December 31, 2021
Assets:		
Current Assets:		
Cash	\$ 17,827,383	\$ 56,061,309
Restricted Cash	694,520	4,740,870
Account Receivables, Net	46,522	39,622
Other Receivables	446,798	334,788
Note Receivables - Related Parties	3,617,176	12,792,671
Prepaid Expense	188,070	1,202,451
Inventory	35,020	47,290
Investment in Securities at Fair Value	6,288,236	19,211,582
Investment in Securities at Fair Value - Related Party	13,193,089	17,125,441
Investment in Securities at Cost	98,129	99,216
Investment in Securities at Equity Method	52,987,224	30,801,129
Deposit	-	275,204
Total Current Assets	<u>95,422,167</u>	<u>142,731,573</u>
Real Estate		
Rental Properties	31,169,031	24,820,253
Properties under Development	23,449,698	15,695,127
Operating Lease Right-Of-Use Asset	1,614,159	659,620
Deposit	536,947	39,653
Property and Equipment, Net	1,298,334	263,917
Total Assets	<u><u>\$ 153,490,336</u></u>	<u><u>\$ 184,210,143</u></u>
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 2,983,470	\$ 11,341,789
Deferred Revenue	21,198	728,343
Builder Deposits	-	31,553
Operating Lease Liability	45,556	283,989
Notes Payable	181,846	317,671
Notes Payable - Related Parties	12,668	833,658
Total Current Liabilities	<u>3,244,738</u>	<u>13,537,003</u>
Long-Term Liabilities:		
Operating Lease Liability	1,582,483	383,354
Total Liabilities	<u>4,827,221</u>	<u>13,920,357</u>
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; 7,422,846 and 4,368,422 shares issued and outstanding on December 31, 2022 and December 31, 2021, respectively*	7,423	87,368
Additional Paid in Capital	322,534,891	296,181,977
Accumulated Deficit	(188,724,411)	(148,233,473)
Accumulated Other Comprehensive Income	3,836,063	341,646
Total Alset Inc. Stockholders' Equity	<u>137,653,966</u>	<u>148,377,518</u>
Non-controlling Interests	11,009,149	21,912,268
Total Stockholders' Equity	<u>148,663,115</u>	<u>170,289,786</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 153,490,336</u></u>	<u><u>\$ 184,210,143</u></u>

* The common stock share amounts were adjusted retrospectively to reflect the 20-for-1 reverse stock split on December 28, 2022

See accompanying notes to condensed consolidated financial statements.

Alset Inc. and Subsidiaries
Consolidated Statements of Operations and Other Comprehensive Loss
For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenue		
Rental	\$ 1,810,011	\$ 327,296
Property	1,278,617	13,886,083
Biohealth	753,651	5,543,066
Digital Transformation Technology	69,915	-
Other	568,248	42,377
Total Revenue	4,480,442	19,798,822
Operating Expenses		
Cost of Sales	3,731,990	11,301,814
General and Administrative	7,837,826	23,491,130
Total Operating Expenses	11,569,816	34,792,944
Operating Losses from Operations	(7,089,374)	(14,994,122)
Other Income (Expense)		
Interest Income	67,470	183,636
Interest Expense	(1,853)	(317,281)
Foreign Exchange Transaction (Loss) Gain	(547,845)	1,363,061
Unrealized Loss on Securities Investment	(7,794,139)	(1,959,664)
Unrealized Loss on Securities Investment - Related Party	(23,556,219)	(47,231,084)
Realized Loss on Securities Investment	(7,308,580)	(4,698,078)
Loss on Investment on Security by Equity Method	(685,533)	(51,999)
Finance Costs	(450,000)	(50,871,869)
Other Income	1,153,568	93,823
Total Other Expense, Net	(39,123,131)	(103,489,455)
Net Loss Income Before Income Taxes	(46,212,505)	(118,483,577)
Income Tax Expense	-	(534,014)
Net Loss	(46,212,505)	(119,017,591)
Net Loss Attributable to Non-Controlling Interest	(5,721,567)	(15,694,415)
Net Loss Attributable to Common Stockholders	\$ (40,490,938)	\$ (103,323,176)
Other Comprehensive Loss, Net		
Unrealized Gain (Loss) on Securities Investment	40,201	(57,179)
Foreign Currency Translation Adjustment	508,277	(3,974,966)
Comprehensive Loss	(45,664,027)	(123,049,736)
Comprehensive Loss Attributable to Non-controlling Interests	(5,620,606)	(16,933,170)
Comprehensive Loss Attributable to Common Stockholders	\$ (40,043,421)	\$ (106,116,566)
Net Loss Per Share - Basic and Diluted	\$ (6.22)	\$ (73.85)
Weighted Average Common Shares Outstanding - Basic and Diluted	6,513,453	1,399,144

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

See accompanying notes to condensed consolidated financial statements.

Alset Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
For Two Year Period Ended December 31, 2022

	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
	Par Value		Par Value		Par Value							
	Shares	\$0.001	Shares	\$0.001	Shares	\$0.001						
Balance at January 1, 2021 (As Restated)	-	\$ -	-	\$ -	8,570,000	\$ 8,570	\$ 102,729,944	\$ 2,143,338	\$ (44,910,297)	\$ 59,971,555	\$ 38,023,260	\$ 97,994,815
Issuance of Common Stock	-	-	-	-	67,502,481	67,502	104,498,157	-	-	104,565,659	-	104,565,659
Convert Common Stock to Series A Preferred Stock	6,380	6	-	-	(6,380,000)	(6,380)	6,374	-	-	-	-	-
Convert Related Party Note Payable to Series B Preferred Stock	-	-	2,132	2	-	-	12,999,998	-	-	13,000,000	-	13,000,000
Convert Preferred Stock Series A and B to Common Stock	(6,380)	(6)	(2,132)	(2)	8,512,000	8,512	(8,504)	-	-	-	-	-
Transactions under Common Control	-	-	-	-	-	-	(57,190,499)	-	-	(57,190,499)	-	(57,190,499)
Sale of Vivacitas to Related Party	-	-	-	-	-	-	2,279,872	-	-	2,279,872	-	2,279,872
Purchase Stock of True Partner from Related Party	-	-	-	-	-	-	3,274,060	-	-	3,274,060	-	3,274,060
Beneficial Conversion Feature Intrinsic Value, Net	-	-	-	-	-	-	50,770,192	-	-	50,770,192	-	50,770,192
Convert Related Party Note Payable to Common Stock	-	-	-	-	9,163,965	9,164	51,217,402	-	-	51,226,566	-	51,226,566

Subsidiary's Issuance of Stock	-	-	-	-	-	-	2,328,707	-	-	2,328,707	920,632	3,249,339
Proceeds from Selling Subsidiary Equity	-	-	-	-	-	-	164,107	-	-	164,107	115,893	280,000
Change in Non-Controlling Interest	-	-	-	-	-	-	(5,729,539)	865,493	-	(4,864,046)	2,664,056	(2,199,990)
Deconsolidate American Pacific Bancorp	-	-	-	-	-	-	28,287,920	-	-	28,287,920	(383,063)	27,904,857
Exercise American Premium Water Warrant to Purchase Stock	-	-	-	-	-	-	553,786	-	-	553,786	180,614	734,400
Change in Unrealized Loss on Investment	-	-	-	-	-	-	-	(41,273)	-	(41,273)	(15,906)	(57,179)
Foreign Currency Translations	-	-	-	-	-	-	-	(2,625,912)	-	(2,625,912)	(1,349,054)	(3,974,966)
Distribution to Non-Controlling Shareholders	-	-	-	-	-	-	-	-	-	-	(2,549,750)	(2,549,750)
Net Loss	-	-	-	-	-	-	-	-	(103,323,176)	(103,323,176)	(15,694,415)	(119,017,591)
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 Common Stock by Exercising Warrants	-	-	-	-	15,819,452	15,820	(11,925)	-	-	3,895	-	3,895
Issuance of Common Stock to Purchase Alset International Stock	-	-	-	-	35,319,290	35,319	(35,319)	-	-	-	-	-

Convert Related Party Note to Common Stock	-	-	-	-	10,000,000	10,000	6,203,000	-	-	6,213,000	-	6,213,000
Reverse Stock Split 1 for 20					(141,084,342)	(141,084)	141,084	-	-	-	-	-
Deconsolidate Alset Capital Acquisition	-	-	-	-	-	-	14,536,215	-	-	14,536,215	2,021,367	16,557,582
Gain from Purchase of DSS Stock	-	-	-	-	-	-	737,572	-	-	737,572	-	737,572
Beneficial Conversion Feature Intrinsic Value, Net	-	-	-	-	-	-	450,000	-	-	450,000	-	450,000
Change in Non- Controlling Interests	-	-	-	-	-	-	4,256,980	2,970,140	-	7,227,120	(7,227,120)	-
Change in Unrealized Loss on Investment	-	-	-	-	-	-	-	35,110	-	35,110	5,091	40,201
Gain from Purchasing Value Exchange Stock from Related Party	-	-	-	-	-	-	75,307	-	-	75,307	-	75,307
Foreign Currency Translations	-	-	-	-	-	-	-	489,167	-	489,167	19,110	508,277
Net Loss	-	-	-	-	-	-	-	-	(40,490,938)	(40,490,938)	(5,721,567)	(46,212,505)
Balance at December 31, 2022	-	\$ -	-	\$ -	7,422,846	\$ 7,423	\$ 322,534,891	\$ 3,836,063	\$ (188,724,411)	\$ 137,653,966	\$ 11,009,149	\$ 148,663,115

See accompanying notes to condensed consolidated financial statements.

Alset Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net Loss from Operations	\$ (46,212,505)	\$ (119,017,591)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation	963,077	166,451
Amortization of Right-Of-Use Asset	747,975	611,253
Amortization of Debt Discount	450,000	50,871,869
Share-based Compensation and Expense	-	134,192
Impairment of Promissory Note	-	421,754
Foreign Exchange Transaction Loss (Gain)	547,845	(1,403,859)
Unrealized Loss on Securities Investment	7,794,139	1,959,664
Unrealized Loss on Securities Investment – Related Party	23,556,219	47,231,084
Realized Loss on Securities Investment	7,308,580	4,698,078
Loss on Exchange of Investment Securities	417,468	-
PPP Loan Forgiveness	(68,502)	-
Director Compensation Adjustment	(1,185,251)	-
Loss on Equity Method Investment	685,533	51,999
Changes in Operating Assets and Liabilities		
Real Estate	(8,241,487)	4,810,464
Account Receivables	(221,869)	849,413
Prepaid Expense	400,154	399,442
Deposits	(295,585)	(16,361)
Trading Securities	(7,510,442)	(14,426,785)
Inventory	13,164	34,991
Accounts Payable and Accrued Expenses	(9,535,319)	9,663,367
Other Receivables - Related Parties	(91,925)	-
Deferred Revenue	(707,145)	(2,199,477)
Operating Lease Liability	(638,006)	(293,525)
Builder Deposits	(31,553)	(1,230,783)
Net Cash Used in Operating Activities	<u>(31,855,435)</u>	<u>(16,684,360)</u>
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(599,650)	(227,821)
Purchase of Real Estate Properties	(6,057,493)	(25,362,146)
Real Estate Improvements	(767,237)	-
Purchase of Investment Securities	(8,429,620)	(19,390,318)
Proceeds from Investment Securities	103,809	110,718
Sales of Investment Securities to Related Party	-	2,480,000
Cash Loss of Deconsolidation of American Pacific Bancorp Inc.	-	(1,235,953)
Issuing Loan Receivable - Related Party	(377,864)	(11,878,605)
Proceeds from Loan Receivable - Related Party	1,005,014	(539,876)
Net Cash Used in Investing Activities	<u>(15,123,041)</u>	<u>(56,044,001)</u>
Cash Flows from Financing Activities		
Proceeds from Common Stock Issuance	6,213,000	104,565,659
Proceeds from Exercise of Subsidiary Warrants	-	3,249,339
Proceeds from Sale of Subsidiary Shares	-	280,000
Dividend Paid on Subsidiary Preferred Stock	-	(73,750)
Borrowing from PPP Loan	-	68,502
Borrowing from a Commercial Loan	123,633	-
Distribution to Non-controlling Interest Shareholders	-	(2,549,750)
Repayment to Notes Payable	(279,152)	(610,767)
Proceeds from Note Payable - Related Parties	-	5,545,495

Repayment to Notes Payable - Related Parties	-	(7,057,324)
Net Cash Provided by Financing Activities	6,057,481	103,417,404
Net (Decrease) Increase in Cash and Restricted Cash	(40,920,995)	30,689,043
Effects of Foreign Exchange Rates on Cash	(1,359,281)	(1,622,343)
Cash and Restricted Cash - Beginning of Year	60,802,179	31,735,479
Cash and Restricted Cash- End of Year	\$ 18,521,903	\$ 60,802,179
Cash	\$ 17,827,383	\$ 56,061,309
Restricted Cash	\$ 694,520	\$ 4,740,870
Total Cash and Restricted Cash	\$ 18,521,903	\$ 60,802,179
Supplementary Cash Flow Information		
Cash Paid for Interest	\$ 1,853	\$ 20,154
Cash Paid for Taxes	\$ -	\$ 446,757
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Unrealized Gain (Loss) on Investment	\$ 777,773	\$ (57,179)
Initial Recognition of ROU / Lease Liability	\$ 1,702,514	\$ 256,928
Acquiring True Partner Stock by Issuing Promissory Note	\$ -	\$ 10,003,689
Sale of Investment in Vivacitas to Related Party	\$ -	\$ 2,279,872
Deconsolidate Alset Capital Acquisition	\$ 16,557,582	\$ -
Intrinsic Value of BCF	\$ 450,000	\$ (50,770,192)
Issuance of Stock by Exercising Warrants	\$ 3,895	\$ -
Transactions under Common Control	\$ -	\$ 57,190,499
Convert Related Party Note Payable to Common Stock	\$ 6,213,000	\$ 64,226,566
Deconsolidate American Pacific Bancorp Inc.	\$ -	\$ 27,904,857
Gain from Exercise of American Premium Water Warrant	\$ -	\$ 734,400
Purchase of Fixed Asset by Issuing Promissory Note	\$ -	\$ 95,000

See accompanying notes to condensed consolidated financial statements.

Alset Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

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 and 50 shares of common stock were issued to Chan Heng Fai, the founder, Chairman and Chief Executive Officer of the Company. 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. The Company manages its principal businesses primarily through its subsidiary, Alset International Limited (“Alset International”, f.k.a. Singapore eDevelopment Limited), a company publicly traded on the Singapore Stock Exchange.

On October 1, 2018, Chan Heng Fai transferred his 100% interest in Alset Global Pte. Ltd. (“Alset Global”, formerly known as Hengfai International Pte. Ltd.) to Alset Inc. in exchange for 425,000 shares of the Company’s common stock. Alset Global holds a 100% interest in Alset Business Development Pte. Ltd. (“Alset Business Development, formerly known as Hengfai Business Development Pte. Ltd.). Both Alset Global and Alset Business Development are holding companies with no business operations. On December 31, 2022, the Company held 2,983,918,265 shares and 0 warrants of Alset International, which is the primary operating company of AEI. The Company held 2,810,999,176 shares and 10,000,000 warrants of Alset International on December 31, 2021. On December 31, 2022 and 2021, the Company’s ownership of Alset International was 85.4% and 76.8%, respectively.

Also, on October 1, 2018, Chan Heng Fai transferred his 100% ownership interest in Impact Oncology Pte. Ltd. (“Impact Oncology”, formerly known as Heng Fai Enterprises Pte. Ltd.) and Global eHealth Limited (“Global eHealth”) to AEI in exchange for 25,000 and 50,000 shares of the Company’s common stock, respectively.

The contributions to AEI on October 1, 2018 of Alset Global, Impact Oncology, and Global eHealth from Chan Heng Fai represented transactions under common control with a related party.

On June 24, 2020, HFE Holdings Limited surrendered 180,000 shares of our common stock to the treasury of our Company, and Chan Heng Fai surrendered 50 shares of our common stock to the treasury of our Company, and all such shares were cancelled.

On November 24, 2020 the Company held its initial public offering and the Company’s common stock began trading on Nasdaq Capital Market. As a result, 108,000 shares were issued to public investors. The Company’s net proceeds from this offering were approximately \$13.2 million.

On May 13, 2021, July 30, 2021 and December 8, 2021 the Company held follow up offerings of its common shares. As a result of the offerings, the Company issued a total of 3,374,624 shares to public investors. The Company’s net proceeds from these offerings were approximately \$105 million.

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 \$12.50 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 500,000 shares of the Company’s common stock, which shares were issued on January 27, 2022.

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 1,473,449 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 1,765,964 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.

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. The par value of the common stock following the reverse stock split remains at \$0.001 per share. The reverse stock split has been retroactively applied to all financial statements presented.

As of December 31, 2022 and 2021, the total outstanding common shares of the Company were 7,422,846 and 4,368,422, respectively.

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.

Real Estate

The Company's real estate segment is comprised of LiquidValue Development Inc. ("LiquidValue Development") and SeD Perth Pty Ltd.

In 2014, Alset International commenced operations developing property projects and participating in third-party property development projects. LiquidValue Development Inc. (f.k.a. SeD Intelligent Home Inc.), a 99.9%-owned subsidiary of Alset International, owns, operates and manages real estate development projects with a focus on land subdivision developments and house rental projects.

Development activities are generally contracted out, including planning, design and construction, as well as other work with engineers, surveyors, architects and general contractors. The developed lots are then sold to builders for the construction of new homes. LiquidValue Development's primary real estate projects are two subdivision development projects, one near Houston, Texas, known as Black Oak, currently projected to have approximately 550-600 units, and one in Frederick, Maryland, known as Ballenger Run, consisting of 197 acres and currently projected to have approximately 689 units.

In 2022 and 2021, LiquidValue Development's subsidiaries purchased 23 and 109 homes, respectively, in Texas from other builders in different communities. The Company intends to rent these homes. LiquidValue Development pursued this new endeavor in part to improve cash flow and smooth out the inconsistencies of income in residential land development. We intend to develop our subsidiary American Home REIT Inc. as the owner of most of single-family rental homes.

Digital Transformation Technology

The Company's digital transformation technology segment is comprised of Hapi Metaverse Inc. and its subsidiaries. The Company's digital transformation technology business is involved in mobile application product development and other businesses, providing information technology services to end-users, service providers and other commercial users through multiple platforms. This technology platform consists of instant messaging systems, social media, e-commerce and payment systems, direct marketing platforms, e-real estate, brand protection and counterfeit and fraud detection. Hapi Metaverse Inc. ("Hapi Metaverse"), our 99.7%-owned subsidiary, focuses on business-to-business solutions such as enterprise messaging and workflow. Through Hapi Metaverse, the Company has successfully implemented several strategic platform developments for clients, including a mobile front-end solution for network marketing, a hotel e-commerce platform for Asia and a real estate agent management platform in China.

Biohealth

The Company's biohealth segment is comprised of HWH International Inc. and its subsidiaries and is committed to both funding research and developing and selling products that promote a healthy lifestyle.

In October 2019, the Company expanded its biohealth segment into the Korean market through one of the subsidiaries of HWH International Inc., HWH World Inc (“HWH World”). HWH World is in the business of sourcing and distributing dietary supplements and other health products through its network of members in the Republic of Korea (“South Korea”). HWH World generates product sales via its direct sale model as products are sold to its members. Through the use of a Hapi Gig platform that combines e-commerce, social media and a customized rewards system, HWH Korea equips, trains and empowers its members. We compete with numerous direct sales companies in South Korea. HWH World recognized \$753,651 and \$5,543,066 in revenue in the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the deferred revenue was \$21,198 and \$728,343, respectively. All deferred revenue came from unrecognized sales.

Other Business Activities

In addition to the segments identified above, the Company provides corporate strategy and business development services, asset management services, corporate restructuring and leveraged buy-out expertise. These service offerings build relationships with promising companies for potential future collaboration and expansion. We believe that our other business activities complement our three principal businesses.

The Company’s other business activities segment is primarily comprised of Alset International, SeD Capital Pte. Ltd., BMI Capital Partners International Limited, Singapore Construction & Development Pte. Ltd. and food and beverage part of HWH International Inc.

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. (“HCI-T”), commenced operation of two cafés during 2022 and 2021, which are located in Singapore and South Korea.

The cafes are operated by subsidiaries of HCI-T, namely Hapi Café SG Pte. Limited (“HCSCG”) in Singapore and Hapi Café Korea Inc. (“HCKI”) in Seoul, South Korea. Hapi Cafes 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.

During the years ended on December 31, 2022 and 2021, the revenue from the other business activities described above was approximately \$568,248 and \$42,377, respectively.

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company’s 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”).

The 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.

The Company's consolidated financial statements include the financial positions, results of operations and cash flows of the following entities as of December 31, 2022 and 2021 as follows:

Name of subsidiary consolidated under AEI	State or other jurisdiction of incorporation or organization	Attributable interest	
		as of,	
		December 31, 2022	December 31, 2021
		%	%
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	76.8
Singapore Construction & Development Pte. Ltd.	Singapore	85.4	76.8
Art eStudio Pte. Ltd.	Singapore	43.6 *	39.2 *
Singapore Construction Pte. Ltd.	Singapore	85.4	76.8
Global BioMedical Pte. Ltd.	Singapore	85.4	76.8
Alset Innovation Pte. Ltd.	Singapore	85.4	76.8
Health Wealth Happiness Pte. Ltd.	Singapore	85.4	76.8
SeD Capital Pte. Ltd.	Singapore	85.4	76.8
LiquidValue Asset Management Pte. Ltd.	Singapore	85.4	76.8 *
Alset Solar Limited	Hong Kong	85.4	76.8
Alset F&B One Pte. Ltd.	Singapore	76.9	69.2
Global TechFund of Fund Pte. Ltd.	Singapore	100	76.8
Singapore eChainLogistic Pte. Ltd.	Singapore	100	76.8
BMI Capital Partners International Limited	Hong Kong	85.4	76.8
SeD Perth Pty Ltd	Australia	85.4	76.8
SeD Intelligent Home Inc.	United States of America	85.4	76.8
LiquidValue Development Inc.	United States of America	85.4	76.8
Alset EHome Inc.	United States of America	85.4	76.8
SeD USA, LLC	United States of America	85.4	76.8
150 Black Oak GP, Inc.	United States of America	85.4	76.8
SeD Development USA Inc.	United States of America	85.4	76.8
150 CCM Black Oak, Ltd.	United States of America	85.4	76.8
SeD Texas Home, LLC	United States of America	85.4	76.8
SeD Ballenger, LLC	United States of America	85.4	76.8
SeD Maryland Development, LLC	United States of America	71.4	64.2
SeD Development Management, LLC	United States of America	72.6	65.3
SeD Builder, LLC	United States of America	85.4	76.8
Hapi Metaverse Inc. (f.k.a. GigWorld Inc.)	United States of America	99.7	76.8

HotApp BlockChain Pte. Ltd.	Singapore	99.7	76.6
HotApp International Limited	Hong Kong	99.7	76.6
HWH International, Inc.	United States of America	85.4	76.8
Health Wealth & Happiness Inc.	United States of America	85.4	76.8
HWH Multi-Strategy Investment, Inc.	United States of America	85.4	76.8
SeD REIT Inc.	United States of America	85.4	76.8
Gig Stablecoin Inc.	United States of America	99.7	76.6
HWH World Inc.	United States of America	99.7	76.6
HWH World Pte. Ltd.	Singapore	85.4	76.6
UBeauty Limited	Hong Kong	85.4	76.8
WeBeauty Korea Inc	South Korea	85.4	76.8
HWH World Limited	Hong Kong	85.4	76.8
HWH World Inc.	South Korea	85.4	76.8
Alset BioHealth Pte. Ltd.	Singapore	-	76.8
Alset Energy Pte. Ltd.	Singapore	-	76.8
GDC REIT Inc. (f.k.a. Alset Payment Inc.)	United States of America	85.4	76.8
Alset World Pte. Ltd.	Singapore	-	76.8
BioHealth Water Inc.	United States of America	85.4	76.8
Impact BioHealth Pte. Ltd.	Singapore	85.4	76.8
American Home REIT Inc.	United States of America	85.4	76.8
Alset Solar Inc.	United States of America	68.3	61.5
HWH KOR Inc.	United States of America	85.4	76.8
Open House Inc.	United States of America	100	76.8
Open Rental Inc.	United States of America	100	76.8
Hapi Cafe Inc. (Nevada)	United States of America	100	76.8
Global Solar REIT Inc.	United States of America	100	76.8
OpenBiz Inc.	United States of America	100	76.8
Hapi Cafe Inc. (Texas)	United States of America	85.4	100
HWH (S) Pte. Ltd.	Singapore	85.4	76.8
True Partner International Limited	Hong Kong	-	100
LiquidValue Development Pte. Ltd.	Singapore	100	100
LiquidValue Development Limited	Hong Kong	100	100
Alset EPower Inc.	United States of America	100	100
EPowerTech Inc.	United States of America	100	100
AHR Asset Management Inc.	United States of America	85.4	76.8

HWH World Inc. (Nevada)	United States of America	85.4	76.8
Alset F&B Holdings Pte. Ltd.	Singapore	85.4	76.8
Credas Capital Pte. Ltd.	Singapore	42.7 *	38.4 *
Smart Reward Express Limited	Hong Kong	49.8 *	38.3 *
Partners HWH Pte. Ltd.	Singapore	-	76.8
AHR Texas Two, LLC	United States of America	85.4	76.8
AHR Black Oak One, LLC	United States of America	85.4	76.8
Hapi Air Inc.	United States of America	92.7	88.4
AHR Texas Three, LLC	United States of America	85.4	76.8
Alset Capital Pte. Ltd.	Singapore	100	100
Hapi Cafe Korea Inc.	South Korea	85.4	100
Green Energy Inc.	United States of America	100	100
Green Energy Management Inc.	United States of America	100	100
Alset Metaverse Inc.	United States of America	97.2	95.6
Alset Management Group Inc.	United States of America	83.4	88.2
Alset Acquisition Sponsor, LLC	United States of America	93.4	79.6
Alset Capital Acquisition Corp.	United States of America	23.4	79.6
Alset Spac Group Inc.	United States of America	93.4	-
Hapi Travel Pte. Ltd.	Singapore	85.4	-
Hapi WealthBuilder Pte. Ltd.	Singapore	85.4	-
Alset Mining Pte. Ltd.	Singapore	85.4	-
HWH Marketplace Pte. Ltd.	Singapore	85.4	-
HWH International Inc. (Nevada)	United States of America	85.4	-
Hapi Cafe SG Pte. Ltd.	Singapore	85.4	-
Alset Reits Inc.	United States of America	100	-
Alset Home REIT Inc.	United States of America	100	-
Hapi Metaverse Inc.	United States of America	99.7	-
Hapi Cafe Limited	Hong Kong	99.7	-
MOC HK Limited	Hong Kong	99.7	-
AHR Texas Four, LLC	United States of America	100	-
Alset F&B (PLQ) Pte. Ltd.	Singapore	85.4	-

* 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 consolidated 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 consolidated 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.

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 the 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 December 31, 2022 and 2021 the Company adjusted \$4,791,997 and \$821,417 between building and land, respectively. During the year of 2022 and 2021, the Company adjusted depreciation expenses of \$197,609 and \$0, respectively.

Transactions between Entities under Common Control

On March 12, 2021, the Company entered into a Securities Purchase Agreement (the “SPA”) with Chan Heng Fai, the founder, Chairman and Chief Executive Officer of the Company, for four proposed transactions, consisting of (i) purchase of certain warrants (the “Warrants”) to purchase 1,500,000,000 shares of Alset International Limited, which was valued at \$28,363,966; (ii) purchase of all of the issued and outstanding stock of LiquidValue Development Pte Ltd. (“LVD”), which was valued at \$173,395; (iii) purchase of 62,122,908 ordinary shares in True Partner Capital Holding Limited (HKG: 8657) (“True Partner”), which was valued at \$6,729,629; and (iv) purchase of 4,775,523 shares of the common stock of American Pacific Bancorp Inc. (“APB”), which was valued at \$28,653,138. The total amount of above four transactions was \$63,920,129, payable on the Closing Date by the Company, in the convertible promissory notes (“Alset CPNs”), which, subject to the terms and conditions of the Alset CPNs and the Company’s shareholder approval, shall be convertible into shares of the Company’s common stock (“AEI Common Stock”), par value \$0.001 per share, at the conversion price of AEI’s Stock Market Price. AEI’s Stock Market Price shall be \$111.80 per share, equivalent to the average of the five closing per share prices of AEI’s Common Stock preceding January 4, 2021 as quoted by Bloomberg L.P. The above four acquisitions from Chan Heng Fai were transactions between entities under common control.

On October 15, 2020, American Pacific Bancorp (which subsequently became a majority-owned subsidiary of the Company) entered into an acquisition agreement to acquire 3,500,001 common shares of HengFeng Finance Limited (“HFL”), representing 100% of the common shares of HFL, in consideration for \$1,500,000, to be satisfied by the issuance and allotment of 250,000 shares of the Class A Common Stock of American Pacific Bancorp. HFL is incorporated in Hong Kong with limited liability. The principal activities of HFL are money lending, securities trading and investment. This transaction closed on April 21, 2021. This transaction between the Company and Chan Heng Fai is under common control of Chan Heng Fai.

The common control transactions resulted in the following basis of accounting for the financial reporting periods:

- The acquisition of the Warrants and True Partner stock were accounted for prospectively as of March 12, 2021 and they did not represent a change in reporting entity.
- The acquisition of LVD, APB and HFL was under common control and was consolidated in accordance with ASC 850-50. The consolidated financial statements were retrospectively adjusted for the acquisition of LVD, APB and HFL, and the operating results of LVD, APB and HFL as of January 1, 2020 for comparative purposes.

AEI's stock price was \$10.03 on March 12, 2021, the commitment date. The Beneficial Conversion Feature ("BCF") intrinsic value was \$50,770,192 for the four convertible promissory notes and was recorded as debt discount of convertible notes after these transactions. The debt discount attributable to the BCF is amortized over period from issuance to the date that the debt becomes convertible using the effective interest method. If the debt is converted, the discount is amortized to finance cost in full immediately. On May 13, 2021 and June 14, 2021 all Alset CPNs of \$63,920,128 and accrued interests of \$306,438 were converted into 2,123 shares of series B preferred stock and 458,198 shares of common stock of the Company.

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 December 31, 2022 and 2021.

Restricted Cash

As a condition to the loan agreement with the Manufacturers and Traders Trust Company ("M&T Bank"), the Company is required to maintain a minimum of \$2,600,000 in an interest-bearing account maintained by the lender as additional security for the loans. The fund is required to remain as collateral for the loan until the loan is paid off in full and the loan agreement terminated. The Company also has an escrow account with M&T Bank to deposit a portion of cash proceeds from lot sales. The fund in the escrow account is specifically used for the payment of the loan from M&T Bank. The fund is 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 December 31, 2022 and 2021, the total balance of these two accounts was \$309,219 and \$4,399,984, 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 is required to maintain Australian Dollar 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 funds into a brokerage account specifically for equity investment. As of December 31, 2022 and 2021, the cash balance in that brokerage account was \$385,304 and \$304,570, respectively.

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 December 31, 2022 and 2021, the balance of account receivables was \$46,522 and \$39,622, respectively. Approximately \$0 and \$2,500 of account receivables as of December 31, 2022 and 2021, respectively, was from DSS with a merchant agreement, under which the Company used DSS credit card platform to collect money from our direct sales.

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 December 31, 2022 and 2021, the allowance was \$0.

Inventories

Inventories are 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 December 31, 2022 and 2021, inventory consisted of finished goods from subsidiaries of HWH International Inc. The Company continuously evaluates the need for reserve for obsolescence and possible price concessions required to write-down inventories to net realizable value.

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. Amaranthus BioScience Holdings (“AMBS”) and True Partner Capital Holding Limited (“True Partner”) are publicly traded companies. The Company does not have significant influence over AMBS and True Partner, as the Company is the beneficial owner of approximately 5.3% of the common shares of AMBS and as of December 31, 2021 held 15.5% of True Partner. On May 17, 2022 the Company sold its investment in True Partner to DSS Inc. The stock’s fair value is determined by quoted stock prices.

On April 12, 2021 the Company acquired 6,500,000 common shares of Value Exchange International, Inc. (“Value Exchange International”), an OTC listed company, for an aggregate subscription price of \$650,000. On October 17, 2022 the Company purchased additional 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 38.3% of Value Exchange International and exercises significant influence over it. Our Chief Executive Officer, Chan Heng Fai, is also an owner of the common stock of Value Exchange International (not including any common shares we hold). Additionally, certain members of our board of directors serve as directors of Value Exchange International. The stock’s fair value is determined by quoted stock prices.

During the year ended December 31, 2021, the Company’s subsidiaries established 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 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. Holista CollTech Limited (“Holista”), DSS, Inc. (“DSS”) and New Electric CV Corporation (“NECV” formerly known as “American Premium Mining Corporation” (“APM”), and earlier known as “American Premium Water Corp.”) 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 December, 2022 and 2021, the Company owned approximately 45.2% and 24.9% 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 Holista as the Company and its CEO are the beneficial owner of approximately 15.5% of the outstanding shares of Holista and our CEO held a position on Holista’s Board of Directors until June of 2021.
- The Company has significant influence over NECV as the Company is the beneficial owner of approximately 0.8% of the common shares of NECV and one officer from the Company holds a director position on NECV’s Board of Directors.

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 startup 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 December 31, 2022 and 2021, 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.

The Company held a stock option to purchase 250,000 shares of Vivacitas common stock at \$1 per share at any time prior to the date of a public offering by Vivacitas. As of December 31, 2020, Vivacitas was a private company. Based on management’s analysis, the fair value of the Vivacitas stock option was \$0 as of December 31, 2020. On March 18, 2021 the Company sold the subsidiary holding the ownership and stock option in Vivacitas to an indirect subsidiary of DSS. For further details on this transaction, refer to Note 8 - Related Party Transactions, *Sale of Investment in Vivacitas to DSS*.

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 consolidated statements of comprehensive income equal to the amount by which the carrying value exceeds the fair value of the investment.

The Company had an equity holding in Vivacitas Oncology Inc. (“Vivacitas”), a private company that is currently not listed on an exchange. We measure Vivacitas 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. Our ownership in Vivacitas was sold on March 18, 2021 to DSS for \$2,480,000. The difference of \$2,279,872 between the selling price and our original investment cost was recorded as additional paid capital considering a related party transaction. For further details on this transaction, refer to Note 8 – Related Party Transactions, *Sale of Investment in Vivacitas to DSS*.

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, approximately 19% ownership, 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% ownership. 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.

Investment Securities under Equity Method Accounting

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 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 be liable for the obligations of the investee or provide 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 December 31, 2022, 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 CEO, is the executive chairman and director of AMRE. DSS, of which we own 45.2% 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 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. From September 8 to December 31, 2021, the investment loss was \$51,999. During the year ended December 31, 2022 the investment gain was \$867,117. As of December 31, 2022 and 2021, the investment in APB was \$31,668,246 and \$30,801,129, respectively.

The following table presents summarized unaudited financial information for APB.

	Summarized Financial Information		
	Assets	Liabilities	Net Income (Loss)
December 31, 2022	54,835,272	316,826	2,245,532
December 31, 2021	29,448,425	371,564	(536,481)

Alset Capital Acquisition Corp.

On February 3, 2022, Alset Capital Acquisition Corp. (“Alset Capital”), a special purpose acquisition company (SPAC) sponsored by the Company and certain affiliates, closed its initial public offering of 7,500,000 units at \$10.00 per unit (the “Offering”). At the same time the exercise of underwriters’ over-allotment option of additional 1,125,000 units closed. The Company is majority owner of Alset Acquisition Sponsor, LLC, the sponsor (the “Sponsor”) of Alset Capital. On February 3, 2022, the Sponsor purchased 473,750 units pursuant to a private placement for a purchase price of \$4,737,500. Previously, the Sponsor had purchased 2,156,250 shares of Class B common stock pursuant to a private placement for a purchase price of \$25,000. After the Offering the Company holds 23.4% of Alset Capital. Chan Heng Fai, the Chairman and CEO of the Company, is the CEO and director of Alset Capital. In June 2022, the Company made an adjustment of \$2,830,961 to Additional Paid in Capital and the fair value of investment in Alset Capital, and reversed the previously recorded unrealized loss of \$237,578, because of the change of valuation methods of the investment on Class B Common Stock and units the company held. Initially, the Company used market trading prices of Class A common stock and units to calculate the fair value of these investment securities and recorded \$237,578 unrealized loss on security investment during three months ended March 31, 2022. In June 2022, the Company determined the fair value of Class B common shares and units by using a put option model and a Monte Carlo simulation considering some restrictions and risks related to the securities the Company held. During the year ended December 31, 2022, the Company recorded investment loss of \$203,713 by equity method. On September 30, 2022 the Company purchased the remaining 10% ownership in the Sponsor for \$476,250 and currently owns 100% of it. The Company’s investment in Alset Capital was \$21,111,575 as of December 31, 2022.

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 the year ended December 31, 2022 the investment loss was \$48,916. Investment in Ketomei was \$207,402 at December 31, 2022.

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 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 (“Sharing Services 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 December 31, 2022 and 2021, the 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 VIE's 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.

HWH World Company Limited

HWH World Co. is a direct sales company in Thailand. The Company has a 19% ownership and lent a loan of \$187,500 with zero interest and due on demand, to HWH World Co. The current level of equity in HWH World Co. is not sufficient to permit to operate on its own without additional subordinated financial support. The Company has a variable interest in HWH World Co. However, the Company is not deemed to absorb losses or receive benefits that could potentially be significant to HWH World Co. Ltd. The Company does not also have the ultimate power over the activities which can impact VIE's economic performance, like developing company budgets or overseeing and controlling the management. The power to direct the activities are held by the manager in Thailand who owns 51% of the HWH World Co. Therefore, the Company is not a primary beneficiary of this VIE and does not consolidate it. On December 31, 2022 and 2021 variable interest and amount receivable in the non-consolidated VIE was \$236,699 and \$236,699, respectively, which represents the Company's maximum risk of loss from non-consolidated VIE. The Company applied ASC 321 and measured HWH World Co. investment 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.

American Medical REIT Inc.

In 2021 the Company owned 3.4% of AMRE and made a loan in the amount of \$8,350,000 to AMRE, as well as two loans of \$200,000 each, all with 8% per annum interest rate. One of the \$200,000 loans was due on March 3, 2022, the other one is due on October 29, 2024. The \$8,350,000 loan is due on November 29, 2023. The Company has a variable interest in AMRE. However, the Company is not deemed to absorb losses or receive benefits that could potentially be significant to AMRE. The Company does not also have the ultimate power over the activities which can impact VIE's economic performance, like developing company budgets or overseeing and controlling the management. The power to direct these activities is held by AMRE's largest shareholder which owns approximately 80.8% of AMRE and AMRE's management team. Therefore, the Company is not a primary beneficiary of this VIE and does not consolidate it. In March 2022, the Company converted both \$200,000 loans and accrued interests, together with accompanying warrants into AMRE common shares. After the conversion the Company owns 15.8% of AMRE. 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. On December 31, 2022 and 2021 variable interest and amount receivable in the non-consolidated VIE was \$0 and \$8,901,285, respectively, which represents the Company's maximum risk of loss from non-consolidated 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.

The Company capitalized construction costs of approximately \$3.2 million and \$6.0million for the years ended December 31, 2022 and 2021, 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. 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 years ended on December 31, 2022 and 2021.

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. During the years ended December 31, 2022 and 2021, the Company signed multiple purchase agreements to acquire 23 and 109 homes, respectively. By December 31, 2022, all of the 132 homes were closed with an aggregate purchase cost of \$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, improvements and existing leases 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.

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 the years ended on December 31, 2022 and 2021.

Revenue Recognition and Cost of Sales

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

Part of the Company's real estate 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 a sales contract with the Company before they take the lots. The prices and timeline are determined and agreed upon in the contract. 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 and Black Oak projects, which represented approximately 29% and 70%, respectively, of the Company's revenue in the years ended December 31, 2022 and 2021, 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 agreements have 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.

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 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. In the year ended December 31, 2022 and 2021, 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 on the type of home. Our total revenue from the front foot benefit assessment is approximately \$1 million. To recognize revenue of 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 FFB assessment is not either. During the years ended December 31, 2022 and 2021, we recognized revenue of \$126,737 and \$289,375 from FFB assessment, respectively.

Cost of Revenue

- 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 years ended December 31, 2022 and 2021 were approximately \$41,755 and \$39,203, 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 \$21,198 and \$728,343 at December 31, 2022 and 2021, respectively.

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. ("HCI-T"), commenced operation of two cafés during 2022 and 2021, which are located in Singapore and South Korea.

The cafes are operated by subsidiaries of HCI-T, namely Hapi Café SG Pte. Limited ("HCSG") in Singapore and Hapi Café Korea Inc. ("HCKI") in Seoul, South Korea. Hapi Cafes 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.

Remaining performance obligations. As of December 31, 2022 and 2021, 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 years ended on December 31, 2022 and 2021, the Company recorded \$0 and \$73,292 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”) and South Korean Won (“KRW”), which are also the functional currencies of these entities.

Transactions in foreign currencies

Transactions in currencies other than the functional currency during the year 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 \$547,845 loss on foreign exchange during the year ended on December 31, 2022 and a \$1,363,061 gain during the year ended on December 31, 2021. 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 Singapore Dollar, Hong Kong Dollar, AUD and KRW, 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 gain of \$508,277 from foreign currency translation for the year ended December 31, 2022 and \$3,974,966 loss for the year ended December 31, 2021, in accumulated other comprehensive loss.

Income Taxes

US Income Taxes

Income tax expense represents the sum of the current tax expense and deferred tax expense.

Income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognized for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be determined and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unutilized tax losses, if it is not probable that taxable profits will be available against which those deductible temporary differences and carry-forward of unutilized tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current and deferred income tax are recognized as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognized either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carry-forwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The differences relate primarily to net operating loss carryforward from date of acquisition and to the use of the cash basis of accounting for income tax purposes. The Company records an estimated valuation allowance on its deferred income tax assets if it is more likely than not that these deferred income tax assets will not be realized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company has not recorded any unrecognized tax benefits.

The Company's 2021, 2020 and 2019 tax returns remain open to examination.

Income Taxes in other countries

Significant judgement is involved in determining the income taxes mainly in Singapore. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for expected tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Earnings (loss) per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common stock shareholders of the Company by the weighted-average number of common shares outstanding during the year, adjusted for treasury shares held by the Company.

Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common stock shareholders and the weighted-average number of common shares outstanding, adjusted for treasury shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible securities, such as stock options, convertible bonds and warrants. At December 31, 2022 there were 456,653 potentially dilutive warrants outstanding. At December 31, 2021 there were 1,248,822 potentially dilutive warrants outstanding.

Fair Value Measurements

ASC 820, *Fair Value Measurement and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that are supported by little or no market activity; therefore, the inputs are developed by the Company using estimates and assumptions that the Company expects a market participant would use, including pricing models, discounted cash flow methodologies, or similar techniques.

The carrying value of the Company's financial instruments, including cash and restricted cash, accounts receivable and accounts payable and accrued expenses approximate fair value because of the short-term maturity of these financial instruments. The liabilities in connection with the conversion and make-whole features included within certain of the Company's convertible notes payable and warrants are each classified as a level 3 liability.

Non-controlling Interests

Non-controlling interests represent the equity in subsidiary not attributable, directly or indirectly, to shareholders of the Company, and are presented separately in the Consolidated Statements of Operation and Other Comprehensive Loss, and within equity in the Consolidated Balance Sheets, separately from equity attributable to shareholders of the Company.

On December 31, 2022 and 2021, the aggregate non-controlling interests in the Company were \$11,009,149 and \$21,912,268 respectively.

Impairment of Long-lived Assets

Our policy is to obtain an independent third-party valuation for each major project in the United States to identify triggering events for impairment. Our management may use a market comparison method to value other relatively small projects, such as the project in Perth, Australia. In addition to the annual assessment of potential triggering events in accordance with ASC 360 – Property Plant and Equipment ("ASC 360"), we apply 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 any impairment for the year ended on December 31, 2022 and 2021.

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 estates.

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 December 31, 2022 and 2021, the capitalized financing costs were \$3,247,739.

Related Party Transactions

The Company accounts for related party transactions in accordance with ASC 850 ("Related Party Disclosures"). A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

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 not yet 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 is currently evaluating the impact of ASU 2016-13 on its future consolidated financial statements.

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, 2022. The Company is currently evaluating the impact of ASU 2020-04 on its future consolidated financial statements.

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 December 31, 2022 and 2021, uninsured cash and restricted cash balances were \$15,723,599 and \$57,905,303, respectively.

For the year ended December 31, 2022, two customers accounted for approximately 81%, and 19% of the Company's property and development revenue. For the year ended December 31, 2021, two customers accounted for approximately 97%, and 3% of the Company's property and 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 years ended December 31, 2022 and 2021:

	Real Estate	Digital Transformation Technology	Biohealth Business	Other	Total
Year Ended on December 31, 2022					
Revenue	\$ 3,088,628	\$ 69,915	\$ 753,651	\$ 568,248	\$ 4,480,442
Cost of Sales	(3,016,200)	(23,423)	(523,534)	(168,833)	(3,731,990)
Gross Margin	72,428	46,492	230,117	399,415	748,452
Operating Expenses	(1,479,674)	(414,167)	(850,044)	(5,093,941)	(7,837,826)
Operating Income (Loss)	(1,407,246)	(367,675)	(619,927)	(4,694,526)	(7,089,374)
Other Income (Expense)	5,885	(1,359,977)	(4,669,309)	(33,099,730)	(39,123,131)
Net Income (Loss) Before Income Tax	(1,401,361)	(1,727,652)	(5,289,236)	(37,794,256)	(46,212,505)
	Real Estate	Digital Transformation Technology	Biohealth Business	Other	Total
Year Ended on December 31, 2021					
Revenue	\$ 14,213,379	\$ -	\$ 5,543,066	\$ 42,377	\$ 19,798,822
Cost of Sales	(11,073,756)	-	(214,019)	(14,039)	(11,301,814)
Gross Margin	3,139,623	-	5,329,047	28,338	8,497,008
Operating Expenses	(1,136,031)	(183,429)	(3,624,200)	(18,547,470)	(23,491,130)
Operating Income (Loss)	2,003,592	(183,429)	1,704,847	(18,519,132)	(14,994,122)
Other Income (Expense)	(8,955)	1,286,962	(39,265,445)	(65,502,017)	(103,489,455)
Net Income (Loss) Before Income Tax	1,994,637	1,103,533	(37,560,598)	(84,021,149)	(118,483,577)
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
December 31, 2021					
Cash and Restricted Cash	\$ 7,493,921	\$ 245,780	\$ 2,629,464	\$ 50,433,014	\$ 60,802,179
Total Assets	55,465,600	2,199,466	11,056,779	115,488,298	184,210,143

5.REAL ESTATE ASSETS

As of December 31, 2022 and 2021, real estate assets consisted of the following:

	December 31, 2022	December 31, 2021
Construction in Progress	\$ 15,506,572	\$ 8,597,023
Land Held for Development	7,943,126	7,098,104
Rental Properties	31,169,031	24,820,253
Total Real Estate Assets	\$ 54,618,729	\$ 40,515,380

Single family residential properties

As of December 31, 2022 and 2021, the Company owns 132 and 109 Single Family Residential Properties ("SFRs"), respectively. The Company's aggregate investment in those SFRs was \$31 million. Depreciation expense was \$882,814 and \$120,511 in years ended December 31, 2022 and 2021, respectively. These homes are located in Montgomery and Harris Counties, Texas.

The following table presents the summary of our SRFs as of December 31, 2022:

	Number of Homes	Aggregate investment	Average Investment per Home
SFRs	132	\$ 30,998,258	\$ 234,835
	85		

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 is entitled to purchase 479 lots for a price of approximately \$64,000,000, which escalates 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 December 31, 2022 and 2021, there was \$0 and \$31,553 held on deposit, respectively.

7.NOTES PAYABLE

As of December 31, 2022 and 2021, notes payable consisted of the following:

	December 31, 2022	December 31, 2021
	($\text{\$}$)	($\text{\$}$)
PPP Loan	-	68,502
Australia Loan	-	162,696
Motor Vehicle Loans	181,846	86,473
Total notes payable	<u>$\text{\\$}$ 181,846</u>	<u>$\text{\\$}$ 317,671</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 on 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 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 December 31, 2022 and 2021, 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.

On June 18, 2020, Alset EHome Inc. (“Alset EHome”), a wholly owned subsidiary of LiquidValue Development Inc., entered into a Loan Agreement with Manufacturers and Traders Trust Company (the “Lender”).

Pursuant to the Loan Agreement, the Lender provided a non-revolving loan to Alset EHome in an aggregate amount of up to \$2,990,000 (the “Loan”). The line of credit bears interest rate of LIBOR plus 375 basis points. Repayment of the Loan is secured by a Deed of Trust issued to the Lender on the property owned by certain subsidiaries of Alset EHome. The maturity date of this Loan is July 1, 2022. LiquidValue Development Inc. and one of its subsidiaries are guarantors of this Loan. The guarantors are required to maintain during the term of the loan a combined minimum net worth in an aggregate amount equal to not less than \$20,000,000. The Company was in compliance with this covenant as of December 31, 2020.

During the year ended December 31, 2020, Alset EHome borrowed \$664,810 from M&T Bank, incurring at the same time a loan origination fees of \$61,679 which were amortized over the term of the loan. As of December 31, 2020, the remaining unamortized debt discount was \$42,906. The loan in the amount of \$664,810, together with all accrued interests of \$25,225, was paid off on May 28, 2021. The loan was closed in June 2021. Additionally, the debt discount of \$42,907 was fully amortized during the year ended December 31, 2021.

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 is evidenced by a promissory note. The PPP Term Note bears interest at a fixed annual rate of 1.00%, with the first sixteen months of principal and interest deferred or until we apply for the loan forgiveness. The PPP Term Note may be accelerated upon the occurrence of an event of default.

The PPP Term Note is unsecured and guaranteed by the United States Small Business Administration. The Company may apply 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. At this time, we are not in a position to quantify the portion of the PPP Term Note that will be forgiven. As of December 31, 2021, we owe \$68,502 to M&T Bank. In April 2022 the Company received confirmation that the PPP Loan was fully forgiven.

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 \$35,276. 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 4.48% to 4.49% per annum for the year ended December 31, 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 a Hire Purchase 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.

8. RELATED PARTY TRANSACTIONS

Personal Guarantees by Director

As of December 31, 2022 and 2021, a director of the Company had provided personal guarantees amounting to approximately \$0 and \$500,000, respectively, to secure external loans from financial institutions for AEI and the consolidated entities.

Purchase Shares and Warrants from 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. We value NECV warrants under level 3 category through a Black Scholes option pricing model and the fair value of the warrants from NECV were \$860,342 as of July 17, 2020, the purchase date and \$327,565 and \$1,009,854 as of December 31, 2022 and 2021, respectively. 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 as it was a related party transaction.

Sale of Investment in Vivacitas to DSS

On March 18, 2021, the Company sold equity investment in Vivacitas, a U.S.-based biopharmaceutical company, equaling to 2,480,000 shares of common stock and a stock option to purchase 250,000 shares of Vivacitas common stock at \$1 per share at any time prior to the date of a public offering, to a subsidiary of DSS for \$2,480,000. Chan Heng Fai, CEO and the founder of our Company, holds a director position on both Vivacitas and DSS. After this transaction, we do not own any investment in Vivacitas. Our original cost of common stock and stock option of Vivacitas was \$200,128. We did not recognize gain or loss in this transaction. The difference of \$2,279,872 between the selling price and our original investment cost was recorded as additional paid capital considering it was a related party transaction.

Purchase and Sale of Stock in True Partner 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.

Notes Payable

Chan Heng Fai provided an interest-free, due on demand advance to LiquidValue Development Pte. Ltd. and its subsidiary LiquidValue Development Limited for general operations. As of December 31, 2022 and 2021, the outstanding balance was approximately \$0 and \$820,113, respectively.

Chan Heng Fai provided an interest-free, due on demand advance to SeD Perth Pty. Ltd. for its general operations. On December 31, 2022 and 2021, the outstanding balance was \$12,668 and \$13,546, respectively.

On March 12, 2021, the Company entered into a Securities Purchase Agreement (the "SPA") with Chan Heng Fai, the founder, Chairman and Chief Executive Officer of the Company, for four proposed transactions, consisting of (i) purchase of certain warrants (the "Warrants") to purchase 1,500,000,000 shares of Alset International Limited, which was valued at \$28,363,966; (ii) purchase of all of the issued and outstanding stock of LiquidValue Development Pte Ltd. ("LVD"), which was valued at \$173,395; (iii) purchase of 62,122,908 ordinary shares in True Partner Capital Holding Limited (HKG: 8657) ("True Partner"), which was valued at \$6,729,629; and (iv) purchase of 4,775,523 shares of the common stock of American Pacific Bancorp Inc. ("APB"), which was valued at \$28,653,138. The total amount of above four transactions was \$63,920,129, payable on the Closing Date by the Company, in the convertible promissory notes ("Alset CPNs"), which, subject to the terms and conditions of the Alset CPNs and the Company's shareholder approval, shall be convertible into shares of the Company's common stock ("AEI Common Stock"), at par value of \$0.001 per share, at the conversion price of AEI's Stock Market Price. AEI's Stock Market Price shall be \$111.80 per share, equivalent to the average of the five closing per share prices of AEI Common Stock preceding January 4, 2021 as quoted by Bloomberg L.P. AEI's stock price was \$200.60 (\$10.03 pre-reverse stock split) on March 12, 2021, the commitment date. The Beneficial Conversion Feature ("BCF") intrinsic value was \$50,770,192 for the four convertible promissory notes and was recorded as debt discount of convertible notes after the transaction. On May 13 and June 14, 2021 all Alset CPNs of \$63,920,128 and accrued interests of \$306,438 were converted into 2,123 shares of series B preferred stock and 458,198 shares of common stock of the Company.

On May 14, 2021, the Company borrowed S\$7,395,472 Singapore Dollars (equal to approximately \$5,545,495 U.S. Dollars) from Chan Heng Fai. The unpaid principal amount of the Loan shall be due and payable on May 14, 2022 and the Loan shall have no interest. The loan was paid back in full during 2021 and the outstanding balance was \$0 as of December 31, 2022 and 2021.

Management Fees

MacKenzie Equity Partners, LLC, an entity owned by Charles MacKenzie, the Chief Development Officer of the Company, has had a consulting agreement with a majority-owned subsidiary of the Company since 2015. Pursuant to the terms of the agreement, as amended on January 1, 2018, the Company's subsidiary paid a monthly fee of \$20,000 for consulting services. Pursuant to an agreement entered into in June of 2022, the Company's subsidiary has paid \$25,000 per month for consulting services, effective as of January 2022.

In addition, MacKenzie Equity Partners will be paid certain bonuses, including (i) a sum of \$50,000 on June 30, 2022; (ii) a sum of \$50,000 upon the successful financing of 100 homes owned by American Housing REIT Inc. with an entity not affiliated with SeD Development Management LLC (a subsidiary of the Company); and (iii) a sum of \$50,000 upon the successful leasing of 30 homes in the Alset of Black Oak development.

The Company incurred expenses of \$350,000 and \$360,000 in the years ended December 31, 2022 and 2021, respectively, which were capitalized as part of Real Estate on the balance sheet as the services relate to property and project management. In 2021, MacKenzie Equity Partners was paid a bonus payment of \$120,000. In June 2022, MacKenzie Equity Partners was paid an additional \$50,000 bonus payment (as described above). On December 31, 2022 and 2021, the Company owed this related party \$25,000 and \$80,000, respectively.

Note Receivable from a Related Party Company

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 December 31, 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 December 31, 2021, the fair market value of the warrants was \$0. The Company accrued \$0 and \$130,000 interest income as of December 31, 2022 and 2021, respectively.

On January 24, 2017, SeD Capital Pte Ltd, a 100% owned subsidiary of Alset International lent \$350,000 to iGalen Inc. The term of the loan was two years, with an interest rate of 3% per annum for the first year and 5% per annum for the second year. The expiration term was renewed as due on demand after two years with 5% per annum interest rate. As of December 31, 2020, the outstanding principle was \$350,000 and accrued interest \$61,555. On December 31, 2021, the management of the Company evaluated the financial and the operation results of iGalen and concluded that possibility to repay this loan is not probable, and the principal and accrued interests total of \$412,754 was recorded as bad debt expense.

As of December 31, 2022 and 2021, 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 38.3% of Value Exchange International. Due to differences in purchase prices the director owes the Company \$2,545.

The Company paid some operating expenses for Alset Capital Acquisition Corp., a special purpose acquisition company of which the Company holds 23.4%. The advances are interest free with no set repayment terms. As of December 31, 2022 and 2021, the balance of these advances was \$0.

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 S\$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 December 31, 2022, Ketomei owed \$197,596 to Hapi Cafe.

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 December 31, 2022 and 2021 LVAML owes the Company \$3,042,811 and \$2,987,039, respectively.

Loan to Employees

On November 24, 2020, American Pacific Bancorp. Inc. lent \$560,000 to Chan Tung Moe, an officer of one of the subsidiaries of the Company (who later also became our Co-Chief Executive Officer) and son of Chan Heng Fai, Chairman and Chief Executive Officer of the Company, bearing interest at 6%, with a maturity date of November 23, 2023. This loan was secured by an irrevocable letter of instruction on 4,000 shares of Alset Inc. On November 24, 2020, American Pacific Bancorp. Inc. lent \$280,000 to Lim Sheng Hon Danny, an employee of one of the subsidiaries of the Company, bearing interest at 6%, with a maturity date of November 23, 2023. This loan was secured by an irrevocable letter of instruction on 2,000 shares of Alset Inc. Subsequent to the making of these loans, the Company acquired the majority of the issued and outstanding common stock of American Pacific Bancorp. As of December 31, 2021, both principal and interest, \$840,000 and \$28,031, of both loans to Chan Tung Moe and Lim Sheng Hong, were fully paid off.

9.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 January 19, 2021, the Company issued 500 shares of its common stock as compensation for public relations services at a fair value of \$60,900.

On May 3, 2021, the Company entered into a Loan and Exchange Agreement with its Chief Executive Officer, Chan Heng Fai pursuant to which he loaned the Company his shares of Common Stock of the Company by exchanging 319,000 shares of common stock which he owned for an aggregate of 6,380 shares of the Company’s newly designated Series A Convertible Preferred Stock. Effective upon the filing of the Amendment in June 2021, the Company issued an entity owned by Chan Heng Fai 319,000 shares of common stock upon the automatic conversion of all 6,380 outstanding shares of the Company’s Series A Convertible Preferred Stock.

On May 12, 2021, the Company entered into an Exchange Agreement with Chan Heng Fai, pursuant to which he converted \$13,000,000 of note payable for 2,132 shares of the Company’s newly designated Series B Preferred Stock. Effective upon the filing of the Amendment in June 2021, the Company issued Chan Heng Fai 106,600 shares of common stock upon the automatic conversion of all 2,132 outstanding shares of the Company’s Series B Convertible Preferred Stock.

On May 10, 2021, the Company entered into an underwriting agreement with Aegis Capital Corp., as the sole book-running manager and representative of the underwriters named therein (the “Underwriters”), relating to an underwritten public offering (the “May Offering”) of (i) 235,032 common units (the “Common Units”), at a price to the public of \$101.40 per Common Unit, with each Common Unit consisting of (a) one share of common stock, par value \$0.001 per share (the “Common Stock”), (b) one Series A warrant (the “Series A Warrant” and collectively, the “Series A Warrants”) to purchase one share of Common Stock with an initial exercise price of \$101.40 per whole share, exercisable until the fifth anniversary of the issuance date, and (c) one Series B warrant (the “Series B Warrant” and collectively, the “Series B Warrants” and together with the Series A Warrants, the “Warrants”) to purchase one-half share of Common Stock with an initial exercise price of \$65.90 per whole share, exercisable until the fifth anniversary of the issuance date and (ii) 80,550 pre-funded units (the “Pre-funded Units”), at a price to the public of \$101.20 per Pre-funded Unit, with each Pre-funded Unit consisting of (a) one pre-funded warrant (the “Pre-funded Warrant” and collectively, the “Pre-funded Warrants”) to purchase one share of Common Stock, (b) one Series A Warrant and (c) one Series B Warrant. The shares of Common Stock, the Pre-funded Warrants, and the Warrants were offered together, but the securities contained in the Common Units and the Pre-funded Units were issued separately. Following the May Offering, all the investors exercised their Pre-funded Units and additional 80,550 shares of common stock and Series A and Series B Warrants were issued.

The Company also granted the Underwriters a 45-day over-allotment option to purchase up to 40,418 additional shares of Common Stock and/or up to 40,418 additional Series A Warrants to purchase 40,418 shares of Common Stock, and/or up to 40,418 additional Series B warrants to purchase 20,209 shares of Common Stock. The May Offering, including the partial exercise of the Underwriters' over-allotment option to purchase 40,418 Series A Warrants and 40,418 Series B Warrants, closed on May 13, 2021. During the month of June, 2021, Aegis exercised its option to purchase an additional 40,418 common shares at a price of \$101.40 per common share. Through December 31, 2021, investors exercised 68,201 of Series A Warrants and 330 of Series B Warrants. As a result of the May Offering and subsequent exercise notice received for the pre-funded units and warrants, the Company issued 424,366 common shares. As a result of the May Offering and subsequent exercise notice received for the pre-funded units and warrants, and the net proceeds to the Company were \$39,765,440.

The Company incurred approximately \$88,848 in expenses related to the May Offering and subsequent warrants exercises, including SEC fees, FINRA fees, auditor fees and filing fees.

The following table presents net funds received from the May Offering and warrants exercised as of December 31, 2022.

	Shares	Par value	Amount received
Offering	235,032	\$ 235	\$ 29,145,056
Exercise of Pre-Funded Units	80,550	\$ 81	\$ 16,110
Exercise of Underwriter's Series A Warrants	40,418	\$ 40	\$ 3,755,774
Exercise of Series A and Series B Warrants	68,366	\$ 68	\$ 6,937,347
Offering Expenses	-	\$ -	\$ (88,848)
Total	424,366	\$ 424	\$ 39,765,439

On July 27, 2021, the Company entered into another underwriting agreement with Aegis Capital Corp., as the sole book-running manager and representative of the underwriters named therein (the "Underwriters"), relating to an underwritten public offering (the "July Offering") of (i) 266,207 shares of common stock, par value \$0.001 per share (the "Common Stock"), at a price to the public of \$42.40 per share of Common Stock and (ii) 488,510 pre-funded warrants (the "Pre-funded Warrants") to purchase 488,510 shares of Common Stock, at a price to the public of \$42.20 per Pre-funded Warrant. The July Offering closed on July 30, 2021. As a result of the July Offering and subsequent exercise notice received for the pre-funded warrants, the net proceeds to the Company were \$33,392,444.

The Company granted the Underwriters a 45-day over-allotment option to purchase up to 113,207 additional shares of Common Stock. The Company also paid the Underwriters an underwriting discount equal to 7.0% of the gross proceeds of the Offering and a non-accountable expense fee equal to 1.5% of the gross proceeds of the Offering. In addition, the Company agreed to issue to the representative warrants (the "Representative's Warrants") to purchase a number of shares equal to 3.0% of the aggregate number of shares (including shares underlying the Pre-funded Warrants) sold under in the Offering, or warrants to purchase up to an aggregate of 26,038 shares, assuming the Underwriters exercise their over-allotment option in full. The Representative's Warrants have an exercise price equal to 125% of the public offering price, or \$53 per share, with an exercise period of 24 months from issuance. On September 9, 2021 the Underwriters exercised their over-allotment option and were issued 113,207 shares of our Common Stock. On September 9, 2021 the Underwriters exercised the option and the Company received \$4,386,998 proceeds from this exercise.

The Pre-funded Warrants were offered and sold to purchasers whose purchase of Common Stock in the Offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% (or, at the election of the purchaser, 9.99%) of the Company's outstanding Common Stock immediately following the consummation of the Offering in lieu of Common Stock that would otherwise result in the purchaser's beneficial ownership exceeding 4.99% of the Company's outstanding Common Stock (or, at the election of the purchaser, 9.99%). Each Pre-funded Warrant is exercisable for one share of Common Stock at an exercise price of \$0.20 per share. The Pre-funded Warrants are immediately exercisable and may be exercised at any time until all of the Pre-funded Warrants are exercised in full. All of the Pre-Funded Warrants were exercised as of December 31, 2021.

The Company incurred approximately \$49,553 in expenses related to the July Offering and subsequent warrants exercises, including SEC fees, FINRA fees, auditor fees and filing fees.

The following table presents net funds received from the July Offering and warrants exercised as of December 31, 2022.

	Shares	Par value	Amount received
Offering	266,207	\$ 266	\$ 28,957,297
Exercise of Pre-Funded Units	488,510	\$ 489	\$ 97,702
Exercise of Underwriter's Over-Allotment Option	113,207	\$ 113	\$ 4,386,998
Offering Expenses	-	\$ -	\$ (49,553)
Total	867,924	\$ 868	\$ 33,392,444

On December 5, 2021, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Aegis Capital Corp., as the sole book-running manager and representative of the underwriters named therein (the "Underwriters"), relating to an underwritten public offering (the "December Offering") of (i) 903,833 shares of common stock, par value \$0.001 per share (the "Common Stock"), at a price to the public of \$12.00 per share of Common Stock and (ii) 1,553,833 pre-funded warrants (the "Pre-funded Warrants") to purchase 1,553,833 shares of Common Stock, at a price to the public of \$11.98 per Pre-funded Warrant. The December Offering closed on December 8, 2021. As a result of the December Offering and subsequent exercise notice received for the pre-funded warrants, the net proceeds to the Company were \$27,231,875.

The Company granted the Underwriters a 45-day over-allotment option to purchase up to 375,000 additional shares of Common Stock. The Company also paid the Underwriters an underwriting discount equal to 7% of the gross proceeds of the Offering and a non-accountable expense fee equal to 1% of the gross proceeds of the Offering. On December 14, 2021, the Company consummated the sale of these 375,000 shares of Common Stock, representing 15% of the shares of common stock and the shares underlying the Pre-funded Warrants sold in the offering, that were subject to the underwriters' over-allotment option at a price of \$12.00 per share, generating net proceeds of \$4,115,000.

The Pre-funded Warrants were offered and sold to purchasers whose purchase of Common Stock in the Offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% (or, at the election of the purchaser, 9.99%) of the Company's outstanding Common Stock immediately following the consummation of the Offering. Each Pre-funded Warrant is exercisable for one share of Common Stock at an exercise price of \$0.001 per share. The Pre-funded Warrants are immediately exercisable and may be exercised at any time until all of the Pre-funded Warrants are exercised in full. At December 31, 2021 761,664 warrants were exercised, some in cashless exercise transactions.

The Company incurred approximately \$40,621 in expenses related to the December Offering and subsequent warrants exercises, including SEC fees, FINRA fees, auditor fees and filing fees.

The following table presents net funds received from the December Offering and warrants exercised as of December 31, 2022.

	Shares	Par value	Amount received
Offering	946,166	\$ 946	\$ 27,263,673
Exercise of Pre-Funded Units	761,167	\$ 761	\$ 8,823
Exercise of Underwriter's Over-Allotment Option	375,000	\$ 375	\$ 4,115,000
Offering Expenses	-	\$ -	\$ (40,621)
Total	2,082,333	\$ 2,082	\$ 31,346,875

On December 31, 2022, there were 7,422,846 common shares issued and outstanding.

The following table summarizes the warrant activity for the year ended December 31, 2022.

	Warrant for Common Shares	Weighted Average Exercise Price	Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Warrants Outstanding as of December 31, 2021	1,426,657	\$ 35.80	1.88	\$ -
Warrants Vested and exercisable at December 31, 2021	1,426,657	\$ 35.80	1.88	\$ -
Granted	-	-		
Exercised	(792,169)	0.02		
Forfeited, cancelled, expired	-	-		
Warrants Outstanding as of December 31, 2022	634,488	\$ 80.40	3.23	\$ -
Warrants Vested and exercisable at December 31, 2022	634,488	\$ 80.40	3.23	\$ -

Hapi Metaverse Inc. Sale of Shares

In year ended December 31, 2021, the Company sold 280,000 shares of Hapi Metaverse to international investors for the amount of \$280,000, which was booked as addition paid-in capital. The Company held 505,381,376 shares of the total outstanding shares 506,898,576 before the sale. After the sale, the Company still owns approximately 99% of Hapi Metaverse's total outstanding shares.

During the year ended December 31, 2021, the sale of Hapi Metaverse's shares was de minimis compared to its outstanding shares and did not change the minority interest.

Distribution to Minority Shareholder

In 2021, SeD Maryland Development LLC Board approved the payment distribution plan to members and paid \$2,549,750 in distribution to the minority shareholder. In 2020, SeD Maryland Development LLC Board approved the payment distribution plan to members and paid \$411,250 in distribution to the minority shareholder.

Changes of Ownership of Alset International

In the year ended December 31, 2021, Alset International issued 1,721,303,416 common shares through warrants exercise with exercise price of approximately \$0.04 per share and received \$60,300,464 cash, which included approximately \$58 million from Alset Inc. to exercise its warrants to purchase Alset International common shares. The warrant exercise transactions between Alset Inc. and Alset International were intercompany transactions and only affected change in non-controlling interest on the consolidated statements of stockholders' equity. During the year ended December 31, 2021, the stock-based compensation expense of Alset International was \$73,292 with the issuance of 1,500,000 shares to an officer. 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 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 \$12.50 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 500,000 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.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

The 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, 2022	\$ (90,031)	\$ (367,895)	\$ 799,572	\$ 341,646
Other Comprehensive Income	35,110	489,167	2,970,140	3,494,417
Balance at December 31, 2022	<u>\$ (54,921)</u>	<u>\$ 121,272</u>	<u>\$ 3,769,712</u>	<u>\$ 3,836,063</u>
	Unrealized Gains and Losses on Security Investment	Foreign Currency Translations	Change in Minority Interest	Total
Balance at January 1, 2021	\$ (48,758)	\$ 2,258,017	\$ (65,921)	\$ 2,143,338
Other Comprehensive Income	(41,273)	(2,625,912)	865,493	(1,801,692)
Balance at December 31, 2021	<u>\$ (90,031)</u>	<u>\$ (367,895)</u>	<u>\$ 799,572</u>	<u>\$ 341,646</u>

11. LEASE INCOME

The Company generally rents its SFRs under lease agreements with a term of one year. Future minimum rental revenue under existing leases on our properties at December 31, 2022 in each calendar year through the end of their terms are as follows:

2023	1,148,308
2024	11,145
Total Future Receipts	\$ 1,159,453

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 years ended December 31, 2022 and 2021, property management fees incurred by the property managers were \$90,630 and \$15,390, respectively. For the years ended December 31, 2022 and 2021, leasing fees incurred by the property managers were \$174,850 and \$63,880, respectively.

12. INVESTMENTS MEASURED AT FAIR VALUE

Financial assets measured at fair value on a recurring basis are summarized below and disclosed on the consolidated balance sheets as of December 31, 2022 and 2021:

	Amount at Cost	Fair Value Measurement Using			Amount at Fair Value
		Level 1	Level 2	Level 3	
December 31, 2022					
Assets					
Investment Securities- Fair Value Option	\$ 76,264,051	\$ 13,749,957	\$ -	\$ -	\$ 13,749,957
Investment Securities- Trading	11,268,362	5,315,204	-	-	5,315,204
Convertible Note Receivable	138,599	-	-	88,599	88,599
Warrants - American Premium Water	696,791	-	-	327,565	327,565
Warrants - AMRE	-	-	-	-	-
Total Investment in Securities at Fair Value	\$ 88,367,803	\$ 19,065,161	\$ -	\$ 416,164	\$ 19,481,325
	Amount at Cost	Fair Value Measurement Using			Amount at Fair Value
		Level 1	Level 2	Level 3	
December 31, 2021					
Assets					
Investment Securities- Fair Value Option	\$ 72,000,301	\$ 25,320,694	\$ -	\$ -	\$ 25,320,694
Investment Securities- Trading	9,809,778	9,908,077	-	-	9,908,077
Convertible Note Receivable	138,599	-	-	98,398	98,398
Warrants - American Premium Water	696,791	-	-	1,009,854	1,009,854
Warrants - AMRE	-	-	-	-	-
Total Investment in Securities at Fair Value	\$ 82,645,469	\$ 35,228,771	\$ -	\$ 1,108,252	\$ 36,337,023

Realized loss on investment securities for the year ended December 31, 2022 and 2021 was \$7,308,580 and \$4,698,078, respectively. Unrealized loss on securities investment was \$31,350,358 and \$49,190,748 in the years ended December 31, 2022 and 2021, respectively. These losses were recorded directly to net loss. The change in fair value of the convertible note receivable in the years ended December 31, 2022 and 2021 was \$40,201 gain and \$57,179 loss, respectively, and was recorded in 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 local stock exchange to calculate fair value. The following chart shows details of the fair value of equity security investments at December 31, 2022 and 2021, respectively.

	Share price		Market Value	
	12/31/2022	Shares	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)	\$ 0.20	42,999,621	\$ 850,432	Investment in Securities at Fair Value
American Premium Water (Related Party)	\$ 0.001	354,039,000	\$ 212,423	Investment in Securities at Fair Value
Value Exchange	\$ 0.170	13,834,643	\$ 2,351,889	Investment in Securities at Fair Value
Trading Stock			\$ 5,315,204	Investment in Securities at Fair Value
Total Level 1 Equity Securities			\$ 19,065,161	
Nervotech	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
K Beauty	N/A	3,600	\$ 19,609	Investment in Securities at Cost
Total Equity Securities			\$ 19,163,290	

	Share price		Market Value	
	12/31/2021	Shares	12/31/2021	Valuation
DSS (Related Party)	\$ 0.672	19,888,262	\$ 13,364,912	Investment in Securities at Fair Value
AMBS (Related Party)	\$ 0.016	20,000,000	\$ 328,000	Investment in Securities at Fair Value
Holista (Related Party)	\$ 0.034	43,626,621	\$ 1,489,179	Investment in Securities at Fair Value
American Premium Water (Related Party)	\$ 0.002	354,039,000	\$ 778,886	Investment in Securities at Fair Value
True Partner	\$ 0.119	62,122,908	\$ 7,409,717	Investment in Securities at Fair Value
Value Exchange	\$ 0.300	6,500,000	\$ 1,950,000	Investment in Securities at Fair Value
Trading Stock			\$ 9,908,077	Investment in Securities at Fair Value
Total Level 1 Equity Securities			\$ 35,228,771	
Nervotech	N/A	1,666	\$ 37,045	Investment in Securities at Cost
HWH World Co.	N/A	3,800	\$ 42,562	Investment in Securities at Cost
K Beauty	N/A	3,600	\$ 19,609	Investment in Securities at Cost
Total Equity Securities			\$ 35,327,987	

DSS convertible preferred stock

During the year ended December 31, 2021, Global BioMedical Pte Ltd., converted 42,575 preferred stock of DSS into 6,570,170 common shares of DSS.

Sharing Services Convertible Note

The fair value of the Sharing Services Convertible Note under level 3 category as of December 31, 2021 was calculated using a Black-Scholes valuation model valued with the following weighted average assumptions:

	December 31, 2022	December 31, 2021
Dividend yield	- %	0.00 %
Expected volatility	- %	138.85 %
Risk free interest rate	- %	3.25 %
Contractual term (in years)	-	0.76
Exercise price	\$ -	\$ 0.15

We assumed dividend yield rate is 0.00% in Sharing Services. The volatility is 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.

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 years ended December 31, 2022 and 2021:

	Total
Balance at January 1, 2021	\$ 38,604,701
Net loss	(57,179)
Conversion of DSS Preferred Stock	(37,439,270)
Balance at December 31, 2021	\$ 1,108,252
Net gain	40,201
Balance at December 31, 2022	\$ 1,148,453

The Note was redeemed in July 2022.

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 December 31, 2022 and 2021, the management estimated that the fair value of this note remained unchanged from its initial purchase price.

Warrants

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 December 31, 2022 and 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.

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. 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 \$327,565 as of December 31, 2022 and \$1,009,854 as of December 31, 2021.

The fair value of the NECV warrants under level 3 category as of December 31, 2022 and 2021 was calculated using a Black-Scholes valuation model valued with the following weighted average assumptions:

	As of December 31, 2022	As of December 31, 2021
Stock Price	\$ 0.0006	\$ 0.0022
Exercise Price	\$ 0.001	\$ 0.001
Risk-free Interest Rate	3.95 %	1.48 %
Annualized volatility	186.1 %	186.5 %
Dividend Yield	0.00	0.00
Year to Maturity	7.56	8.58

The following table presents summarized unaudited financial information for our investments that we elected the fair value option that would otherwise be accounted for under the equity method of accounting.

	Summarized Financial Information		
	Assets	Liabilities	Net Income (Loss)
December 31, 2022			
NECV*	\$ 1,038,946	\$ 2,507,797	\$ 128,968
Holista	\$ 3,717,593	\$ 2,660,281	\$ (1,053,668)
DSS*	\$ 264,880,000	\$ 82,231,000	\$ (52,214,667)
VEII*	\$ 5,047,729	\$ 2,676,237	\$ 185,321
December 31, 2021			
NECV	\$ 348,688	\$ 4,049,594	\$ (873,550)
Holista	\$ 5,031,866	\$ 2,870,177	\$ (1,018,871)
DSS	\$ 284,826,000	\$ 84,522,000	\$ (31,921,000)

* Data derived from Financial Statement as of September 30, 2022 which was the latest available date source we could reach. 12-month Net Income (Loss) was estimated by adding one-third of 9-month Net Loss.

13. INCOME TAXES

US Income Taxes

The components of income tax expense and the effective tax rates for the years ended December 31, 2022 and 2021 are as follows:

	Year Ended December 31,	
	2022	2021
Current:		
Federal	\$ -	\$ 45,736
State	-	46,179
Total Current	-	91,916
Deferred:		
Federal	(3,905,452)	(2,725,007)
State	1,163,407	(1,266,545)
Total Deferred	(2,742,045)	(3,991,553)
Valuation Allowance	2,742,045	3,991,553
Total Income Tax Expense	\$ -	\$ 91,916
Pre-tax Loss	\$ (46,212,505)	\$ (118,483,577)
Effective Income Tax Rate	0.0 %	-0.1 %

A reconciliation of our income tax expense at federal statutory income tax rate of 21% to our income tax expense at the effective tax rate is as follows:

	Year Ended December 31,	
	2022	2021
Federal Statutory Tax Rate	21.0 %	21.0 %
State Income Tax, Net of Federal Income Taxes	0.0 %	0.0 %
Intercompany Management & Oversight Fees	0.0 %	-0.1 %
Capitalized Construction Costs	0.0 %	0.2 %
Minority interest in Partnerships	0.0 %	0.1 %
Deferred Finance Costs	-0.4 %	-0.2 %
Amort of BCF Debt Discount	0.0 %	-9.0 %
Miscellaneous Permanent Items	0.2 %	0.0 %
Non includible foreign entities loss/(income)	-13.8 %	-9.6 %
Valuation Allowance	-7.1 %	-2.5 %
Effective Income Tax Rate	0.0 %	-0.1 %

Deferred tax assets consist of the following at December 31, 2022 and 2021:

	2022	2021
Interest Income	(6,304,175)	(5,660,333)
Interest Expense	5,802,873	5,100,076
Depreciation and Amortization	(140,886)	(10,434)
Impairment	2,253,228	2,253,228
Accrued Expense	1,102,779	60,662
Unrealized Loss on Investment	4,324,883	2,512,554
Partnership Loss	13,175	13,175
Other Amortization	1,160,710	-
Others	377,180	(224,637)
Net Operating Loss	1,297,770	2,047,388
	9,887,537	6,091,679
Valuation Allowance	(9,887,537)	(6,091,679)
Net Deferred Tax Asset	-	-

As of December 31, 2022, the Company has Federal and State net operating loss carry-forwards of approximately \$7,573,000, and \$2,020,000, respectively. The full utilization of the deferred tax assets in the future is dependent upon the Company's ability to generate taxable income. Accordingly, a valuation allowance of an equal amount has been established. During the year ended December 31, 2022, the valuation allowance increased by \$3,795,858.

As of December 31, 2022, total tax receivable is \$143,574, including federal income tax receivable \$111,351, and Maryland state income tax receivable \$32,223. As of December 31, 2021, total tax receivable is \$151,211, including federal income tax receivable \$77,390, and Maryland state income tax receivable \$73,821.

We are subject to U.S. federal income tax as well as income tax of certain state jurisdictions. We have substantially concluded all U.S. federal income tax and state tax matters through 2018. However, our federal tax returns for the years 2019 through 2021 remain open to examination. State tax jurisdiction tax years remain open to examination as well, though we believe that any additional assessment would be immaterial to the Consolidated Financial Statements.

Income taxes – Other Countries

On December 31, 2022 and 2021, foreign subsidiaries have tax losses of approximately \$4.27 million and \$1.99 million, respectively, which are available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with the relevant provisions. The deferred tax assets arising from these tax losses have not been recognized because it is not probable that future taxable profits will be available to use these tax assets. The following charts show the details in different regions as of December 31, 2022 and 2021.

As of December 31, 2022:

	SG Companies	HK Companies	KR Companies	AU Companies	Total
Calculation:					
Cumulative loss & other deferred tax assets before tax	\$ (25,140,421)	\$ -	\$ -	\$ -	\$ (25,140,421)
Effective tax rates	17.00 %	16.50 %	25.00 %	30.00 %	
Tax at the domestic tax rates applicable to profits in the countries where the Company operates	\$ (4,273,872)	\$ -	\$ -	\$ -	\$ (4,273,872)
Adjustments:					
Deferred tax assets not recognized	\$ 4,273,872	\$ -	\$ -	\$ -	\$ 4,273,872
Income tax expenses recognized in profit or loss	\$ -	\$ -	\$ -	\$ -	\$ -

As of December 31, 2021:

	SG Companies	HK Companies	KR Companies	AU Companies	Total
Calculation:					
Cumulative loss & other deferred tax assets before tax	\$ (11,692,089)	\$ -	\$ -	\$ -	\$ (11,692,089)
Effective tax rates	17.00 %	16.50 %	19.24 %	30.00 %	
Tax at the domestic tax rates applicable to profits in the countries where the Company operates	\$ (1,987,655)	\$ -	\$ -	\$ -	\$ (1,987,655)
Adjustments:					
Deferred tax assets not recognized	\$ 1,987,655	\$ -	\$ -	\$ -	\$ 1,987,655
Income tax expenses recognized in profit or loss	\$ -	\$ -	\$ 442,098	\$ -	\$ 442,098

14. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases offices in Maryland, Singapore, Magnolia, Texas, Hong Kong and South Korea through leased spaces aggregating approximately 15,811 square feet, under leases expiring on various dates from January 2023 to August 2025. The leases have rental rates ranging from \$2,335 to \$23,020 per month. Our total rent expense under these office leases was \$685,724 and \$587,685 in 2022 and 2021, respectively. The following table outlines the details of lease terms:

Office Location	Lease Term as of December 31, 2022
Singapore - AI	June 2022 to May 2023
Singapore - F&B	October 2021 to September 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	October 2022 to October 2024
Hong Kong - Warehouse	November 2022 to October 2024
Hong Kong - Shop	October 2022 to September 2024
South Korea - Hapi Café	August 2022 to August 2025
South Korea - HWH World	August 2022 to July 2025
Magnolia, Texas, USA	May 2022 to January 2023
Bethesda, Maryland, USA	January 2021 to March 2024

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 less than 12 months. 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 0.5% to 4.5% per annum in 2022 and from 0.5% to 5.4% per annum in 2021. 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. The balances of operating lease right-of-use assets and operating lease liabilities as of December 31, 2021 were \$659,620 and \$667,343, respectively.

The table below summarizes future payments due under these leases as of December 31, 2022.

For the Years Ended December 31:

2023	\$	944,807
2024		656,668
2025		195,811
Total Minimum Lease Payments		1,797,287
Less: Effect of Discounting		(169,248)
Present Value of Future Minimum Lease Payments		1,628,039
Less: Current Obligations under Leases		(45,556)
Long-term Lease Obligations	\$	1,582,483

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 converted 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 the Fourth Amendment to the Lot Purchase Agreement, pursuant to which NVR agreed to purchase all of the new 121 lots.

During the years ended on December 31, 2022 and 2021, NVR purchased 3 lots and 88 lots, respectively. Through December 31, 2022 and 2021, NVR had purchased a total of 479 and 476 lots, respectively.

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 December 31, 2022 and 2021, the accrued balance due to NVR was \$189,475 and \$188,125, respectively.

Promissory Note from Azure

Pursuant to a Secured Promissory Note dated as of August 13, 2018, on October 13, 2019 Azure Holdings, LLC, was obligated to pay our subsidiary, 150 CCM Black Oak Ltd, \$140,000 in principal, plus accrued interest at the rate of 2.5% per annum through October 13, 2019. Azure Holdings, LLC failed to pay the amount due. Effective as of October 13, 2019, the interest rate increased to a default rate of 18% per annum. The Company has subsequently had numerous communications with Azure Holdings, LLC regarding the payment of this Secured Promissory Note, and attempts to set a schedule for Azure Holdings, LLC to repay the amount due. On August 16, 2021, the Company purchased a 19.5 acre tract of land located in Texas from Azure Holdings and the principal of the note together with all accrued interest was applied as a credit to the purchase price.

15. DIRECTORS AND EMPLOYEES' BENEFITS

Stock Option plans AEI

The Company previously reserved 25,000 shares of common stock under the Incentive Compensation Plan for high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its related entities. This plan is meant to enable such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company's shareholders, and providing such persons with performance incentives to expand their maximum efforts in the creation of shareholder value. As of December 31, 2021 there have been no options granted. The reservation of shares under the Incentive Compensation Plan was cancelled in May of 2021.

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 year ended December 31, 2022:

	Options for Common Shares	Exercise Price	Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2021	1,061,333	\$ 0.09	3.00	\$ -
Vested and exercisable at January 1, 2021	1,061,333	\$ 0.09	3.00	\$ -
Granted	-	-		
Exercised	-	-		
Forfeited, cancelled, expired	-	-		
Outstanding as of December 31, 2021	1,061,333	\$ 0.09	2.00	\$ -
Vested and exercisable at December 31, 2021	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	\$ -

16. SUBSEQUENT EVENTS

Public Offering

On February 6, 2023, Alset Inc. (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 \$3.3 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.

Recent Agreements to Sell Additional Lots

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 price of the lots and certain community enhancement fees the Seller will be entitled to receive are anticipated to equal an aggregate of \$6,586,250.

The closing of the sale of these 110 lots depends on the satisfaction of certain conditions set forth in the Purchase and Sale Agreement. There can be no assurance that such closings will be completed on the terms outlined herein or at all. Commencing on March 16, 2023, Rausch Coleman has a thirty (30) day inspection period in which to inspect the properties and determine their suitability; during such inspection period, Rausch Coleman may decline to proceed with the closing of these transactions.

The Seller shall be required to complete certain improvements at the property at the Seller’s cost prior to the closing.

Agreement to Sell 189 Lots

On March 17, 2023, 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 purchase on or before December 29, 2023. Commencing on March 17, 2023, Davidson Homes shall have a thirty (30) day inspection period in which to inspect the properties and determine their suitability; during such inspection period, Davidson Homes may decline to proceed with the closing of these transactions.

The Seller shall be required to complete certain improvements at the property at the Seller’s cost prior to the closing.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of our Report on Form 10-K, an evaluation was carried out by management, with the participation of our Chief Executive Officers and Chief Financial Officers, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13s-15(b), 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act) as of December 31, 2022. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified, and that such information is accumulated and communicated to management, including the Chief Executive Officers and Chief Financial Officers, to allow timely decisions regarding required disclosure.

During evaluation of disclosure controls and procedures as of December 31, 2022 conducted as part of our annual audit and preparation of our annual financial statements, management conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures and concluded that our disclosure controls and procedures were ineffective for those reasons set forth below.

Management’s Annual Report on Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the financial statements included in this annual report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and reflect management’s judgment and estimates concerning effects of events and transactions that are accounted for or disclosed.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting includes those policies and procedures that pertain to our ability to record, process, summarize and report reliable data. Management recognizes that there are inherent limitations in the effectiveness of any internal control over financial reporting, including the possibility of human error and the circumvention or overriding of internal control. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

In order to ensure that our internal control over financial reporting is effective, management regularly assesses controls and did so most recently for its financial reporting as of December 31, 2022. This assessment was based on criteria for effective internal control over financial reporting described in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. In connection with management’s evaluation of the effectiveness of the Company’s internal control over financial reporting as of December 31, 2022, management determined that the Company did not maintain effective controls over financial reporting due to limited staff. This limited number of staff prevents us from segregating duties within our internal control system and restricts our ability to timely evaluate the accuracy and completeness of our financial statement disclosures. Management determined that the ineffective controls over financial reporting constitute a material weakness.

This annual report filed on Form 10-K does not include an attestation report of the Company’s registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management’s report in this annual report.

Changes in Internal Control over Financial Reporting

We continue taking steps to enhance and improve the design of our internal controls over financial reporting. During the period covered by this Annual Report on Form 10-K, we have not been able to completely remediate the material weaknesses identified above. To remediate such weaknesses, we plan to appoint additional qualified personnel with financial accounting, GAAP, and SEC experience.

Item 9B. Other Information.

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections.

Not applicable

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets forth the names and ages of our executive officers, directors, director nominees and key employees, and their positions with us, as of March 31, 2023:

Name	Age	Position(s)
Chan Heng Fai	78	Founder, Chairman of the Board and Chief Executive Officer
Chan Tung Moe	44	Co-Chief Executive Officer and Director
Anthony S. Chan	58	Chief Operating Officer
Lui Wai Leung Alan	52	Co-Chief Financial Officer
Rongguo Wei	51	Co-Chief Financial Officer
Wong Tat Keung	52	Director
William Wu	56	Director
Wong Shui Yeung	52	Director
Lim Sheng Hon Danny	31	Director
Joanne Wong Hiu Pan	46	Director
Charles MacKenzie	52	Chief Development Officer
Michael Gershon	51	Chief Legal Officer

The mailing address for each of the officers and directors named above is c/o of the Company at: 4800 Montgomery Lane, Suite 210, Bethesda, MD, 20814.

The principal occupations for the past five years of each of our executive officers, directors, director nominees and key employees are as follows:

Executive Officers and Directors

Chan Heng Fai founded our company and has served as our Chairman of the Board and Chief Executive Officer since inception. Mr. Chan is an expert in banking and finance, with 45 years of experience in these industries. He has restructured numerous companies in various industries and countries during the past 40 years. Mr. Chan has served as the Chief Executive Officer of our subsidiary Alset International Limited since April 2014. Mr. Chan joined the Board of Directors of Alset International Limited in May 2013. Mr. Chan has also served as the Chairman and Chief Executive Officer of Alset Capital Acquisition Corp. since October 2021. From 1995 to 2015, Mr. Chan served as Managing Chairman of Hong Kong-listed Zensun Enterprises Limited (formerly Heng Fai Enterprises Limited), an investment holding company. Mr. Chan had previously served as a member of the Board of Zensun Enterprises Limited since September 1992. Mr. Chan was formerly the Managing Director of SingHaiyi Group Ltd., a Singapore property development, investment and management company ("SingHaiyi"), from March 2003 to September 2013, and the Executive Chairman of China Gas Holdings Limited, an investor and operator of the city gas pipeline infrastructure in China from 1997 to 2002.

Mr. Chan has served as a non-executive director of DSS, Inc. (formerly known as Document Security Systems, Inc.) since January 2017 and as Executive Chairman of the Board since March 2019. Mr. Chan served as a member of the Board of Directors of OptimumBank Holdings, Inc. from June 2018 until April 2022. He has also served as a non-executive director of our indirect subsidiary LiquidValue Development Inc. since January 2017. Mr. Chan has served as a director of Alset's 99.7%-owned subsidiary Hapi Metaverse Inc. (formerly known as GigWorld Inc.) since October 2014. Mr. Chan has served as a member of the Board of Directors of Sharing Services Global Corporation since April 2020. Mr. Chan has served as a member of the Board of Value Exchange International, Inc. since December 2021. Mr. Chan also served as a non-executive director of Holista CollTech Ltd. from July 2013 until June 2021.

Mr. Chan was formerly a director of Global Medical REIT Inc., a healthcare facility real estate company, from December 2013 to July 2015. He also served as a director of Skywest Ltd., a public Australian airline company from 2005 to 2006. Additionally, Mr. Chan served as a member of the Board of Directors of RSI International Systems, Inc., the developer of RoomKeyPMS, a web-based property management system, from June 2014 to February 2019.

Mr. Chan has committed that the majority of his time will be devoted to managing the affairs of our company and its subsidiaries; however, Mr. Chan may engage in other business ventures, including other technology-related businesses.

As the founder, Chairman, Chief Executive Officer and our largest stockholder, Mr. Chan leads the board and guides our company. Mr. Chan brings extensive real estate and digital transformation technology knowledge to our company and a deep background in growth companies, emerging markets, mergers and acquisitions, and capital market activities. His service as Chairman and Chief Executive Officers creates a critical link between management and the board.

Chan Tung Moe was appointed Co-Chief Executive Officer of our Company in July 2021 and joined our Board of Directors in October 2022. Chan Tung Moe also serves as the Co-Chief Executive Officer and Executive Director of Alset International. Chan Tung Moe is responsible for Alset International's international real estate business (including serving as Co-Chief Executive Officer and a member of the Board of Alset International's subsidiary LiquidValue Development Inc.). Chan Tung Moe has served as a director of DSS, Inc., a NYSE listed company, since September 2020. From April 2014 to June 2015 Chan Tung Moe was the Chief Operating Officer of HKSE listed Zensun Enterprises Limited (formerly known as Heng Fai Enterprises Limited) and was responsible for that company's global business operations consisting of REIT ownership and management, property development, hotels and hospitality, as well as property and securities investment and trading. Prior to that, he was an executive director (from March 2006 to February 2014) and the Chief of Project Development (from April 2013 to February 2014) SingHaiyi Group Ltd, overseeing its property development projects. He was also a non-executive director of the Toronto Stock Exchange-listed RSI International Systems Inc., a hotel software company, from July 2007 to August 2016.

Chan Tung Moe has a diverse background and experience in the fields of property, hospitality, investment, technology and consumer finance. He holds a Master's Degree in Business Administration with honors from the University of Western Ontario, a Master's Degree in Electro-Mechanical Engineering with honors and a Bachelor's Degree in Applied Science with honors from the University of British Columbia. Chan Tung Moe is the son of Chan Heng Fai.

The board of directors appointed Chan Tung Moe in recognition of his extensive knowledge of real estate and ability to assist the Company in expanding its business.

Wong Tat Keung joined the Board of Directors of our company in November 2020. Since 2010, Mr. Wong has served as the director of Aston Wong CPA Limited. Mr. Wong has served as a member of the Board of Directors of Alset Capital Acquisition Corp. since January 2022. He has been an independent non-executive director of Alset International since January 2017. Mr. Wong has been an independent non-executive director of Roma Group Limited, a valuation and technical advisory firm, since March 2016, and has served as an independent non-executive director of Lerthai Group Limited, a property, investment, management and development company, since December 2018. Previously, he served as the director and sole proprietor of Aston Wong & Co., a registered certified public accounting firm, from January 2006 to February 2010. From January 2005 to December 2005, he was a Partner at Aston Wong, Chan & Co., Certified Public Accountants. From April 2003 to December 2004, he served at Gary Cheng & Co., Certified Public Accountants as Audit Senior. He served as an Audit Junior to Supervisor of Hui Sik Wing & Co., certified public accountants from April 1993 to December 1999. He served as an independent non-executive director of SingHaiyi from July 2009 to July 2013 and ZH Holdings from December 2009 to July 2015. Mr. Wong is a Certified Public Accountant admitted to practice in Hong Kong. He is a Fellow Member of Association of Chartered Certified Accountants and an Associate Member of the Hong Kong Institute of Certified Public Accountants. He holds a Master in Business Administration degree (financial services) from the University of Greenwich, London, England.

Mr. Wong demonstrates extensive knowledge of complex, cross-border financial, accounting and tax matters highly relevant to our business, as well as working experience in internal corporate controls, making him well-qualified to serve as an independent member of the board. Mr. Wong serves on our Audit Committee, Nominations and Corporate Governance Committee and Compensation Committee.

William Wu joined the Board of Directors of our company in November 2020. Mr. Wu, age 56, has served as the Responsible Officer for Corporate Finance and Assets Management of Investment Banking at Glory Sun Securities Limited since January 2019. Mr. Wu has served as a member of the Board of Directors of Alset Capital Acquisition Corp. since January 2022. Mr. Wu previously served as the executive director and chief executive officer of Power Financial Group Limited from November 2017 to January 2019. Mr. Wu has served as a member of the Board of Directors of DSS, Inc. since October of 2019. Mr. Wu has served as a director of Asia Allied Infrastructure Holdings Limited since February 2015. Mr. Wu previously served as a director and chief executive officer of RHB Hong Kong Limited from April 2011 to October 2017. Mr. Wu served as the chief executive officer of SW Kingsway Capital Holdings Limited (now known as Sunwah Kingsway Capital Holdings Limited) from April 2006 to September 2010. Mr. Wu holds a Bachelor of Business Administration degree and a Master of Business Administration degree of Simon Fraser University in Canada. He was qualified as a chartered financial analyst of The Institute of Chartered Financial Analysts in 1996.

Mr. Wu previously worked for a number of international investment banks and possesses over 29 years of experience in the investment banking, capital markets, institutional broking and direct investment businesses. He is a registered license holder to carry out Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Wu demonstrates extensive knowledge of complex, cross-border financial matters highly relevant to our business, making him well-qualified to serve as an independent member of the board. Mr. Wu serves on our Audit Committee, Nominations and Corporate Governance Committee and Compensation Committee.

Wong Shui Yeung joined the Board of Directors of our company in November 2021. Mr. Wong is a practicing member and fellow member of Hong Kong Institute of Certified Public Accountants and a member of Hong Kong Securities and Investment Institute and holds a bachelor's degree in business administration. He has over 20 years' experience in accounting, auditing, corporate finance, corporate investment and development, and company secretarial practice. Mr. Wong has served as a member of the Board of Directors of Alset Capital Acquisition Corp. since January 2022. Mr. Wong has served as an independent non-executive director of Alset International Limited since June 2017, the shares of which are listed on the Catalist Board of Singapore Stock Exchange. Mr. Wong was an independent non-executive director of SMI Holdings Group Limited from April 2017 to December 2020, the shares of which were listed on the Main Board of The Stock Exchange of Hong Kong Limited and was an independent non-executive director of SMI Culture & Travel Group Holdings Limited from December 2019 to November 2020, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Wong's knowledge of complex, cross-border financial, accounting and tax matters highly relevant to our business, as well as working experience in internal corporate controls, qualify him to serve as an independent member of the board. Mr. Wong serves on our Audit Committee, Nominations and Corporate Governance Committee and Compensation Committee.

Lim Sheng Hon Danny joined Alset Inc. as a director in October 2022. Mr. Lim has served as Senior Vice President, Business Development and as Executive Director of Alset Inc.'s subsidiary, Alset International Limited (SGX:40V), a publicly traded company on the Singapore Stock Exchange, since 2020. Mr. Lim has over 6 years of experience in business development, merger & acquisitions, corporate restructuring and strategic planning and execution. He manages the Group's business development efforts, focusing in corporate strategic planning, merger and acquisition and capital markets activities. He oversees and ensures the executional efficiency of the Group and facilitates internal and external stakeholders on the implementation of the Group's strategies. Mr. Lim liaises with corporate partners and investment prospects for potential working/investment collaborations, operational subsidiaries locally and overseas to augment close parent-subsidiary working relationship. Mr. Lim graduated from Singapore Nanyang Technological University with a Bachelor's Degree with Honors in Business, specializing in Banking and Finance.

Joanne Wong Hiu Pan currently serves as Director and Responsible Officer of BMI Funds Management Limited, a Financial Advisor in Hong Kong. In October 2022, she became a director of Alset Inc. Ms. Wong also serves as Director of A-link Services Limited, a consulting company that brings together professionals with rich experience in different fields to provide the most suitable solutions to meet the needs of different clients. In addition, Ms. Wong also serves as Senior Consultant of Global Intelligence Trust, which provides professional trust service to individual, corporate and institutional customers. Ms. Wong has served as a member of the Board of Directors of DSS, Inc., a NYSE listed company, since July of 2022. Ms. Wong graduated from the Chinese University of Hong Kong Faculty of Science with a Bachelor's degree in 1999. Ms. Wong has extensive expertise in a wide array of strategic, business, turnaround and regulatory matters across several industries as a result of her executive management, educational and operational experience, making her well-qualified to serve as an independent member of the board.

Anthony S. Chan has served as the Company's Chief Operating Officer since February 2022. Anthony is a certified public accountant ("CPA") registered with the State of New York and a seasoned finance executive with over 33 years of professional experience in auditing, SEC reporting, compliance and risk management. Currently, Mr. Chan is the Chief Financial Officer of Sharing Services Global Corporation (OTC:SHRG), and since 2014, Anthony has served as President and Co-founder of CA Global Consulting Inc., and since 2020, as Director of Assurance and Advisory Services of Wei, Wei & Co., LLP, a PCAOB-registered public accounting firm. Previously, Anthony served as Chief Financial Officer of several public companies, including SPI Energy Co., Ltd. (NASDAQ:SPI), Helo Corp. (OTC:HLOC) and Sino-Global Shipping America, Ltd. Prior to that, Mr. Chan was a partner at three full-service CPA firms in New York, namely, UHY LLP, Friedman LLP and Berdon LLP. Anthony holds a Bachelor of Arts degree in Accounting and Economics from Queens College, City University of New York ("CUNY") and a Master of Business Administration degree in Finance and Investments from Baruch College, CUNY.

Lui Wai Leung Alan has been our Co-Chief Financial Officer since March 2018. Mr. Lui has been the Chief Financial Officer of Alset International since November 2016 and served as its Acting Chief Financial Officer since June 2016. Mr. Lui has served as an Executive Director of Alset International since July 2020. Mr. Lui has served as a director of BMI Capital Partners International Ltd, a Hong Kong investment consulting company, since October 2016. He has also served as a director of LiquidValue Asset Management Pte Limited, a Singapore fund management company, since April 2018. Both companies are wholly owned subsidiaries of Alset International. Mr. Lui has served as the Co-Chief Financial Officer of LiquidValue Development since December 2017 and has served as the Co-Chief Financial Officer of Alset EHome Inc. since October 2017. Mr. Lui has served as Chief Financial Officer of Hapi Metaverse Inc. since May 2016 and has served as a director of one of Hapi Metaverse's subsidiaries since July 2016. From June 1997 through March 2016, Mr. Lui served in various executive roles at Zensun Enterprises Limited (formerly known as Heng Fai Enterprises Limited), a Hong Kong-listed company, including as Financial Controller. Mr. Lui has been overseeing the financial and management reporting and focusing on its financing operations, treasury investment and management. He has extensive experience in financial reporting, taxation and financial consultancy and management. Mr. Lui is a certified practicing accountant in Australia and received a Bachelor's degree in Business Administration from the Hong Kong Baptist University.

Rongguo Wei has been our Co-Chief Financial Officer since March 2018. Mr. Wei has served as the Chief Financial Officer of LiquidValue Development since March 2017. Mr. Wei has also served as the Chief Financial Officer of Alset Capital Acquisition Corp. since October 2021. Mr. Wei is a finance professional with more than 15 years of experience working in public and private corporations in the United States. As the Chief Financial Officer of SeD Development Management LLC, Mr. Wei is responsible for oversight of all finance, accounting, reporting and taxation activities for that company. Prior to joining SeD Development Management LLC in August 2016, Mr. Wei worked for several different U.S. multinational and private companies including serving as Controller at American Silk Mill, LLC, a textile manufacturing and distribution company, from August 2014 to July 2016, serving as a Senior Financial Analyst at Air Products & Chemicals, Inc., a manufacturing company, from January 2013 to June 2014, and serving as a Financial/Accounting Analyst at First Quality Enterprise, Inc., a personal products company, from 2011 to 2012. Mr. Wei served as a member of the Board Directors of Amarantus Bioscience Holdings, Inc., a biotech company, from February to May 2017, and has served as Chief Financial Officer of that company from February 2017 until November 2017. Before Mr. Wei came to the United States, he worked as an equity analyst at Hong Yuan Securities, an investment bank in Beijing, China, concentrating on industrial and public company research and analysis. Mr. Wei is a certified public accountant and received his Master of Business Administration from the University of Maryland and a Master of Business Taxation from the University of Minnesota. Mr. Wei also holds a Master in Business degree from Tsinghua University and a Bachelor's degree from Beihang University.

Charles MacKenzie was appointed our Chief Development Officer in December 2019. Mr. MacKenzie has served as a member of the Board of Directors of LiquidValue Development since December 2017. He has served as Chief Executive Officer-United States of Alset EHome Inc. since April 2020 and has served as the Chief Development Officer for SeD Development Management, a subsidiary of Alset EHome Inc., since July 2015. Mr. MacKenzie also serves as a member of the Board of Directors of Alset EHome Inc. since October 2017. He was previously the Chief Development Officer for Inter-American Development (IAD), a subsidiary of Heng Fai Enterprises Limited (now known as Zensun Enterprises Limited) from April 2014 to June 2015. Mr. MacKenzie is the Founder and President of MacKenzie Equity Partners, specializing in mixed-use real estate investments. Mr. MacKenzie was also the owner of Smartbox Portable Storage, a residential moving and storage company, from October 2006 to a successful sale in February 2017. Mr. MacKenzie focuses on acquisitions and development of residential and mixed-use projects within the United States. Mr. MacKenzie specializes in site selection, contract negotiations, marketing and feasibility analysis, construction and management oversight, building design and investor relations. Mr. MacKenzie received a B.A. and graduate degree from St. Lawrence University, where he served on Board of Trustees from 2003 to 2007.

Key Employees

Michael Gershon has been our Chief Legal Officer since October 2018. Mr. Gershon has served as Chief Legal Officer of our subsidiary SeD Development Management LLC since April 2019 and from February 2017 until April 2019 served as Associate Corporate Counsel of that subsidiary. Prior to joining our company, Mr. Gershon served as an attorney adviser with the Division of Corporation Finance at the U.S. Securities and Exchange Commission from November 2015 until November 2016 and served as an associate at the law firm of Wuersch & Gering LLP from August 2004 until January 2015. Mr. Gershon received a B.A. degree in economics from Boston College and a J.D. from Georgetown University Law Center.

Code of Ethics

We have adopted a written code of ethics that applies to all of our directors, officers and employees in accordance with the rules of the Nasdaq Capital Market and the SEC. We have adopted as a part of our code of ethics an insider trading policy which prohibits directors, officers, and employees of our company from using or sharing confidential information relating to the company for stock trading purposes. We have posted a copy of our code of ethics on our company website, and we intend to post amendments to this code, or any waivers of its requirements, on our company website.

Conflicts of Interest

We comply with applicable state law with respect to transactions (including business opportunities) involving potential conflicts. Applicable state corporate law requires that all transactions involving our company and any director or executive officer (or other entities with which they are affiliated) are subject to full disclosure and approval of the majority of the disinterested independent members of our Board of Directors, approval of the majority of our stockholders or the determination that the contract or transaction is intrinsically fair to us. More particularly, our policy is to have any related party transactions (i.e., transactions involving a director, an officer or an affiliate of our company) be approved solely by a majority of the disinterested independent directors serving on the Board of Directors.

Corporate Governance

There have been no changes in any state law or other procedures by which security holders may recommend nominees to our board of directors.

Board Committees

Our Board of Directors has an Audit Committee, a Nominations and Corporate Governance Committee and a Compensation Committee. Each of these committees is currently composed of Wong Tat Keung, William Wu and Wong Shui Yeung.

Our Audit Committee and Compensation Committee will each comply with the listing requirements of the Nasdaq Marketplace Rules. At least one member of the Audit Committee will be an “audit committee financial expert,” as that term is defined in Item 407(d)(5)(ii) of Regulation S-K, and each member will be “independent” as that term is defined in Rule 5605(a) of the Nasdaq Marketplace Rules. Mr. Wong Tat Keung, the Chairman of our Audit Committee, is an audit committee financial expert. Our Board of Directors has determined that each of Wong Tat Keung, William Wu, Wong Shui Yeung and Joanne Wong Hiu Pan is independent.

Indemnification of Directors and Executive Officers

The Texas Business Organizations Code (TBOC) provides for, under certain circumstances, the indemnification of our officers, directors, employees and agents against liabilities that they may incur in such capacities. A summary of the circumstances in which such indemnification provided for is contained herein.

Texas law permits a corporation to indemnify a director or former director, against judgments and expenses reasonably and actually incurred by the person in connection with a proceeding if the person: (i) acted in good faith, (ii) reasonably believed, in the case of conduct in the person's official capacity, that the person's conduct was in the corporation's best interests, and otherwise, that the person's conduct was not opposed to the corporation's best interests, and (iii) in the case of a criminal proceeding, did not have a reasonable cause to believe the person's conduct was unlawful.

If, however, the person is found liable to the corporation, or is found liable on the basis he received an improper personal benefit, then indemnification under Texas law is limited to the reimbursement of reasonable expenses actually incurred and no indemnification will be available if the person is found liable for: (i) willful or intentional misconduct in the performance of the person's duty to the corporation, (ii) breach of the person's duty of loyalty owed to the enterprise, or (iii) an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the corporation.

Our certificate of formation provides that no director of the corporation shall be liable to the corporation or its stockholders for monetary damages for an act or omission in the director's capacity as a director. However, the certificate of formation does not eliminate or limit the liability of a director to the extent the director is found liable under applicable law for (i) a breach of the director's duty of loyalty to the corporation or its stockholders, (ii) an act or omission not in good faith that constitutes a breach of duty of the director to the corporation or involves intentional misconduct or a knowing violation of law, (iii) a transaction from which the director received an improper benefit, regardless of whether the benefit resulted from an action taken within the scope of the director's duties, or (iv) an act or omission for which the liability of a director is expressly provided by an applicable statute.

If the TBOC or other applicable law is amended to authorize corporate action further eliminating or limiting the liability of directors, then the liability of a director of the corporation will be eliminated or limited to the fullest extent permitted by the TBOC or other applicable law, as amended. Any repeal or modification of our certificate of formation by the stockholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

Our bylaws provide that any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or other proceeding (whether civil, criminal, administrative, arbitrative, or investigative), including any appeal thereof, or any inquiry or investigation that could lead to such an action or proceeding, by reason of the fact that he or she is or was a director or officer of our company or is or was serving at the request of our company as a partner, director, officer, venturer, proprietor, trustee, employee, administrator, or agent of another entity, organization or an employee benefit plan, shall be indemnified and held harmless by our company to the fullest extent permitted by the TBOC.

If the TBOC is amended, substituted, or replaced, only to the extent that such amendment, substitution, or replacement permits the Company to provide broader indemnification rights than the TBOC permitted the Company to provide prior to such amendment, substitution, or replacement, against all judgments (including arbitration awards), court costs, penalties, settlements, fines, excise, and other similar taxes and reasonable attorneys' fees actually incurred by the covered person in connection with such proceeding. The right to indemnification in this our bylaws continues as to a covered person who has ceased to be a director, officer, or delegate and shall inure to his or her heirs, executors, or administrators.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

At present, we do not maintain directors' and officers' liability insurance in order to limit the exposure to liability for indemnification of directors and officers, including liabilities under the Securities Act; however, we are in the process of obtaining such insurance.

Item 11. Executive Compensation.
Summary Compensation Table

The following table sets forth the cash and non-cash compensation awarded to or earned by: (i) each individual who served as the principal executive officer and principal financial officer of our company during the years ended December 31, 2022, and 2021; and (ii) each other individual that served as an executive officer of our company at the conclusion of the years ended December 31, 2022 and 2021 and who received more than \$100,000 in the form of salary and bonus during such year. We have included the information for certain individuals who were employed and compensated by Alset International Limited or its subsidiaries. Such compensation was paid solely for services rendered to such subsidiary. For purposes of this Report, these individuals are collectively the “named executive officers” of our company.

	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Stock Awards</u>	<u>Option Awards</u>	<u>Non-equity Incentive Plan Compensation</u>	<u>Non-qualified Deferred Compensation Earnings</u>	<u>All Other Compensation</u>	<u>Total</u>
Chan Heng Fai	2022	\$ 18	\$ 7,836,115						\$7,836,115
Chairman and Chief Executive Officer (1)	2021	9	\$ 5,983,858						\$5,983,867
Chan Tung Moe	2022	\$ 276,495	\$ 13,041						\$289,536
Director and Co-Chief Executive Officer (2)	2021	\$ 215,589	\$ 150,760						\$366,349
Lui Wai Leung Alan	2022	\$ 164,094							\$164,094
Co-Chief Financial Officer	2021	\$ 135,735	\$ 57,714						\$193,449
Rongguo Wei	2022	\$ 156,184							\$156,184
Co-Chief Financial Officer	2021	\$ 136,184	\$ 86,092						\$222,276
Charles MacKenzie	2022							\$ 350,000	\$350,000
Chief Development Officer (3)	2021							\$ 360,000	\$360,000

(1) Chan Heng Fai was paid bonuses totaling SGD \$8,076,472 (USD \$5,983,858) in 2021 by our majority owned subsidiary, Alset International Limited. Such payment was based on increases in the NAV and market capitalization of Alset International Limited during the year ended December 31, 2020. In 2022, Chan Heng Fai has been paid bonuses totaling SGD \$4,097,874 (USD \$3,036,115) by Alset International Limited, including bonuses for increases in the Net Asset Value (“NAV”) and market capitalization of Alset International Limited during the year ended December 31, 2021 (such amount is included in the amount for the year ended December 31, 2022, above). Chan Heng Fai is also paid SGD \$1 (USD \$.74) per month by Alset International Limited. In February of 2022, Chan Heng Fai was paid \$4,800,000 by Alset Inc. as a result of increases in Alset Inc.’s NAV in the fiscal year ended December 31, 2021 (such amount is included in the amount for the year ended December 31, 2022, above).

(2) Chan Tung Moe was previously a consultant to the Company; since July of 2021 he has served as an employee of the Company. Chan Tung Moe is compensated by both the Company and its subsidiary Alset International.

(3) Our Chief Development Officer Charles MacKenzie is compensated by a subsidiary of our company pursuant to a consulting agreement in connection with our subsidiary's real estate projects. Mr. MacKenzie has served as our Chief Development Officer since December of 2019.

Employment and Consulting Agreements

On February 8, 2021, the Company and the Company's subsidiary Alset Business Development Pte. Ltd. (formerly known as Hengfai Business Development Pte. Ltd.) entered into an Executive Employment Agreement (the "Employment Agreement") with the Company's Chairman and Chief Executive Officer, Chan Heng Fai. Pursuant to the Employment Agreement, Mr. Chan's compensation will include a fixed salary of \$1 per month and two bonus payments each year consisting of: (i) one payment equal to Five Percent (5%) of the growth in market capitalization the Company experiences in any year; and (ii) one payment equal to Five Percent (5%) of the growth in net asset value the Company experiences in any year. In each case, such payment is to be calculated within seven (7) days of December 31st of each year. Such bonus payments shall be paid in cash or the Company's common stock, at the election of Mr. Chan.

The Company and Alset Business Development Pte. Ltd. entered into a Supplement to the Executive Employment Agreement (the "Supplement") with Chan Heng Fai on December 13, 2021. This Supplement amended the Employment Agreement. Pursuant to the Employment Agreement, the term of the Employment Agreement was to end on December 31, 2025. The Supplement has amended the Employment Agreement to extend its expiration until December 31, 2030.

This Supplement also provides that if there is a change of control at the Company, Chan Heng Fai shall be entitled to cash payment equal to the amount he would have been owed through the term of the Employment Agreement (as extended by the Supplement). Such payment shall be calculated based on the highest annual amount paid to Chan Heng Fai through the date of such change of control. In addition, if Chan Heng Fai is terminated, pursuant to the Supplement, Chan Heng Fai shall be entitled to cash payment equal to the amount he would have been owed through the term of the Employment Agreement (as extended by the Supplement), calculated as described above.

The Compensation Committee of the Company's Board of Directors later recommended that Chan Heng Fai be paid \$4,800,000 of the NAV Bonus pursuant to the Employment Agreement and the Supplement. The Company, Alset Business Development Pte. Ltd. and Chan Heng Fai entered into an Amendment to the Employment Agreement, dated as of January 26, 2022 (the "Amendment"), and such bonus was paid. The Amendment provides that in the event that the net asset value of the Company is determined to be a greater or lesser amount than \$4,800,000 upon the completion and filing of the Company's audited financial statements, Mr. Chan shall be entitled to the balance of such amount or shall reimburse the Company, as applicable. The Amendment further provides that the Company shall assume all obligations of Alset Business Development Pte. Ltd. under the Employment Agreement.

Chan Heng Fai was paid bonuses totaling SGD \$8,076,472 (USD \$5,983,858) in 2021 by our majority owned subsidiary, Alset International Limited. Such payment was based on increases in the Net Asset Value ("NAV") and market capitalization of Alset International during the year ended December 31, 2020. In 2022, Chan Heng Fai has been paid bonuses totaling SGD \$4,097,874 (USD \$3,036,115) by Alset International, including bonuses for increases in the NAV and market capitalization of Alset International during the year ended December 31, 2021. Chan Heng Fai is also paid SGD \$1 (USD \$.74) per month by Alset International Limited. Mr. Chan's current employment agreement with Alset International Limited, dated as of December 10, 2021, provides that Mr. Chan shall continue to be paid SGD \$1.00 per month, and shall be entitled to receive a bonus equal to 5% of the market capitalization growth of Alset International and 5% of the annual NAV increase of Alset International. The term of this agreement was made effective to March 25, 2020 and shall end on March 24, 2030. If Alset International terminates the appointment of Mr. Chan (subject to certain exceptions), Alset International shall be obliged to compensate Mr. Chan with a severance payment which will be equivalent to the total remuneration that would have been paid to Mr. Chan as if he had completed his term as the Chief Executive Officer of Alset International ("Severance Payment"). In the event there is a change in control of Alset International, Mr. Chan shall be granted with the option to continue his appointment with Alset International. If Mr. Chan decides not to continue with the appointment, Alset International shall be obliged to compensate Mr. Chan an amount equivalent to the Severance Payment. The Severance Payment shall be for the balance of the tenure of his term and shall be computed based on the highest annual remuneration, including salaries, incentive payments and performance bonus paid to Mr. Chan in the previous years prior to the termination of the appointment. Such Severance Payment shall be paid in cash only.

On July 1, 2021, the Company and its subsidiary Alset Business Development Pte. Ltd. (formerly known as Hengfai Business Development Pte. Ltd.), entered into Executive Employment Agreement with the Company's Co-CEO, Chan Tung Moe. Based on the agreement, Chan Tung Moe's compensation will include a fixed salary of \$10,000 per month. In addition, Chan Tung Moe was paid a signing bonus of \$60,000. The term of the Executive Employment Agreement ends on June 30, 2024. Chan Tung Moe is the son of the Chief Executive Office, Chairman and majority shareholder, Chan Heng Fai. Chan Tung Moe is also compensated by Alset International Limited for his services.

Our Chief Development Officer Charles MacKenzie is compensated by a subsidiary of our company pursuant to a consulting agreement in connection with our subsidiary's real estate projects.

Effective as of February 15, 2022, the Company has appointed Anthony S. Chan as the Chief Operating Officer of the Company. Mr. Chan has served as a consultant to the Company since April of 2021. Mr. Chan will continue to be compensated pursuant to the terms of a consulting agreement entered into between the Company and CA Global Consulting Inc., pursuant to which the Company pays Anthony S. Chan's company \$12,000 per month.

Outstanding Equity Awards at Fiscal Year End

No stock options or other equity awards were granted to any of our named executive officers during the year ended December 31, 2022.

2018 Incentive Compensation Plan

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) are reserved for issuance upon exercise of stock options and grants of other equity awards. The Plan is designed to serve as an incentive for attracting and retaining qualified and motivated employees, officers, directors, consultants and other persons who provide services to us. The compensation committee of our board of directors administers and interprets the Plan and is authorized to grant stock options and other equity awards thereunder to all eligible employees of our company, including non-employee consultants to our company and directors.

The Plan provides for the granting of "incentive stock options" (as defined in Section 422 of the Code), non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock, dividend equivalents, bonus stock and awards in lieu of cash compensation, other stock-based awards and performance awards. Options may be granted under the Plan on such terms and at such prices as determined by the compensation committee of the board, except that the per share exercise price of the stock options cannot be less than the fair market value of our common stock on the date of the grant. Each option will be exercisable after the period or periods specified in the stock option agreement, but all stock options must be exercised within ten years from the date of grant. Options granted under the Plan are not transferable other than by will or by the laws of descent and distribution. The compensation committee of the board has the authority to amend or terminate the Plan, provided that no amendment shall be made without stockholder approval if such stockholder approval is necessary to comply with any tax or regulatory requirement. Unless terminated sooner, the Plan will terminate ten years from its effective date. The Plan also provides that no participant may receive stock options or other awards under the Plan that in the aggregate equal more than 30% of all options or awards issued over the life of the Plan. To date, we have not issued any stock options to officers, directors or employees. The compensation committee intends to grant stock options to key employees and non-executive directors of our company.

Director Compensation

The following table sets forth the cash and non-cash compensation awarded to or earned by the members of our Board of Directors during the fiscal year ended December 31, 2022, except for Chan Heng Fai and Moe Tung Chan, whose information is set forth in the summary compensation table above:

Name	Salary	Bonus	Total Compensation
Wong Tat Keung (1)	\$ 40,356		\$ 40,356
William Wu	\$ 18,000		\$ 18,000
Wong Shui Yeung (2)	\$ 40,356		\$ 40,356
Lim Sheng Hon Danny (3)	\$ 178,851		\$ 178,851
Joanne Wong Hiu Pan	\$ 3,000		\$ 3,000

(1) Mr. Wong is compensated as both a member of the Board of Directors of Alset International and a member of the Company's Board of Directors.

(2) Mr. Wong Shui Yeung is compensated as both a member of the Board of Directors of Alset International and a member of the Company's Board of Directors.

(3) Mr. Lim is compensated as an employee of Alset International.

We intend to compensate each non-employee director through annual stock option grants and by paying a quarterly cash fee. In addition to receiving compensation from our company, Chan Heng Fai has been compensated by our subsidiary, Alset International, for his services as an officer and director of that company. Certain members of our Board of Directors are currently compensated by Alset International for their services as a director of that company. Our Board of Directors will review director compensation annually and adjust it according to then current market conditions and good business practices.

On February 16, 2022, our Board of Directors set the annual cash compensation for the independent members of our Board of Directors for 2022. In addition to their current compensation of \$1,000 per month, independent members of the Board of Directors will also be paid an additional payment of \$2,000 for each Board or Board Committee meeting that such independent member shall attend during the fiscal year ending December 31, 2022.

Certain of our directors are compensated for services on the Board of Directors of companies in which we are a shareholder, including but not limited to DSS, Inc., which compensates Mr. Wu.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Securities Authorized for Issuance under Equity Compensation Plans

EQUITY COMPENSATION PLAN INFORMATION

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			25,000
Equity compensation plans not approved by security holders			
Total			25,000

Security Ownership

The following table and accompanying footnotes set forth certain information with respect to the beneficial ownership of our common stock as of March 31, 2023, referred to in the table below as the "Beneficial Ownership Date," by:

- each person who is known to be the beneficial owner of 5% or more of the outstanding shares of our common stock;
- each member of our board of directors, director nominees and each of our named executive officers individually; and
- all of our directors, director nominees and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to stock options or warrants held by that person that are currently exercisable or exercisable within 60 days of the Beneficial Ownership Date and shares of restricted stock subject to vesting until the occurrence of certain events, are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person (however, neither the stockholder nor the directors and officers listed below own any stock options or warrants to purchase shares of our common stock at the present time). The percentages of beneficial ownership are based on 9,235,119 shares of common stock outstanding as of the Beneficial Ownership Date.

To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares set forth opposite such person's name.

Name and Address (1)	Number of Common Shares Beneficially Owned	Percentage of Outstanding Common Shares
Chan Heng Fai (2)	4,718,266	51.1%
Chan Tung Moe	0	0.0%
Anthony S. Chan	0	0.0%
Lui Wai Leung Alan	0	0.0%
Rongguo Wei	0	0.0%
Wong Tat Keung	0	0.0%
William Wu	0	0.0%
Wong Shui Yeung	0	0.0%
Lim Sheng Hon Danny	0	0.0%
Joanne Wong Hiu Pan	0	0.0%
Charles MacKenzie	0	0.0%
All Directors and Officers (11 individuals)	4,718,266	51.1%

(1) Except as otherwise indicated, the address of each of the persons in this table is c/o Alset Inc., 4800 Montgomery Lane, Suite 210, Bethesda, Maryland 20814.

(2) Includes 4,399,266 shares of common stock held by Chan Heng Fai and 319,000 shares of common stock held by HFE Holdings Limited.

Change of Control

The Company is not aware of any arrangement which may at a subsequent date result in a change in control of the Company.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Policies and Procedures for Transactions with Related Persons

Our board of directors intends to adopt a written related person transaction policy to set forth the policies and procedures for the review and approval or ratification of related person transactions. Related persons include any executive officer, director or a holder of more than 5% of our common stock, including any of their immediate family members and any entity owned or controlled by such persons. Related person transactions refer to any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which (i) we were or are to be a participant, (ii) the amount involved exceeds \$120,000, and (iii) a related person had or will have a direct or indirect material interest. Related person transactions include, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person, in each case subject to certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act.

We expect that the policy will provide that in any related person transaction, our audit committee and board of directors will consider all of the available material facts and circumstances of the transaction, including: the direct and indirect interests of the related persons; in the event the related person is a director (or immediate family member of a director or an entity with which a director is affiliated), the impact that the transaction will have on a director's independence; the risks, costs and benefits of the transaction to us; and whether any alternative transactions or sources for comparable services or products are available. After considering all such facts and circumstances, our audit committee and board of directors will determine whether approval or ratification of the related person transaction is in our best interests. For example, if our audit committee determines that the proposed terms of a related person transaction are reasonable and at least as favorable as could have been obtained from unrelated third parties, it will recommend to our board of directors that such transaction be approved or ratified. In addition, if a related person transaction will compromise the independence of one of our directors, our audit committee may recommend that our board of directors reject the transaction if it could affect our ability to comply with securities laws and regulations or Nasdaq listing requirements.

Transactions and Relationships with Directors, Officers and 5% Stockholders

Personal Guarantees by Director

As of December 31, 2021, a director of the Company had provided personal guarantees amounting to approximately \$500,000, to secure external loans from financial institutions for the Company and its consolidated subsidiaries.

Notes Payable

Chan Heng Fai provided an interest-free, due on demand advance to LiquidValue Development Pte. Ltd. and its subsidiary LiquidValue Development Limited for general operations. As of December 31, 2022 and 2021, the outstanding balance was approximately \$0 and \$820,113, respectively.

Chan Heng Fai provided an interest-free, due on demand advance to SeD Perth Pty. Ltd. for its general operations. On December 31, 2022 and 2021, the outstanding balance was \$12,668 and \$13,546, respectively.

On March 12, 2021, the Company entered into a Securities Purchase Agreement (the “SPA”) with Chan Heng Fai, the founder, Chairman and Chief Executive Officer of the Company, for four proposed transactions, consisting of (i) purchase of certain warrants (the “Warrants”) to purchase 1,500,000,000 shares of Alset International Limited, which was valued at \$28,363,966; (ii) purchase of all of the issued and outstanding stock of LiquidValue Development Pte Ltd. (“LVD”), which was valued at \$173,395; (iii) purchase of 62,122,908 ordinary shares in True Partner Capital Holding Limited (HKG: 8657) (“True Partner”), which was valued at \$6,729,629; and (iv) purchase of 4,775,523 shares of the common stock of American Pacific Bancorp Inc. (“APB”), which was valued at \$28,653,138. The total amount of above four transactions was \$63,920,129, payable on the Closing Date by the Company, in the convertible promissory notes (“Alset CPNs”), which, subject to the terms and conditions of the Alset CPNs and the Company’s shareholder approval, shall be convertible into shares of the Company’s common stock (“AEI Common Stock”), at par value of \$0.001 per share, at the conversion price of AEI’s Stock Market Price. AEI’s Stock Market Price shall be \$111.80 per share, equivalent to the average of the five closing per share prices of AEI Common Stock preceding January 4, 2021 as quoted by Bloomberg L.P. AEI’s stock price was \$200.60 (\$10.03 pre-reverse stock split) on March 12, 2021, the commitment date. The Beneficial Conversion Feature (“BCF”) intrinsic value was \$50,770,192 for the four convertible promissory notes and was recorded as debt discount of convertible notes after the transaction. On May 13 and June 14, 2021 all Alset CPNs of \$63,920,128 and accrued interests of \$306,438 were converted into 2,123 shares of series B preferred stock and 458,198 shares of common stock of the Company.

On May 14, 2021, the Company borrowed S\$7,395,472 Singapore Dollars (equal to approximately \$5,545,495 U.S. Dollars) from Chan Heng Fai. The unpaid principal amount of the Loan shall be due and payable on May 14, 2022 and the Loan shall have no interest. The loan was paid back in full during 2021 and the outstanding balance was \$0 as of December 31, 2021.

Management Fees

MacKenzie Equity Partners, LLC, an entity owned by Charles MacKenzie, the Chief Development Officer of the Company, has had a consulting agreement with a majority-owned subsidiary of the Company since 2015. Pursuant to the terms of the agreement, as amended on January 1, 2018, the Company’s subsidiary paid a monthly fee of \$20,000 for consulting services. Pursuant to an agreement entered into in June of 2022, the Company’s subsidiary has paid \$25,000 per month for consulting services, effective as of January 2022.

In addition, MacKenzie Equity Partners will be paid certain bonuses, including (i) a sum of \$50,000 on June 30, 2022; (ii) a sum of \$50,000 upon the successful financing of 100 homes owned by American Housing REIT Inc. with an entity not affiliated with SeD Development Management LLC (a subsidiary of the Company); and (iii) a sum of \$50,000 upon the successful leasing of 30 homes in the Alset of Black Oak development.

The Company incurred expenses of \$350,000 and \$360,000 in the years ended December 31, 2022 and 2021, respectively, which were capitalized as part of Real Estate on the balance sheet as the services relate to property and project management. In 2021, MacKenzie Equity Partners was paid a bonus payment of \$120,000. In June 2022, MacKenzie Equity Partners was paid an additional \$50,000 bonus payment (as described above). On December 31, 2022 and 2021, the Company owed this related party \$25,000 and \$80,000, respectively.

Note Receivable from a Related Party Company

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 December 31, 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 December 31, 2021, the fair market value of the warrants was \$0. The Company accrued \$0 and \$130,000 interest income as of December 31, 2022 and 2021, respectively.

On January 24, 2017, SeD Capital Pte Ltd, a 100% owned subsidiary of Alset International lent \$350,000 to iGalen Inc. The term of the loan was two years, with an interest rate of 3% per annum for the first year and 5% per annum for the second year. The expiration term was renewed as due on demand after two years with 5% per annum interest rate. As of December 31, 2020, the outstanding principle was \$350,000 and accrued interest \$61,555. On December 31, 2021, the management of the Company evaluated the financial and the operation results of iGalen and concluded that possibility to repay this loan is not probable, and the principal and accrued interest total of \$412,754 was recorded as bad debt expense.

As of 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. On September 30, 2022 Alset Investment repaid all balance due of \$476,250.

The Company paid some operating expenses for Alset Capital Acquisition Corp., a special purpose acquisition company of which the Company holds 23.4%. The advances are interest free with no set repayment terms. As of December 31, 2022 and 2021, the balance of these advances was \$0.

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 December 31, 2022, Ketomei owed \$198,162 to Hapi Cafe.

Loan to Employees

On November 24, 2020, American Pacific Bancorp. Inc. lent \$560,000 to Chan Tung Moe, an officer of one of the subsidiaries of the Company and son of Chan Heng Fai, Chairman and Chief Executive Officer of the Company, bearing interest at 6%, with a maturity date of November 23, 2023. This loan was secured by an irrevocable letter of instruction on 4,000 shares of Alset Inc. On November 24, 2020, American Pacific Bancorp. Inc. lent \$280,000 to Lim Sheng Hon Danny, an employee of one of the subsidiaries of the Company, bearing interest at 6%, with a maturity date of November 23, 2023. This loan was secured by an irrevocable letter of instruction on 2,000 shares of Alset Inc. Subsequent to the making of these loans, the Company acquired the majority of the issued and outstanding common stock of American Pacific Bancorp. As of December 31, 2021, both principal and interest, \$840,000 and \$28,031, of both loans to Chan Tung Moe and Lim Sheng Hong, were fully paid off.

Subscription Agreement to Purchase Shares of Document Security Systems, Inc.

On September 3, 2021, the Company entered into a subscription agreement to purchase 12,155,591 shares of the common stock of DSS for a price of \$1.234 per share for an aggregate purchase price of approximately \$15 Million. This transaction closed on September 8, 2021.

DSS Investment into American Pacific Bancorp, Inc.

On September 8, 2021, the Company’s subsidiary American Pacific Bancorp, Inc. (“APB”) entered into a purchase agreement for APB to sell DSS 6,666,700 shares of the Class A Common Stock of APB for \$6.00 per share, for an aggregate purchase price of \$40,000,200. This transaction closed on September 9, 2021. Following this transaction, DSS has become the majority owner of APB.

Purchase of Alset International shares

On January 17, 2022 the Company entered into 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 1,473,449 newly issued shares of the Company’s common stock. On February 28, 2022, the Company and Mr. Chan 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 1,765,964 newly issued shares of the Company’s common stock. The closing of this transaction with Mr. Chan is 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.

Sale of Securities of True Partner Limited

On January 18, 2022, the Company entered into a stock purchase agreement with DSS, Inc., pursuant to which the Company has agreed to sell, through the transfer of subsidiary and otherwise, 62,122,908 shares of stock of True Partner Capital Holding Limited in exchange for 11,397,080 shares of the common stock of DSS. On February 28, 2022 the Company entered into a revised Stock Purchase Agreement with DSS, Inc., pursuant to which the Company has agreed to replace the January 18, 2022 agreement with a new agreement to sell a subsidiary holding 44,808,908 shares of stock of True Partner Capital Holding Limited, together with an additional 17,314,000 shares of True Partner Capital Holding Limited (for a total of 62,122,908 shares) in exchange for 17,570,948 shares of common stock of DSS (the “DSS Shares”). The issuance of the DSS Shares will be subject to the approval of the NYSE American (on which the common stock of DSS is listed) and DSS’s shareholders.

Issuance of Common Stock

On January 24, 2022, the Company entered into stock purchase agreement with Chan Heng Fai, pursuant to which the Company agreed to issue to Chan Heng Fai 1,750,606 shares of the Company's common stock for a purchase price of \$0.0186 per share (for an aggregate purchase price of \$13,000,000). On February 28, 2022 the Company entered into an agreement with Mr. Chan to terminate this stock purchase agreement.

Issuance of Promissory Note

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 is due on the earlier of December 31, 2024 or when declared due and payable by Chan Heng Fai. The note can be converted in part or whole into common shares of the Company at the conversion price of \$12.50 or into cash. The loan closed on January 26, 2022 after all closing conditions were met. Mr. Chan opted to convert all of the amount of such note into 500,000 shares of the Company's common stock, which shares were issued on January 27, 2022.

Purchase of Shares of DSS

On January 25, 2022, the Company agreed to purchase 44,619,423 shares of DSS's common stock for a purchase price of \$0.3810 per share, for an aggregate purchase price of \$17,000,000. On February 28, 2022, the Company and DSS agreed to amend this stock purchase agreement. The number of shares of the common stock of DSS that the Company will purchase has been reduced to 3,986,877 shares for an aggregate purchase price of \$1,519,000.

Initial Public Offering of 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, own 55% and 45% of the sole member of Alset Acquisition Sponsor, LLC, the sponsor of Alset Capital, respectively.

Purchase of Note from DSS

On February 25, 2022, Alset International entered into an assignment and assumption agreement with DSS pursuant to which DSS has agreed to purchase a convertible promissory note from Alset International. The note has a principal amount of \$8,350,000 and accrued but unpaid interest of \$367,400 through May 15, 2022. The note was issued by American Medical REIT, Inc. The consideration to be paid for the note will be 21,366,177 shares of DSS's common stock. The number of DSS shares to be issued as consideration was calculated by dividing \$8,717,400, the aggregate of the principal amount and the accrued but unpaid interest under the Note, by \$0.408 per share. The closing of the Assumption Agreement and the issuance of the DSS shares described above was subject to the approval of the NYSE American and DSS's shareholders. The shareholders of DSS approved this transaction on May 17, 2022. On July 12, 2022, Alset International entered into Amendment No. 1 to the Assumption Agreement. Amendment No. 1 revised the Assumption Agreement to remove an adjustment provision. On July 12, 2022, the transactions contemplated by the Assumption Agreement and Amendment No. 1 were consummated, Alset International assigned the Note to DSS, and DSS issued to Alset International 21,366,177 shares of DSS's common stock.

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. 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. Acquisition of Additional Value Exchange Securities

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) \$1,733,079.12 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 \$1,743,734.12 for 7,276,163 shares of VEII. Such purchase prices were negotiated between the parties to the Stock Purchase Agreement.

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).

Indemnification Agreements

We intend to enter into an indemnification agreement with each of our directors and executive officers. The indemnification agreements and bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Texas law. See "Indemnification of Directors and Executive Officers."

Item 14. Principal Accounting Fees and Services

The following table indicates the fees paid by us for services performed for the years ended December 31, 2022, and December 31, 2021:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Audit Fees	\$ 294,750	\$ 163,646
Audit-Related Fees	\$ 24,500	\$ 0
Tax Fees	\$ 6,000	\$ 0
All Other Fees	\$ 0	\$ 0
Total	\$ 325,250	\$ 163,646

Audit Fees. This category includes the aggregate fees billed for professional services rendered by the independent auditors during the years ended December 31, 2022 and December 31, 2021 for the audit of our financial statements and review of our Form 10-Qs.

Audit-Related Fees. This category includes the aggregate fees billed for professional services rendered by the independent auditors during the years ended December 31, 2022 and December 31, 2021 for services performed in relation to Form S-3 and S-8 filed by the Company.

Tax Fees. This category includes the aggregate fees billed for tax compliance services.

All Other Fees. This category includes the aggregate fees billed for all other services, exclusive of the fees disclosed above, rendered during the year ended December 31, 2022 and December 31, 2021.

On December 22, 2021, the Company engaged Grassi & Co., CPAs, P.C. ("Grassi") as its independent registered public accounting firm for the Company's fiscal years ending December 31, 2022 and 2021. The decision to engage Grassi was recommended by the Company's Audit Committee and approved by the Company's Board of Directors.

PART IV

Item 15. Exhibit and Financial Statement Schedules

(a)(1) List of Consolidated Financial Statements included in Part II hereof:

Consolidated Balance Sheets at December 31, 2022 and 2021

Consolidated Statements of Operations and Other Comprehensive Loss for the Years Ended December 31, 2022 and 2021

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2022 and 2021

Consolidated Statements of Cash Flows for the Years Ended December 31, 2022 and 2021

(a)(2) List of Financial Statement schedules included in Part IV hereof:

None.

(a)(3) Exhibits

The following exhibits are filed with this Report or incorporated by reference:

Exhibit No.	Description
1.1	Underwriting Agreement, dated November 23, 2020, incorporated herein by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2020.
1.2	Underwriting Agreement dated May 10, 2021 with Aegis Capital Corp., incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on May 13, 2021.
1.3	Underwriting Agreement, dated as of July 27, 2021, by and between Alset EHome International Inc. and Aegis Capital Corp., as representative of the underwriters named therein, incorporated by reference to Exhibit 1.1 on Form 8-K filed with the SEC on July 30, 2021.
1.4	Underwriting Agreement, dated as of December 5, 2021, incorporated herein by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 8, 2021.
1.5	Underwriting Agreement by and between the Company and Aegis Capital Corp., dated February 6, 2023., incorporated herein by reference to Exhibit 1.1 on Form 8-K filed with the SEC on February 8, 2023.
2.1	Certificate of Merger, incorporated herein by reference to Exhibit 3.5 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 11, 2021.
2.2	Agreement and Plan of Merger dated as of September 6, 2022, by and between Alset EHome International Inc. and Alset, Inc., incorporated herein by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 6, 2022.
3.1	Certificate of Incorporation of HF Enterprises Inc., incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.
3.2	Bylaws of HF Enterprises Inc., incorporated herein by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.
3.3	Second Amended and Restated Certificate of Incorporation of HF Enterprises Inc., incorporated herein by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.
3.4	Third Amended and Restated Certificate of Incorporation of HF Enterprises Inc., incorporated herein by reference to Exhibit 3.4 to the Company's Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on July 30, 2020.
3.5	Certificate of Amendment, incorporated by reference to Exhibit 3.1 on Form 8-K filed with the SEC on May 4, 2021.
3.6	Certificate of Designation of the Company's Series A Convertible Preferred Stock, incorporated by reference to Exhibit 3.1 on Form 8-K filed with the SEC on May 4, 2021.

3.7	<u>Certificate of Designation of the Company's Series B Convertible Preferred Stock, incorporated by reference to Exhibit 3.1 on Form 8-K filed with the SEC on May 12, 2021.</u>
3.8	<u>Certificate of Amendment, incorporated by reference to Exhibit 3.1 on Form 8-K filed with the SEC on June 14, 2021.</u>
3.9	<u>Texas Certificate of Merger, filed on September 7, 2022 incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 12, 2022.</u>
3.10	<u>Delaware Certificate of Merger, filed on September 12, 2022 incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 12, 2022.</u>
3.11	<u>Restated Certificate of Formation of Alset, Inc. incorporated herein by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 12, 2022.</u>
3.12	<u>Bylaws of Alset Inc. incorporated herein by reference to Exhibit 3.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 12, 2022.</u>
3.13	<u>Certificate of Amendment to Certificate of Formation, incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 12, 2022.</u>
4.1	<u>Form of Representative's Warrant, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2020.</u>
4.2	<u>Form of Pre-funded Warrant, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on May 14, 2021.</u>
4.3	<u>Form of Series A Warrant, incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on May 14, 2021.</u>
4.4	<u>Form of Series B Warrant, incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the SEC on May 14, 2021.</u>
4.5	<u>Warrant Agent Agreement (including the terms of the Pre-funded Warrant), incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on July 30, 2021.</u>
4.6	<u>Representative's Warrant incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on July 30, 2021.</u>
4.7	<u>Form of Pre-funded Warrant, incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-1, filed with the SEC on December 1, 2021.</u>
4.8	<u>Form of Pre-funded Warrant, incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 8, 2021.</u>
4.9*	<u>Description of Capital Stock</u>
10.1	<u>HF Enterprises Inc. 2018 Incentive Compensation Plan, incorporated herein by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.</u>
10.2	<u>Form of Lot Purchase Agreement for Ballenger Run, by and between SeD Maryland Development, LLC and NVR, Inc. d/b/a Ryan Homes, incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.</u>
10.3	<u>Management Agreement, entered into as of July 15, 2015, by and between SeD Maryland Development, LLC and SeD Development Management, LLC, incorporated herein by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.</u>
10.4	<u>Amended and Restated Limited Liability Company Agreement of SeD Maryland Development, LLC, dated as of September 16, 2015, by and between SeD Ballenger, LLC and CNQC Maryland Development LLC, incorporated herein by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.</u>
10.5	<u>Consulting Services Agreement, dated as of May 1, 2017, by and between SeD Development Management LLC and MacKenzie Equity Partners LLC, incorporated herein by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.</u>

- 10.6 [Project Development and Management Agreement, dated as of February 25, 2015, by and among MacKenzie Development Company, LLC, Cavalier Development Group, LLC and SeD Maryland Development, LLC, incorporated herein by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.7 [Assignment and Assumption Agreement, dated as of September 15, 2017, by and between MacKenzie Development Company, LLC and Adams-Aumiller Properties, LLC, incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.8 [Stock Purchase Agreement, dated as of October 1, 2018, by and between HF Enterprises Inc. and Heng Fai Chan as the sole shareholder of Alset Global Pte. Ltd. \(formerly known as Hengfai International Pte. Ltd.\), incorporated herein by reference to Exhibit 10.28 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.9 [Stock Purchase Agreement, dated as of October 1, 2018, by and between HF Enterprises Inc. and Heng Fai Chan as the sole shareholder of Global eHealth Limited, incorporated herein by reference to Exhibit 10.29 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.10 [Stock Purchase Agreement, dated as of October 1, 2018, by and between HF Enterprises Inc. and Heng Fai Chan as the sole shareholder of Heng Fai Enterprises Pte. Ltd., incorporated herein by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.11 [Purchase and Sale Agreement, by and among 150 CCM Black Oak, Ltd. and Houston LD, LLC, dated as of July 3, 2018, incorporated herein by reference to Exhibit 10.31 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.12 [Amended and Restated Purchase and Sale Agreement, by and among 150 CCM Black Oak, Ltd. and Houston LD, LLC, dated as of October 12, 2018, incorporated herein by reference to Exhibit 10.32 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.13 [Amendment to Project Development and Management Agreement for Ballenger Run PUD, dated as of October 16, 2019 by and between Adams-Aumiller Properties, LLC and Cavalier Development Group, LLC, incorporated herein by reference to Exhibit 10.33 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.14 [Development Loan Agreement, dated as of April 17, 2019, by and between SeD Maryland Development, LLC and Manufacturers and Traders Trust Company, incorporated herein by reference to Exhibit 10.34 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.](#)
- 10.15 [Term Sheet, dated as of March 3, 2020, by and among DSS Securities, Inc., LiquidValue Asset Management Pte Ltd., AMRE Asset Management Inc. and American Medical REIT Inc., incorporated herein by reference to Exhibit 10.35 to the Company's Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on July 30, 2020.](#)
- 10.16 [Stockholders' Agreement, dated as of March 3, 2020, by and among AMRE Asset Management Inc., AMRE Tennessee, LLC, LiquidValue Asset Management Pte Ltd., and DSS Securities, Inc., incorporated herein by reference to Exhibit 10.36 to the Company's Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on July 30, 2020.](#)
- 10.17 [Term Sheet, dated as of March 12, 2020, by and between Document Security Systems, Inc., DSS BioHealth Security Inc., Global BioMedical Pte Ltd and Impact BioMedical Inc., incorporated herein by reference to Exhibit 10.37 to the Company's Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on July 30, 2020.](#)
- 10.18 [Share Exchange Agreement among Singapore eDevelopment Limited, Global BioMedical Pte Ltd., Document Security Systems, Inc. and DSS BioHealth Security Inc. dated as of April 27, 2020, incorporated herein by reference to Exhibit 10.38 to the Company's Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on July 30, 2020.](#)
- 10.19 [Loan Agreement, dated as of June 18, 2020, by and between SeD Home & REITs Inc. and Manufacturers and Traders Trust Company, incorporated herein by reference to Exhibit 10.39 to the Company's Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on July 30, 2020.](#)

10.20	<u>Promissory Note from HF Enterprises Inc. to Chan Heng Fai, dated as of August 20, 2020, incorporated herein by reference to Exhibit 10.40 to the Company's Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on September 18, 2020.</u>
10.21	<u>Binding Term Sheet on Share Exchange Transaction Among HF Enterprises Inc. and Mr. Chan Heng Fai Ambrose, dated January 4, 2021, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 12, 2021.</u>
10.22	<u>Executive Employment Agreement, by and between Alset EHome International Inc., Alset Business Development Pte. Ltd. (formerly known as Hengfai Business Development Pte. Ltd.) and Chan Heng Fai, dated as of February 8, 2021, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 12, 2021.</u>
10.23	<u>Securities Purchase Agreement By and Among Alset EHome International Inc., Chan Heng Fai Ambrose, True Partner International Limited, LiquidValue Development Pte Ltd. and American Pacific Bancorp. Inc. dated March 12, 2021, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 18, 2021.</u>
10.24	<u>2% Conditional Convertible Promissory Note dated March 12, 2021, in the principal amount of \$28,363,966.42, incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 18, 2021.</u>
10.25	<u>2% Conditional Convertible Promissory Note dated March 12, 2021, in the principal amount of \$173,394.87, incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 18, 2021.</u>
10.26	<u>2% Conditional Convertible Promissory Note dated March 12, 2021, in the principal amount of \$6,729,629.29, incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 18, 2021.</u>
10.27	<u>2% Conditional Convertible Promissory Note dated March 12, 2021, in the principal amount of \$28,653,138.00, incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 18, 2021.</u>
10.28	<u>Loan and Exchange Agreement, incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on May 4, 2021.</u>
10.29	<u>Loan and Exchange Agreement, incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on May 4, 2021.</u>
10.30	<u>Exchange Agreement by and between the Company and Chan Heng Fai, incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on May 12, 2021.</u>
10.31	<u>Form of Series A Warrant Agent Agreement, incorporated by reference to Exhibit 10.33 on Form S-1 filed with the SEC on May 4, 2021.</u>
10.32	<u>Form of Series B Warrant Agent Agreement, incorporated by reference to Exhibit 10.34 on Form S-1 filed with the SEC on May 4, 2021.</u>
10.33	<u>Executive Employment Agreement, by and between Alset EHome International Inc., Alset Business Development Pte. Ltd. (formerly known as Hengfai Business Development Pte. Ltd.) and Chan Tung Moe, dated as of July 1, 2021, incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on July 7, 2021.</u>
10.34	<u>Subscription Agreement by and among Document Security Systems, Inc. and Alset EHome International, Inc., dated as of September 3, 2021, incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on September 3, 2021.</u>
10.35	<u>Class A Common Stock Purchase Agreement, dated as of September 8, 2021 among American Pacific Bancorp. Inc. and Document Security Systems, Inc., incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on September 3, 2021.</u>
10.36	<u>Warrant Agent Agreement, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 8, 2021.</u>
10.37	<u>Supplement to the Executive Employment Agreement, by and between Alset EHome International Inc., Alset Business Development Pte. Ltd. (formerly known as Hengfai Business Development Pte. Ltd.) and Chan Heng Fai, dated as of December 13, 2021 incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on December 17, 2021.</u>
10.38	<u>Securities Purchase Agreement with Heng Fai Ambrose Chan, dated as of January 17, 2022, incorporated by reference to Exhibit 10.1 on Form 8-K filed with the SEC on January 20, 2022.</u>
10.39	<u>Stock Purchase Agreement with DSS, Inc. (sale of AI shares), dated as of January 18, 2022, incorporated by reference to Exhibit 10.2 on Form 8-K filed with the SEC on January 20, 2022.</u>

10.40	<u>Stock Purchase Agreement with DSS, Inc. (sale of TP), dated as of January 18, 2022, incorporated by reference to Exhibit 10.3 on Form 8-K filed with the SEC on January 20, 2022.</u>
10.41	<u>Stock Purchase Agreement with Heng Fai Ambrose Chan, dated January 24, 2022, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 25, 2022.</u>
10.42	<u>Stock Purchase Agreement with DSS, Inc., dated January 25, 2022, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 25, 2022.</u>
10.43	<u>Amendment to Executive Employment Agreement, by and between Alset EHome International Inc., Alset Business Development Pte. Ltd. (formerly known as Hengfai Business Development Pte. Ltd.) and Chan Heng Fai, dated as of January 26, 2022, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 1, 2022.</u>
10.44	<u>Assignment and Assumption Agreement, dated as of February 25, 2022, by and between Alset International Limited and DSS, Inc., incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2022.</u>
10.45	<u>Convertible Promissory Note, dated as of October 29, 2021, issued by American Medical REIT Inc. to Alset International Limited, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 25, 2022.</u>
10.46	<u>Amendment of Stock Purchase Agreement, between Alset EHome International Inc. and DSS, Inc., dated February 28, 2022, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2022.</u>
10.47	<u>Amendment to the Securities Purchase Agreement, between Alset EHome International Inc. and Chan Heng Fai, dated February 28, 2022, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2022.</u>
10.48	<u>True Partner Stock Purchase Agreement, between Alset EHome International Inc. and DSS, Inc., dated February 28, 2022, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2022.</u>
10.49	<u>True Partner Termination Agreement, between Alset EHome International Inc. and DSS, Inc., dated as of February 28, 2022, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2022.</u>
10.50	<u>Chan Termination Agreement, between Alset EHome International Inc. and Chan Heng Fai, dated February 28, 2022, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2022.</u>
10.51	<u>DSS Termination Agreement, between Alset EHome International Inc. and DSS, Inc., dated February 28, 2022, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2022.</u>
10.52	<u>Consulting Agreement between Alset EHome International Inc. and CA Global Consulting Inc., dated as of April 8, 2021, incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2022.</u>
10.53	<u>Service Agreement for Chief Executive Officer, between Alset International Limited and Chan Heng Fai, dated as of December 10, 2021, incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2022.</u>
10.54	<u>Consulting Agreement, dated June 23, 2022, by and between SeD Development Management LLC and MacKenzie Equity Partners, LLC., incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 15, 2022.</u>
10.55	<u>Amendment No. 1 to Assignment and Assumption Agreement, dated July 12, 2022, by and between Alset International Limited and DSS, Inc., incorporated by reference to Exhibit 10.3 to Form 8-K filed with the SEC on July 14, 2022.</u>
10.56	<u>Addendum to Consulting Agreement, by and between Alset EHome International Inc. and CA Global Consulting Inc., dated as of May 6, 2022, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2022.</u>
10.57*(1)(2)	<u>Contract for Purchase and Sale and Escrow Instructions, dated as of October 28, 2022, by and between 150 CCM Black Oak, LTD and Century Land Holdings of Texas, LLC</u>
10.58*(2)	<u>First Amendment to Contract for Purchase and Sale and Escrow Instructions, dated as of November 28, 2022, by and between 150 CCM Black Oak, LTD and Century Land Holdings of Texas, LLC</u>
10.59*(1)(2)	<u>Purchase and Sale Agreement, dated March 16, 2023, between 150 CCM Black Oak, LTD and Rausch Coleman Homes Houston, LLC, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 28, 2023.</u>
10.60*(1)(2)	<u>Contract of Sale, dated March 17, 2023, between 150 CCM Black Oak, LTD and Davidson Homes, LLC, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 28, 2023.</u>
14.1	<u>Code of Conduct, incorporated herein by reference to Exhibit 14.1 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.</u>
14.2	<u>Code of Ethics for the CEO and Senior Financial Officers, incorporated herein by reference to Exhibit 14.2 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on December 23, 2019.</u>

21*	Subsidiaries of the Company.
23.1*	Consent of Grassi & Co., CPAs, P.C.

31.1a*	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.
31.1b*	Certification of Co-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.
31.2a*	Certification of Co-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.
31.2b*	Certification of Co-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.
32.1**	Certification of Chief Executive Officer and Chief Financial Officers Pursuant to 18 U.S.C. Section 1350, as Adopted 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.

(1) Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

(2) Portions of this exhibit (indicated by asterisks) have been omitted under rules of the SEC permitting the confidential treatment of select information. The Registrant agrees to furnish a copy of all omitted information to the SEC upon its request.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: March 31, 2023

By: /s/ Rongguo (Ronald) Wei

Name: Rongguo (Ronald) Wei

Title: Co-Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Chan Heng Fai</u>	Chief Executive Officer, Director	March 31, 2023
Chan Heng Fai	(Principal Executive Officer)	
<u>/s/ Chan Tung Moe</u>	Chief Executive Officer, Director	March 31, 2023
Chan Tung Moe	(Principal Executive Officer)	
<u>/s/ Lui Wai Leung Alan</u>	Co-Chief Financial Officer	March 31, 2023
Lui Wai Leung Alan	(Principal Financial Officer and Principal Accounting Officer)	
<u>/s/ Rongguo (Ronald) Wei</u>	Co-Chief Financial Officer	March 31, 2023
Rongguo (Ronald) Wei	(Principal Financial Officer and Principal Accounting Officer)	
<u>/s/ Wong Tat Keung</u>	Director	March 31, 2023
Wong Tat Keung		
<u>/s/ William Wu</u>	Director	March 31, 2023
William Wu		
<u>/s/ Wong Shui Yeung</u>	Director	March 31, 2023
Wong Shui Yeung		
<u>/s/ Lim Sheng Hon Danny</u>	Director	March 31, 2023
Lim Sheng Hon Danny		
<u>/s/ Joanne Wong Hiu Pan</u>	Director	March 31, 2023
Joanne Wong Hiu Pan		

128

Exhibit 4.9

DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 250,000,000 shares of common stock, \$0.001 par value per share, and 25,000,000 shares of blank check preferred stock, \$0.001 par value per share. As of March 31, 2023, there are 9,235,119 shares of common stock and 0 shares of preferred stock outstanding.

This description is intended as a summary, and is qualified in its entirety by reference to our restated certificate of formation and by-laws, which are filed, or incorporated by reference, as exhibits to our filings with the Securities and Exchange Commission.

Common Stock

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, and do not have cumulative voting rights. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available for dividend payments. All outstanding shares of common stock are fully paid and nonassessable. The holders of common stock have no preferences or rights of cumulative voting, conversion, or pre-emptive or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. In the event of any liquidation, dissolution or winding-up of our affairs, holders of common stock shall be entitled to such amounts as provided under applicable law.

Preferred Stock

Our certificate of formation authorizes our board of directors to issue 25,000,000 Preferred Stock, par value \$0.001 per share and to fix the rights, preferences, privileges and restrictions, including voting rights, of these shares, without further stockholder approval. Our Board of Directors has the authority, without further stockholder authorization, to issue from time to time shares of preferred stock in one or more series and to fix the terms, limitations, relative rights and preferences and variations of each series. Currently, there are no outstanding shares of preferred stock.

Exhibit 10.57

Certain confidential information contained in this document, marked by brackets and asterisk ([***]), has been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K, because the Company customarily and actually treats such information as private or confidential and the omitted information is not material.

CONTRACT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS

THIS CONTRACT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS (the “**Agreement**”) dated as of October 28, 2022 and effective as of the Effective Date (as defined below) is by and between 150 CCM BLACK OAK, LTD., a Texas limited partnership (“**Seller**”), and CENTURY LAND HOLDINGS OF TEXAS, LLC, a Colorado limited liability company (“**Buyer**”). Seller and Buyer are sometimes individually referred to herein as a “**Party**”, and collectively as the “**Parties**.”

1. **PROPERTY.** Seller is developing approximately 187 acres of land located in the extraterritorial jurisdiction or vicinity of the City of Magnolia (the “**City**”), Montgomery County (the “**County**”), Texas (the “**State**”), more particularly described in **Exhibit A** attached hereto (the “**Land**”), as a residential community known as the “Lakes at Black Oak” development (the “**Subdivision**”). For the consideration herein expressed and upon the terms and conditions herein contained, Seller agrees to sell, and Buyer agrees to purchase, all of the approximately 132 single-family detached residential lots in Section 3, each with at least dimensions of 40’ x 100’, except lots on a cul de sac (the “**Section 3 Lots**”), and approximately 110 single-family detached residential lots in Section 2, each with at least dimensions of 45’ x 120’, except lots on a cul de sac (the “**Section 2 Lots**”), to be developed by Seller within the Subdivision (the Section 3 Lots and Section 2 Lots, collectively, the “**Lots**” or the “**Property**”), which Lots are initially depicted by the red outlines in **Exhibit A**. The Property does not include and Seller expressly retains its right to receive reimbursement from a private utility company, a utility district or other governmental entity of costs incurred by Seller in constructing and installing infrastructure improvements for the Lots.

2. **PURCHASE PRICE.** The “**Purchase Price**” (herein so called) shall be:

a) [***].

b) [***].

The Purchase Price will be adjusted accordingly, if the total number of Lots on the Final Plat (as hereinafter defined) of a Section increases or decreases prior to the applicable Closing. The Purchase Price shall be payable at the applicable Closing in good, immediately available U.S. funds.

For the Purchase Price of the Section 2 Lots after Buyer’s initial closing of the Section 2 Lots, in addition to the price per Lot set forth above, Buyer shall pay Seller a [***] lot escalation with such escalation commencing to accrue on Buyer’s first closing date for the Section 2 Lots at the Closing of the applicable Lots; provided, however, such escalation shall in no event accrue for more than one calendar year, and shall abate for any delay of the subsequent closings for Section 2 Lots caused by Seller after Buyer’s initial closing of the Section 2 Lots.

3. **DEPOSIT.** Within five (5) business days after the Effective Date (as hereinafter defined), Buyer shall deliver to First American Title Company (the “**Title Company**”), the amount of [***] to be held by the Title Company as the earnest money deposit (the “**Initial Earnest Money**”).

3.1 Within five (5) business days after the expiration of the Inspection Period (as hereinafter defined), Buyer will deposit with the Title Company the additional sum of [***] (the “**Additional Earnest Money**”). The term “**Earnest Money**” as used herein means the Initial Earnest Money and the Additional Earnest Money, if applicable. Until the date that a Party is entitled to receive the Earnest Money pursuant to the terms hereof, the Title Company will hold the Earnest Money in a federally insured interest-bearing account and the Earnest Money shall include all interest earned thereon. The Title Company shall immediately deliver [***] of the Initial Earnest Money to the Seller as independent consideration for this Agreement (the “**Independent Consideration**”).

3.2 **Application of Earnest Money.** At each Closing, a portion of the Earnest Money equal to [***] of the Purchase Price of the Lots being purchased (exclusive of escalation), shall be applied as a credit against the Purchase Price of each Lot then being purchased. If this Agreement is terminated prior to the purchase of all of the Lots, the Earnest Money will be delivered to Seller or Buyer as provided in this Agreement.

4. **CLOSING.** Provided the Inspection Period has expired and all of the Buyer's Conditions Precedent (as hereinafter defined) have been satisfied or, if not satisfied, waived by Buyer in writing, Buyer agrees to purchase the Lots according to the following schedule:

4.1 **Closing Date.** Buyer agrees to purchase the Section 3 Lots on the later of (i) December 15, 2022 or (ii) ten (10) days after the Completion Date (as hereinafter defined) for the Section 3 Lots (the "**Initial Closing Date**").

4.2 **Subsequent Closing Dates.** Buyer agrees to purchase at least 35 of the Section 2 Lots within fifteen (15) days after the Completion Date for all Section 2 Lots (the "**Second Closing Date**"). Ninety (90) days after the Second Closing Date, Buyer shall purchase at least 35 additional Section 2 Lots (the "**Third Closing Date**"), and one hundred eighty (180) days after the Second Closing Date Buyer agrees to purchase the remaining approximately 40 Section 2 Lots (the "**Fourth Closing Date**"). Any Lots purchased by Buyer in excess of the minimum number of Lots at a Closing will count as a credit toward Buyer's next and subsequent minimum Lot purchase obligation(s). As used herein, "**Closing**" means the act of conveying title to one or more of the Lots to Buyer concurrently with the delivery of the Purchase Price for such Lots to Seller. Each Closing shall be held at the office of the Title Company, unless otherwise designated by Seller and Buyer.

4.3 **Adjustment of Closing Date.** Notwithstanding anything herein to the contrary, in the event that any Closing Dates set forth herein (i) falls on a Friday or the last day of the month of the last week of a calendar quarter such Closing Date(s) will automatically be extended and rescheduled to the next business day, or (ii) falls after December 15th and before December 31st, such Closing Date(s) will automatically be extended and rescheduled to January 10th of the following year.

5. **BUYER'S REVIEW OF PROPERTY.**

5.1 **Information.** Prior to the execution of this Agreement, Seller has provided to Buyer, at no cost to Buyer, copies of the following documentary materials to the extent the same are in the possession or control of Seller: (i) all existing surveys, plats, plans, studies, reports and permits for the Property including, but not limited to, environmental site assessments and studies, endangered species reports, geotechnical, soils, drainage, wetlands and floodplain reports, architectural and as-built plans and specifications for any existing buildings or utilities on the Property, engineering, landscaping, development, subdivision and other improvement plans and other construction documents and building, zoning and other permits (collectively, the "**Existing Reports**"); (ii) any leases or licenses or leasing or licensing agreements for the Property; (iii) information pertaining to any threatened, pending or current litigation involving any portion of the Property; (iv) any current or pending agreements that will be binding on Buyer after the applicable Closing; (v) all covenants, conditions, and restriction of any applicable homeowners' or other associations (each, an "**HOA**"), including any bylaws and rules and regulations of each such HOA (collectively, the "**HOA Documents**"); (vi) the Development Plans (defined below); and (vii) the Completion Documents (defined below) (collectively, "**Existing Documents**"). Subject to the qualification in the following paragraph, Seller hereby represents and warrants that (A) the Existing Documents delivered by Seller to Buyer hereunder are complete copies of the Existing Documents in Seller's possession or control, and (B) to Seller's knowledge, there are no material defects, deficiencies or inaccuracies contained therein. Seller also hereby grants to Buyer an exclusive right to use the Existing Reports at all times from and after the Effective Date until the earlier to occur of the applicable Closing, or the prior termination of this Agreement. If requested by Buyer, Seller shall use commercially reasonable efforts to cause any third party to the Existing Reports to provide a reliance letter to Buyer. Any Existing Documents relating to the Property that are created after the initial delivery of Existing Documents as set forth herein, Seller shall deliver a copy of the same to Buyer within five (5) days for Buyer's review.

5.2 Inspection Period. Buyer shall have the right during that period of time commencing on the Effective Date, and continuing through and until 11:59 p.m. (Houston time) on the date that is thirty (30) days after the Effective Date (the “**Inspection Period**”) within which to inspect the Property, including, without limitation, conducting any feasibility, marketing or other studies, and any physical and environmental testing and any other inspections Buyer deems to be necessary or desirable, and reviewing any building and use restrictions, zoning, other governmental approvals, the Existing Documents and any other matters Buyer deems necessary or desirable to determine whether, in Buyer’s sole and subjective judgment, the Property is suitable to Buyer. Notwithstanding anything herein to the contrary, in the event that the last day of the Inspection Period falls on a Friday, the Inspection Period shall automatically be extended to 11:59 p.m. Houston time, on the next business day. Buyer shall have the right, together with its employees, representatives, agents and vendors to enter upon the Property to conduct any and all such inspections, tests and investigations of the Property as Buyer may elect in its sole discretion. If Buyer determines prior to the expiration of the Inspection Period that the Property is suitable to Buyer, Buyer may send written notice of its approval (the “**Notice of Continuation**”) to Seller on or before the expiration of the Inspection Period, in which case this Agreement shall continue in full force and effect. In the event that Buyer (A) fails to deliver the Notice of Continuation on or before the expiration of the Inspection Period this Agreement shall automatically terminate the day after expiration of the Inspection Period, or (B) after determining, in Buyer’s sole and absolute, subjective judgment and discretion, that the Property is not suitable to Buyer, terminates this Agreement, as provided herein, by written notice to Seller delivered prior to the expiration of the Inspection Period, this Agreement shall terminate on the earlier of the date set forth in Buyer’s termination notice or upon the expiration of the Inspection Period and, upon such termination, the Title Company shall immediately return the Earnest Money (except for the Independent Consideration) to Buyer, Buyer shall provide to Seller copies of any reports prepared by third parties for it concerning the Property, and, thereafter, the Parties shall have no further rights or obligations under this Agreement, except those that expressly survive the termination hereof. Seller acknowledges and agrees that a Notice of Continuation from Buyer will not be effective unless signed by any one of the following individuals: Liesel Cooper, Blake Roberts, Brian Fogarty or a licensed attorney representing Buyer. If the Property is materially altered or disturbed in any manner in connection with any of Buyer’s inspection activities under this section, Buyer shall promptly return the Property to substantially the same condition existing immediately prior to Buyer’s activities (provided, however, such obligation to restore the Property will be limited, as provided below, to only those items of damage or harm caused by Buyer or Buyer’s agents). Buyer shall also promptly pay all persons and entities that perform work by or on behalf of Buyer in connection with Buyer’s activities related to the Property and shall not permit any liens or other claims to be asserted against the Property as a result thereof, provided, however, if any liens are asserted against the Property (whether or not the same are meritorious), Buyer shall have the same removed or bonded over within no more than twenty (20) calendar days after receiving notice thereof. Buyer shall indemnify and hold harmless Seller and its respective shareholders, members, and partners, their respective officers, directors, employees, and agents, and all of their respective successors and assigns (collectively, “**Seller Parties**”) from and against any and all claims, liabilities, losses, costs, damages or expenses of any kind, including, without limitation, reasonable attorneys’ fees, incurred or suffered by the Seller Parties to the extent the same directly result from any of the Buyer’s activities with respect to the Property under this section. Notwithstanding anything herein to the contrary, Buyer’s restoration and/or indemnification obligations set forth herein shall not be deemed to apply to changes, claims, liabilities, losses, costs, damages or expenses to the extent arising from or relating to (1) the negligent acts, the omissions, or the willful misconduct of any of the Seller Parties or their invitees, or (2) the presence of any latent defects or Hazardous Substance (as defined below) discovered on, under or through the Property not created or negligently exacerbated by Buyer, and/or the disclosure of any such latent defects or Hazardous Substances. Buyer’s obligations under this section shall survive the Closings and termination of this Agreement.

6. TITLE AND SURVEY.

6.1 **Title Commitment and Title Policy.** Within five (5) business days after the Effective Date, Seller shall, at Seller's expense, deliver or cause to be delivered to Buyer: (i) a title commitment showing the status of record title to the Property and naming Buyer as the proposed insured, in the amount of the Purchase Price (the **"Original Title Commitment"**); (ii) true, correct, and legible copies of any and all instruments referred to in Schedule B of the Original Title Commitment (collectively, the **"Title Instruments"**); and (iii) a copy of the most recent survey of the Property or of a larger tract of land that contains the Property (the **"Existing Survey"**) (the Original Title Commitment, Title Instruments and Existing Survey, collectively, the **"Title Documents"**). Not later than five (5) days prior to the applicable Closing, Seller shall cause the Original Title Commitment to be updated for the portion of the Property being purchased (the **"Closing Commitment"**) and delivered to Buyer. Seller shall cause the Title Company to irrevocably commit to issue to Buyer at the applicable Closing an owner's title insurance policy on the standard Texas form substantially in the form of the Closing Commitment but with all pre-printed, standard exceptions deleted that can be deleted under Texas title insurance regulations (including, without limitation, any parties in possession or tenants in possession exceptions), other than the exception for real property taxes for the year of Closing, a lien not yet due or payable, and subject only to the Permitted Exceptions (as defined below), insuring Buyer's title to the applicable portion of the Property in the amount of the Purchase Price (the **"Owner's Title Policy"**). Seller shall pay the base premium for the Owner's Title Policy, and Buyer shall pay the costs for any Buyer-requested endorsements, or request to modify the area and boundary exception listed as item 2 of Schedule B of the Title Commitment to read 'shortages in area'.

6.2 **Title Review and Objections.** Buyer shall have until the date which is seven (7) days before the expiration of the Inspection Period to review the Title Documents and to deliver written notice to Seller (**"Notice of Defect"**) of each matter set forth therein which is objectionable to Buyer (each, a **"Defect"**). Any such Defect to which Buyer does not timely object hereunder shall be deemed a **"Permitted Exception"** hereunder, provided, however, that in no event shall any of the following be deemed to be a Permitted Exception under this Agreement (whether or not Buyer expressly objects to the same in a timely-delivered Notice of Defect): (i) any deeds of trust, mortgages, and any other monetary liens encumbering the Property arising by, through or under Seller or its predecessors-in-title, and any mechanic's liens not caused by the actions of Buyer, all of which Seller agrees to satisfy and discharge at or before the applicable Closing, or (iii) any other exceptions to title arising from and after the delivery of the Title Documents, not caused by or expressly approved by Buyer in writing. If, however, a Defect not revealed in the Title Documents is shown in a subsequent update or endorsement to the Original Title Commitment, including, without limitation, the Closing Commitment, Buyer shall have until seven (7) business days after Buyer's receipt of such update or endorsement to provide Seller with a Notice of Defect with respect thereto; and, if necessary, the applicable Closing Date shall be extended to give effect to all applicable time periods set forth in this section. If a Notice of Defect is timely given, Seller may, within five (5) days of its receipt thereof, notify Buyer in writing of those Defects, if any, contained in Buyer's Notice of Defect which Seller agrees to cure (**"Seller's Response"**). If Seller fails to timely provide Seller's Response, Seller shall be deemed to have declined to cure any such Defects. If Seller does not agree to cure all such Defects contained in Buyer's Notice of Defect, Buyer may elect to terminate this Agreement by written notice delivered to Seller (1) by the expiration of the Inspection Period for any Defects contained in the Original Title Commitment (but not for any Defect not revealed in the Title Documents that is shown in a subsequent update or endorsement to the Original Title Commitment, including without limitation, the Closing Commitment), and (2) for any Defect not revealed in the Title Documents that is shown in a subsequent update or endorsement to the Original Title Commitment or updated survey, including without limitation, the Closing Commitment, the later of: (A) the date that is five (5) business days after receipt of Seller's Response or deemed response; and (B) if Seller fails to deliver Seller's Response, then within five (5) business days after the date on which Seller's Response was due under this section. Upon such termination, the Earnest Money (or uncredited portion) shall be immediately returned to Buyer and, thereafter, the Parties shall have no further rights or obligations under this Agreement, except those that expressly survive termination. If Buyer does not give such notice of termination, Buyer shall be deemed to have waived those Defects noted in its Notice of Defect for which Seller has not agreed to cure and proceed to close as provided in this Agreement (in which event such Defects shall be deemed to be Permitted Exceptions). If Seller, however, in a Seller's Response, agrees to cure a Defect but then fails to cure the same by the applicable Closing or is otherwise unable to convey title to the Property to Buyer at such Closing in accordance with the provisions of this Agreement, then Seller shall be in default hereof and Buyer may, at its option either (a) waive such Defect(s) in writing and proceed to close as provided in this Agreement (in which event such Defect(s) shall be deemed to be Permitted Exception(s)), or (b) exercise its rights under Section 16. So long as this Agreement remains in full force and effect, Seller shall not cause or permit any additional exceptions to title to be recorded against the Property from and after the Effective Date without Buyer's prior written approval. Notwithstanding the foregoing, Seller shall be entitled to encumber the Property with easements within setback areas created in connection with the development of the Lots as depicted on the Plat approved by Buyer pursuant to Section 9 below that do not adversely impact the building pad on a Lot (and such easements shall be Permitted Exceptions), and purchase and/or construction loans without Buyer's consent, provided that liens securing loans to Seller are removed at Closing.

6.3 **Title Conveyed.** Seller represents and warrants to Buyer that, at as of the Effective Date and the applicable Closing, Seller has and will have good and indefeasible fee simple title to the Property. At the applicable Closing, title to the Property being purchased shall be conveyed by Seller to Buyer by special warranty deed on the form attached hereto as **Exhibit D** (the “**Deed**”), free and clear of all exceptions, liens, encumbrances, easements and restrictions except the Permitted Exceptions. Seller further represents and warrants to Buyer that prior to or concurrent with the applicable Closing, that Seller shall satisfy all requirements of the Title Company applicable to Seller as set forth in the Original Title Commitment and the Closing Commitment. Title to any personal property or fixtures shall be conveyed by a general assignment and bill of sale in substantially the same form attached hereto as **Exhibit E** (the “**Assignment**”).

6.4 **New Instruments.** Seller shall not record or consent to the recording of new instruments affecting the Property which are not Permitted Exceptions, including the recording of restrictive covenants (other than documents required to annex the Lots into the jurisdiction of the HOA), without Buyer’s prior written consent.

7. **HOA DOCUMENTS AND APPROVAL OF HOME PLANS.**

7.1. **HOA Declaration.** During the Inspection Period, Buyer will review the HOA Documents, including, without limitation, the declaration of covenants, conditions and restrictions (the “**Declaration**”), bylaws and articles of incorporation for the HOA, and the budget for the HOA, and advise Seller of any objections to the HOA Documents during the Inspection Period. If not already annexed, the Lots shall be annexed and made subject to the Declaration prior to the applicable Closing and the same shall be a condition to closing for Buyer. Buyer shall have no liability whatsoever for or to the HOA except payment of the regular assessments applicable to the Lots owned by Buyer as set forth in the Declaration. The Declaration shall provide access for the owners purchasing homes from Buyer to all recreational and amenity facilities, if any, serving any portion of the Subdivision on the same basis and at the same cost, if any, to which all other users thereof are subject. If Buyer objects to any of the HOA Documents during the Inspection Period and Buyer and Seller are unable to agree upon an amendment to the Declaration or any other HOA Document, as applicable, prior to the expiration of the Inspection Period, then Buyer’s sole remedy shall be to terminate this Agreement pursuant to Section 5 and the Earnest Money shall be returned to Buyer. As long as this Agreement is in force (and thereafter if Buyer purchases Lots pursuant to this Agreement), Seller shall not materially modify the HOA Documents without Buyer’s prior written approval. Buyer and Seller shall make reasonable efforts to cooperate in making any amendments to the HOA Documents that otherwise become necessary in connection with the development of the Property. This paragraph shall survive closing.

7.2 **HOA Common Areas.** At or prior to the Initial Closing or at such other times as mutually agreed by Buyer and Seller and/or required by the applicable Governmental Authorities, the areas depicted on the Final Plat and/or set forth in the Declaration as an area to be owned and maintained by the Association as common area (the “**Common Areas**”) will be conveyed to the Association.

7.3 **Approval of Home Plans.** Within fifteen (15) days after the Effective Date, Buyer shall deliver to Seller Buyer’s home architectural plans for review and approval by the proper architectural review body under the Declaration. Within fifteen (15) days after Seller’s receipt of the plans, Seller shall notify Buyer whether such plans have been approved or advise Buyer with reasonable specificity of any objections and proposed revisions to the plans that would cause such plans to be approved. The plans to be submitted by Buyer will be a master set of plans covering the different homes that Buyer intends to construct on the Lots and that, upon approval of those plans in accordance with this section, Buyer shall not be required to resubmit a particular approved plan prior to the time that a home substantially conforming to such plan is to be constructed. If Seller fails to notify Buyer within such fifteen (15) day period or if the plans are not approved, Buyer shall have the right to either proceed with the purchase of the Lots as set forth herein, or to terminate this Agreement at any time before approval of such rejected plans, in which event the Earnest Money shall be immediately returned to Buyer, and neither Party shall thereafter have any further obligations to the other hereunder. Seller shall use its good faith, diligent efforts to cooperate in all respects with Buyer, in Buyer’s efforts to obtain prior to the expiration of the Inspection Period the approval of the plans by any person, entity or Governmental Authority whose approval, other than Seller, is required.

8. **BUYER’S OPERATIONS.**

8.1 **Signage.** After the Completion Date of the applicable Section for Section 2 Lots or Section 3 Lots, Seller grants to Buyer the right, at Buyer’s sole cost and expense, to place and maintain 1 or more sign(s) to advertise homes to be constructed on the applicable Lots by Century Homes (the “**Sign(s)**”) on any Lot(s) that has not yet been purchased by Buyer; provided that the Sign(s) complies with the Declaration and all standards and specifications of the applicable Governmental Authorities. In addition, on or prior to the Initial Closing Date, Seller agrees to include advertising for homes to be built by Century Homes on all signs existing within the Subdivision which advertise builders within the Subdivision. In the event Buyer terminates this Agreement or otherwise does not close on the acquisition of the Property, Buyer shall, at its sole cost and expense, within ten (10) days of such termination remove any Signs from the Property and restore any disturbance to the Property caused by Buyer’s installation or removal.

8.2 **Construction and Sales Trailers.** After expiration of the Inspection Period, Buyer shall have the right and license to place 1 construction trailer or temporary building (“**Construction Trailer**”), 1 sales trailer or temporary building (“**Sales Trailer**”), and a parking lot to serve the Sales Trailer at a location in the Subdivision which shall be reasonably agreed upon by Seller and Buyer prior to the expiration of the Inspection Period. Buyer shall obtain any necessary permits and comply with all applicable laws of the applicable Governmental Authorities governing the use of the Construction Trailer, Sales Trailer and/or parking lot. Buyer shall not allow any lien or encumbrance relating to Buyer’s use or improvement to attach to any property which Buyer has not purchased. Buyer agrees to hold Seller harmless from and indemnify Seller against any and all claims, damages and liability occasioned by or resulting from Buyer’s use of or activities on any such Lot. If this Agreement is terminated, Buyer, at Buyer’s expense, shall remove the improvements installed by Buyer within ninety (90) days after such termination in such a manner and to such extent that the applicable property shall be returned to substantially the same condition as existed prior to improvement by Buyer. At Seller’s request the parties shall enter into a separate license agreement on a reasonable form mutually agreeable to the parties for Buyer’s placement of a Construction Trailer or Sales Trailer on Seller’s property.

8.3 **Maintenance of Lots.** Buyer agrees to mow and maintain all Lots purchased by Buyer in a neat and clean condition and the requirements of the Declaration.

9. **DEVELOPMENT PLANS.**

9.1 **Site Plan and Recorded Plat.**

i. **Site Plan.** Unless already provided to Buyer under Section 5.1 of this Agreement, within five (5) business days after the Effective Date, Seller shall deliver to Buyer, for Buyer's review, comment, and approval Seller's proposed site plan of the Property (the "**Site Plan**"), which Site Plan shall show the configuration of the Lots, streets, parks, amenity centers, common areas and other significant features.

ii. **Preliminary Plat.** Unless already provided to Buyer under Section 5.1 of this Agreement, prior to submittal to the applicable Governmental Authorities, Seller shall deliver to Buyer, for Buyer's review, comment, and approval, Seller's proposed preliminary plat (the "**Preliminary Plat**") for each section of Lots (a "**Section**"), which Preliminary Plat shall be consistent with the Site Plan except for such changes as are required by Governmental Authorities (subject to the terms of this Section 9) or have been approved by Buyer in writing.

iii. **Final Plat.** Unless already provided to Buyer under Section 5.1 of this Agreement, prior to submittal to the applicable Governmental Authorities, Seller shall deliver to Buyer, for Buyer's review, comment, and approval, a proposed final plat for each Section of Lots (the "**Final Plat**"), which Final Plat shall be consistent with the Preliminary Plat approved or deemed to be approved by Buyer, except for such changes as are required by Governmental Authorities (subject to the terms of this Section 9) or have been approved by Buyer in writing. Buyer shall have no right to object to any matters on the Final Plat that were depicted on and consistent with the Preliminary Plat, but Buyer may object to matters that were not on the Preliminary Plat and/or matters that were on the Preliminary Plat but omitted from the Final Plat.

9.2 **Construction Plans.** Unless already provided to Buyer under Section 5.1 of this Agreement, prior to submittal to the applicable Governmental Authorities, Seller shall deliver to Buyer, for Buyer's review, comment, and approval, Seller's proposed construction and engineering plans for each Section, including without limitation, its plans for paving, grading, drainage, water, sewer and other public improvements (collectively, the "**Construction Plans**"), all of which plans shall be consistent with the Final Plat approved by Buyer pursuant to this Section 9. The Construction Plans shall include, without limitation, the following:

i. **Subdivision Hardscape and Landscape Plans.** Seller's proposed hardscape and landscape plans for the Section of Lots (the "**Hardscape and Landscape Plans**"), which plans shall include without limitation Seller's plans and design specifications for common area, open spaces, signage and entry feature monumentation for the Section.

ii. **Amenity Center Plans.** Seller's proposed plans and design specifications for the amenities, if any, located within the Section of Lots (the "**Amenity Plans**"). The amenity center for the Subdivision will consist generally of a playground, pavilion, splash pad and walking trails and will be completed (the playground, pavilion and splash pad will not be within Section 2 or Section 3) and will be conveyed to the Association prior to the Initial Closing Date.

iii. **Lot Grading Plans.** Seller's proposed lot grading plan for the Section (the "**Lot Grading Plans**"), which must satisfy the lot grading and other requirements set forth in the Development Scope and Specifications (as hereinafter defined).

iv. **Lot Utility Layout.** Seller's or the applicable utility provider's proposed plans for the location of telephone, cable television and electrical utilities on the Lots (the "**Lot Utility Layout**"). Seller will cause the telephone, cable television and electrical utilities on each Lot to be installed consistent with the Lot Utility Layout approved by Buyer and Seller pursuant to this Section 9.

9.3 Development Plans. The term "**Development Plans**" as used herein means the Site Plan, Preliminary Plat, Final Plat, Construction Plans, Subdivision Hardscape and Landscape Plans, Amenity Plans, Lot Grading Plans, and Lot Utility Layout, in the forms approved by Buyer and Seller in accordance with this Agreement and approved by the applicable Governmental Authorities. All Development Plans for the Sections shall be prepared in accordance with the development specifications attached hereto as **Exhibit B-1** (the "**Development Scope and Specifications**") and all Governmental Requirements. Seller shall be responsible for all costs and expenses related to the preparation and submission of the Development Plans. The "Development Plans" shall include all obligations and requirements applicable to the Section contained within any instrument disclosed by the Title Commitment or Survey.

9.4 Review and Approval of Development Plans. When Seller delivers any of the Development Plans as provided above, Seller shall deliver such Development Plan to Buyer in electronic CAD files (not "pdf" format), together with full-size printed copies of the Development Plan. Within the later of five (5) business days after Buyer's receipt of any of the Development Plans or 15 days after the Effective Date of this Agreement, Buyer shall notify Seller of any requested changes or modifications to same. If Buyer fails to so notify Seller within the specified period, Buyer shall be deemed to have approved the respective Development Plan; provided, however, Buyer shall not have the right to object to an item on a Development Plan that was previously approved by Buyer on a prior Development Plan or that is required by a Governmental Authority. If Buyer and Seller fail to reach an agreement on such Development Plan within ten (10) business days after Buyer's notice to Seller, Buyer may terminate this Agreement, whereupon the Earnest Money (or uncredited portion), less the Independent Consideration, shall be returned to Buyer and thereafter neither party shall have any further obligation hereunder, except as specifically set forth in this Agreement. After Buyer and Seller have approved such plans, Seller shall submit the approved Development Plans to the applicable Governmental Authorities for approval. Buyer's approval of the Development Plans shall not constitute a waiver of any non-compliance with the Development Scope and Specifications unless Seller discloses in writing such non-compliance with specificity and Buyer approves the applicable Development Plan.

Seller represents and warrants that Seller has submitted the Development Plans for Sections 2 and 3 except for Final Plats, Hardscape and Landscape Plans, and Amenity Plans to the applicable Governmental Authorities for approval and the Applicable Governmental Authorities have approved the same and the same have been provided to Buyer prior to the execution of this Contract for Buyer's review and approval, which approval shall be deemed given by Buyer if Buyer delivers to Seller a Notice of Continuation as provided in this Agreement; provided, however, in the event a change to the Development Plans is required, after Seller has delivered the same to Buyer, Seller shall deliver the changed Development Plans to Buyer for Buyer's review and approval pursuant to the terms of this Section 9.4 and Section 9.5, whether before or after the Inspection Period.

9.5 Changes to Development Plans. After Seller and Buyer have approved any of the Development Plans, Seller shall not make any material changes to such Development Plan without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Buyer shall not have the right to object to any change to a Development Plan required by a Governmental Authority; provided, however, if the required change has a material adverse effect on Buyer's ability to construct single-family homes on the Lots or Buyer's projected costs or revenues associated with its planned homebuilding operations, and Seller cannot cure the same to Buyer's satisfaction within sixty (60) days of Buyer's objection to the same (and any applicable Closing Date shall be extended if necessary to accommodate such cure period), Buyer may terminate this Agreement and the Earnest Money (or uncredited portion), less the Independent Consideration, shall be returned to Buyer.

10. DEVELOPMENT.

10.1 Development Work. Seller, at Seller's sole cost, shall fully complete the Development Work in a good and workmanlike manner and in accordance with this Agreement. As used herein, the "**Development Work**" means all work necessary to fully develop and improve the Subdivision (to the extent required to serve the Lots) and the Lots in accordance with the Development Plans, the Development Scope and Specifications and all Governmental Requirements, with the Lots being "finished" building sites ready for the immediate issuance of building permits (subject only to Buyer's obligation to provide final grading of the Lots, Seller's Post Completion Work and Buyer to make payment of building permit fees and the submittal of the applicable building permit application and related documents) and, upon completion of construction of the residential dwellings, issuance of certificates of occupancy and consummation of closings of the Lots and residential dwellings.

10.2 Development Schedule; Completion. Seller shall perform the Development Work in accordance with the schedule (the "**Development Schedule**") attached hereto as **Exhibit B-2**. Seller shall meet on a regular basis (at least every 2 weeks) with Buyer to update Buyer regarding the status of the Development Work. Seller shall notify Buyer in writing when Seller has completed the Development Work for each of Section 2 and Section 3 in accordance with this Agreement ("**Seller's Completion Notice**") and shall then deliver to Buyer each of the items listed on **Exhibit C**, attached hereto (the "**Completion Documents**") to the extent such items have not previously been delivered to Buyer. Seller's Completion Notice shall be deemed Seller's certification to Buyer that all Development Work for the applicable Section has been completed except for the Post Completion Work.

10.3 Inspection by Buyer; Completion Date. Within five (5) business days after receipt of Seller's Completion Notice and the Completion Documents for the Section 3 Lots and Section 2 Lots respectively, which may not occur at the same time, Buyer shall review same, inspect the Lots and Section, and conduct such other investigations as it deems appropriate to confirm that all Development Work for such applicable Section has been completed as provided in this Agreement (except the Post Completion Work). If Buyer confirms that Seller has delivered the Completion Documents and the Development Work is complete for such applicable Section (except the Post Completion Work), or if Buyer fails to deliver written notice to Seller of any deficiencies in the Development Work for such Section during such five (5) business day period, the Development Work for such Section shall be deemed to have been completed and the "**Completion Date**" for such Section shall be deemed to have occurred on the expiration date of Buyer's five (5) business day inspection period for such Section. If Seller has not delivered all of the Completion Documents or Buyer's inspection reveals that the Development Work (except the Post Completion Work) is not complete as provided in this Agreement, then, within such five (5) business day period, Buyer shall deliver written notice to Seller stating with reasonable specificity the nature of the deficiencies. Seller shall then promptly correct, at its sole cost and expense, such deficiencies, and the notification and inspection procedures set forth above shall be repeated until Seller has delivered each of the Completion Documents and the Development Work (except the Post Completion Work) is complete for such Section. If Buyer delivers written notice to Seller stating that Seller has not delivered all of the Completion Documents or that the Development Work (except the Post Completion Work) is not complete as provided in this Agreement, then the "Completion Date" shall be deemed to have occurred on the date that Buyer and Seller have reasonably agreed that Seller has corrected or fulfilled all deficiencies. At Buyer's option, the inspection and Completion Date procedures set forth in this Section 10.3 shall also apply to each applicable takedown of Lots under this Agreement. Buyer shall also have the right to re-inspect the applicable Lots for each takedown before each Closing (even if inspected previously) and Seller shall cure any then-existing deficiencies and, at Buyer's option, the applicable Closing Date shall reasonably be extended as reasonably necessary for such purposes.

If a dispute arises between Seller and Buyer relating to any deficiencies in the Development Work, then Buyer's project engineer and Seller's project engineer shall, within ten (10) days of such dispute, select a disinterested third party civil engineer to inspect the deficiencies. The determination made by the third-party civil engineer shall be binding upon both Parties. Development Work determined to be deficient and not in conformance with this Agreement by the third-party civil engineer shall be corrected by Seller within twenty (20) days, if reasonably practicable to do so, of receipt of the third-party engineer's report. The third-party civil engineer shall then certify that any deficiency has been corrected and is in conformance with this Agreement. The costs of the third-party engineer shall be shared equally by both Parties.

Notwithstanding anything contained herein to the contrary and notwithstanding the fact that inspections and investigations could have been or were performed by or on behalf of Buyer or that the Completion Date was agreed to or deemed to have occurred, Buyer will rely on Seller's and Seller's engineer's agreements and certifications and the documentation provided by Seller to establish the completion of and compliance with the Development Work, and Buyer shall not be required to independently verify same or detect latent or inherent conditions or defects in the Lots or the Sections or the development of either. Accordingly, Seller will not be relieved from its obligations to complete the Development Work, and, whether a failure to do so is detected before or after a Closing, Seller will be required to remedy any such failure.

10.4 Force Majeure. If Seller shall be delayed in the completion of the Development Work as a result of strikes, lock-outs, shortages of labor, fuel or materials, acts of God, fire or other casualty, or other cause reasonably beyond the control of Seller, the period for completion of the Development Work shall be extended by the number of days equivalent to the number of days of such delay, provided Seller gives Buyer written notice of such delay within ten (10) business days after the event causing the delay.

10.5 Failure to Timely Complete Development Work. If Seller has not completed the Development Work in accordance with the Development Schedule then Buyer shall have the rights and remedies set forth in this Agreement.

10.6 Defective Development Work. If at any time (before or after Closing) Buyer reasonably determines that any portion of the Development Work has not been completed properly in accordance with this Agreement or if Seller fails to complete any work to any portion of the Subdivision that results in Buyer being unable to obtain a certificate of occupancy for, or consummate a closing of, any dwelling Buyer constructs on a Lot as determined by any Governmental Authority ("**Defective Work**"), Buyer may notify Seller in writing of such Defective Work. Seller shall then correct such Defective Work within ten (10) days after Buyer's notice (or if the Defective Work is of a nature that it reasonably requires more than ten (10) days to cure, then such longer period of time as may be reasonably required up to 90 days provided Seller commences to cure such Defective Work within ten (10) days after Buyer's notice thereof and continues its cure with diligence until completion). If Seller fails to correct the Defective Work within such cure period, then Buyer may elect to correct any Defective Work. Seller shall reimburse Buyer for the reasonable out-of-pocket expenses incurred by Buyer to cure such Defective Work within thirty (30) days after receiving Buyer's invoice therefor and documentation of costs incurred. Any such reimbursement due Buyer and not paid by Seller within such thirty (30) day period shall accrue interest at the rate of [***] (not to exceed the maximum rate permitted by law) from the expiration of such thirty (30) day period until paid. In addition to Buyer's rights and remedies set forth in Section 16, Buyer shall have the right to apply the amount of any such outstanding reimbursement, plus accrued interest, as a credit against the Purchase Price of the next and subsequent Lots to be purchased hereunder.

10.7 Damage to Development Work. Buyer agrees to indemnify and hold Seller harmless from and against any and all damage to Seller's Development Work caused by Buyer, or Buyer's agents, employees, contractors, invitees, or other representatives. Seller agrees to indemnify and hold Buyer harmless from and against any and all damage to streets, roads, curbs, gutters, street lights and other improvements or infrastructure relating to the Lots purchased and acquired by Buyer, caused by Seller or Seller's agents, employees, contractors, invitees, or other representatives. Each Party shall provide the other with written notice which states with specificity the nature of the damage. The responsible Party will either correct the damage within ten (10) business days or reimburse the other Party for the expenses incurred by the other Party to correct such damage within ten (10) business days after receipt of documentation evidencing such expenses.

10.8 Storm Water and Erosion Control Requirements. With respect to the Sections and the Property, Seller shall comply with all Governmental Requirements relating to storm water and erosion control ("**Storm Water Rules**"), Seller's plans for controlling storm water or erosion ("**Storm Water Plans**"), and all permits and authorizations required by the Storm Water Rules ("**Storm Water Permits**"). As soon as same are available, but in any event at least thirty (30) days prior to the Initial Closing Date, Seller shall deliver to Buyer Seller's Storm Water Plans, Storm Water Permits, any notice received by Seller alleging a violation of the Storm Water Rules, and Seller's storm water inspection records for the most recent thirty (30) day period. If requested by Buyer, Seller shall again provide this information prior to each Closing. Prior to each Closing of a Lot, Seller shall ensure that perimeter storm water and erosion control measures (BMPs) are installed on the Lot and in good condition (and the Lots have been "stabilized" as required by the Storm Water Rules) so as to protect the Lot from discharging sediment onto neighboring land and streets. Buyer shall prepare its own Storm Water Plans and, from and after each Closing of a Lot hereunder, shall obtain its own Storm Water Permits for such Lot and comply with its Storm Water Permits, its Storm Water Plans and all Storm Water Rules with respect to such Lot. Alternatively, Buyer may choose to become a co-permittee or secondary permittee on Seller's Storm Water Permits for a purchased Lot, in which case, from and after each Closing of a Lot hereunder, Buyer shall comply with Seller's Storm Water Plans and Storm Water Permits with respect to such Lot. Prior to and following each Closing, Seller shall maintain all Subdivision streets free from sediment and prevent sediment-laden runoff from adjacent land (excluding any sediment or sediment-laden runoff caused by the operations of Buyer or its contractors) from entering Lots purchased by Buyer.

10.10. Post Completion Work. Following the initial Closing of Lots in a Section, Seller shall complete the Development Work listed on **Exhibit B-3 ("Post Completion Work")** for all the Lots in the applicable Section within the time period designated for each item. This Section 10 shall survive Closing.

11. CONDITIONS TO CLOSING.

11.1 Conditions to Closing. The following conditions are precedent to Buyer's obligation to proceed with the applicable Closing (collectively, the "**Buyer's Conditions Precedent**"). If any of Buyer's Conditions Precedent are not satisfied as and when described below then, unless the failure of such condition constitutes a Seller default, in which case the provisions of Section 16 shall control, Buyer may elect, by written notice to Seller, in Buyer's sole and absolute discretion, either to (i) waive that Buyer's Condition Precedent and proceed to the applicable Closing, (ii) extend the applicable Closing Date from time to time for items 11.1 (ii), (iv), and (ix) thru (xiv) (but for all other Buyer's Condition's Precedent only for a maximum of sixty (60) days or such longer period as may be approved by Seller) until Buyer's Conditions Precedent are satisfied (provided, however, the Initial Closing Date may not be extended for any period unless otherwise agreed by Seller), or (iii) terminate this Agreement, whereupon the Title Company shall immediately return to Buyer the Earnest Money (or uncredited portion) previously deposited by Buyer and, thereafter, the Parties shall have no further rights or obligations under this Agreement, except for those that expressly survive the termination of this Agreement.

i. On or prior to the expiration of the Inspection Period, Buyer shall have obtained the written approval of the Buyer's asset management committee, for Buyer's continued performance of this Agreement. Buyer's delivery of the properly executed Continuation Notice shall constitute satisfaction of this Buyer's Condition Precedent. Any Amendments to this Agreement that occur after a properly executed Continuation Notice has been delivered as described herein must be ratified by one of the following individuals before the Amendment is effective and enforceable against Buyer: Liesel Cooper, Jarrett Coleman or Chad Botkin.

ii. The Final Plat approved by Buyer for the applicable Section of Lots shall have been recorded.

iii. As of the applicable Closing Date, all of Seller's representations and warranties set forth in this Agreement shall be true and correct.

iv. On or prior to the applicable Closing Date, Seller shall not be in default of, and shall have performed and complied in all respects with all obligations and agreements required in this Agreement to be performed or complied with by Seller.

v. As more particularly provided in Section 14 below, as of the applicable Closing Date no moratorium prohibition restricting or precluding the issuance of building permits or certificates of occupancy shall have been enacted by the City or any other Governmental Authorities, unless the same has been waived by Buyer as a Buyer's Condition Precedent as provided therein.

vi. As more particularly provided in Section 14 below, no casualty or other change in the Property has occurred and no condemnation action have been threatened, commenced or completed, unless the same has been waived by Buyer as a Buyer's Condition Precedent as provided therein.

vii. Subject to the development of the Lots in accordance with this Agreement and any changes described in Section 14 below, the Property is substantially in the same condition that existed as of the expiration of the Inspection Period.

viii. On or prior to the applicable Closing Date, (i) good and indefeasible title to the Property can be conveyed by Seller, subject only to the Permitted Exceptions, as more specifically provided in Section 6 above, and (ii) the Title Company shall be irrevocably committed to issue to Buyer the Owner's Title Policy for the Property to be conveyed at Closing as required under this Agreement.

ix. On or prior to the applicable Closing Date, Seller will have caused all tenants and occupants to vacate the Property and all leases and occupancy agreements shall be terminated.

x. The Completion Date for the applicable Lots being purchased has occurred.

xi. Seller will have developed all of the applicable Lots as "finished" Lots, as defined in Section 10.1 (subject only to Buyer's obligation to provide final grading of the Lots and Seller's Post Completion Work).

xii. Seller shall have met the Development Scope and Specifications requirements of Buyer per **Exhibit B-1** except for the Post Completion Work, and delivered Seller's Completion Documents per **Exhibit C**.

xiii. If not already annexed, the Lots for such Closing shall be annexed and made subject to the Declaration prior to the applicable Closing.

xiv. Approval of Buyer's home architectural plans for the lots has been provided by the proper architectural review body pursuant to Section 7.3, provided that Buyer submits the Plans for approval by the deadline in Section 7.3.

If any of Buyer's Conditions Precedent have not been satisfied by the Outside Completion Date, then Buyer shall have the right to (i) terminate this Agreement by written notice to Seller, whereupon the Earnest Money (or uncredited portion) shall be delivered to Buyer; (ii) waive in writing the unsatisfied condition(s) and proceed with the applicable Closing; or (iii) extend the Outside Completion Date one or more times until all of Buyer's Conditions Precedent are satisfied, such extension(s) not to exceed in the aggregate ninety (90) days after the original Outside Completion Date unless otherwise approved by Seller. If any of the Buyer's Conditions Precedent have not been satisfied by the date to which the Outside Completion Date is extended, then Buyer may exercise the rights set forth in clauses (i) or (ii) of the preceding sentence. The waiver of a Condition to Closing will not be deemed to be a waiver of any right to seek remedies as provided in this Agreement. If any of the Buyer's Conditions Precedent have not been satisfied by the Outside Completion Date or by a scheduled Closing date or Seller is otherwise in default under this Agreement, then until all of the Buyer's Conditions Precedent have been satisfied or Seller's default cured, as applicable, or the condition or default waived by Buyer in writing, Buyer's obligation to purchase Lots in accordance with the takedown requirements of Section 4.2 shall abate and the escalator for price per Lot provided for in Section 2 shall cease to accrue on any of the Lots that Closing is delayed.

Additionally, before Buyer exercises its right to terminate under the first paragraph of Section 11.1 for failure of the Buyer's Conditions Precedent listed in 11.1(ii), (x), (xi), or (xii), Buyer shall provide notice of termination to Seller and Seller shall have up to the earlier of (a) sixty (60) days after Buyer's delivery of the notice of termination or (b) the Outside Completion Date, to cure such failure, and if such failure is not cured within such time period, such termination shall take effect upon the expiration of such time period, unless Buyer withdraws such termination notice in writing prior to the expiration of such cure period. Before Buyer can exercise its right to terminate under the first paragraph of Section 11.1 for failure of the Buyer's Conditions Precedent listed in 11.1(xiii) Buyer shall provide notice of termination to Seller and Seller shall have up to the earlier of (a) thirty (30) days after Buyer's delivery of the notice of termination or (b) the Outside Completion Date, to cure such failure, and if such failure is not cured within such time period, such termination shall take effect upon the expiration of such time period, unless Buyer withdraws such termination notice in writing prior to the expiration of such cure period.

12. CLOSING PROCEDURES. At each Closing, unless otherwise specified below:

12.1. **Initial Closing.** If not completed prior to the Initial Closing Date, Seller shall, prior to the Initial Closing Date only, execute and record (i) an HOA annexation instrument approved by Buyer and Seller with respect to the Section and (ii) a deed conveying the Common Areas in the Section, if any, to the Association (the "**Common Area Deed**").

12.2. **Deed.** Seller shall execute, acknowledge and deliver to the Title Company the Deed, conveying to Buyer title to applicable Lots, subject only to the Permitted Exceptions, which Deed shall be recorded in the official records of the County (the "**Records**").

12.3. **Payment of Purchase Price.** Buyer shall deliver to the Title Company the Purchase Price for the applicable Lots being purchased (as adjusted pursuant to this Agreement, including a credit for the Earnest Money).

12.4. **General Assignment.** Seller shall execute and deliver to the Title Company the Assignment, conveying and assigning to Buyer all of Seller's rights, title and interests in and to the property relating to the such applicable Lots that is not conveyed under the Deed.

12.5. **Assignment of Stormwater Permit.** Upon Buyer's election, Seller shall execute an assignment of the Stormwater Permit for the applicable Section on a form acceptable to the applicable Governmental Authority.

12.6. **Non-Foreign Affidavit.** Seller shall execute and deliver to the Title Company an affidavit prepared by the Title Company stating that Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986.

12.7. **Authorization Documents.** Seller and Buyer each shall deliver to the other Party and the Title Company evidence reasonably satisfactory to the other Party authorizing the execution, delivery and performance by it of this Agreement and the documents required to be delivered under this Agreement.

12.8. **Community Enhancement Fee.** Buyer shall pay to Seller a Community Enhancement Fee equal to [***] per Lot purchased at the Closing.

12.9. **Other Documents.** Seller and Buyer shall each deliver to the other and/or to the Title Company each of the following items prepared by the Title Company: a settlement statement, affidavits as to mechanic's liens, a transfer declaration and such other documents, agreements and certificates, either required by or otherwise not inconsistent with the provisions of this Agreement, as may be reasonably required or requested by the Title Company or the Parties pursuant to this Agreement or as may be necessary or customary to consummate the transactions contemplated in this Agreement and to issue the Owner's Title Policy.

12.10. **Owner's Title Policy.** The Title Company shall commit to deliver to Buyer the Owner's Title Policy as provided for in Section 6 above.

12.11. **Possession.** Seller shall deliver to Buyer sole possession of the Lots purchased, subject only to the Permitted Exceptions.

12.12. **Closing Costs and Adjustments.** At Closing, the Parties, at their sole cost and expense, shall deliver to the Title Company the sums provided as follows, in immediately available funds:

i. **Seller Costs.** Seller shall pay: (A) the base premium for the Owner's Title Policy for the Property, as provided in Section 6 above, (B) the recording and documentary fees due in connection with the release of any instruments or documents required to release or remove any encumbrances to title to the Property as required for Seller to convey title in the condition required in Section 4 above and for the Title Company to issue the Owner's Title Policy as provided in this Agreement, (C) any documentary transfer taxes, (D) any personal property, sales and use tax with respect to the transaction contemplated by this Agreement, (E) all taxes and assessments, HOA fees and assessments and all similar fees, assessments and charges levied against the Lots being purchased for years prior to the year of the applicable Closing, including any penalties, fees, interest, redemption amounts, and similar amounts, and a pro-rata portion of the same for the year of the applicable Closing, (F) any rollback or similar taxes assessed as a result of this transfer, and (G) one-half of the escrow fee.

ii. **Buyer Costs.** Buyer shall pay (A) the recording fees for the Deed, (B) the cost of any premiums for extended coverage or endorsements to the Owner's Title Policy requested by Buyer (and not a Seller obligation) pursuant to Section 6 above, (C) a pro-rata portion of all taxes and assessments, HOA fees and assessments and all similar fees, assessments and charges levied against the Lots being purchased for the year of the applicable Closing, and (D) one-half of the escrow fee.

iii. **Current Taxes and Assessments.** Taxes and assessments, HOA fees and assessments and all similar fees, assessments and charges levied against the Lots being purchased for the year of the applicable Closing shall be prorated and apportioned between Seller and Buyer as of 11:59 p.m. (Houston time) on the day before Closing, based upon the most recent assessment and mill levy and such prorations and assessments shall be deemed final, as between Seller and Buyer, as of the applicable Closing.

iv. **Other Costs.** All other Closing costs not expressly provided for in this Agreement shall be paid in accordance with the customs of the county in which the Property is located. Except as otherwise expressly provided in this Agreement, Seller and Buyer shall each pay its own fees and expenses incurred in the preparation and performance of this Agreement, including, without limitation, the performance by Seller and Buyer of their respective Closing obligations.

13. REPRESENTATIONS AND WARRANTIES.

13.1. **Seller.** Seller hereby represents and warrants to Buyer that the following are true and correct as of the Effective Date and shall be true and correct at the time of Closing:

i. Seller is a limited partnership duly organized and validly existing under the laws of the State of Texas, is in good standing and authorized to transact business in the State of Texas, and has the requisite power and authority to enter into this Agreement and perform its obligations hereunder;

ii. The execution and delivery of this Agreement by Seller and the performance by Seller of its obligations under this Agreement have been duly and validly authorized by all necessary action on the part of Seller, the person signing below on behalf of Seller is duly authorized to execute this Agreement and to bind the Seller; and this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms;

iii. There are no attachments, executions, or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other applicable debtor relief laws pending or, to Seller's knowledge, threatened against Seller or the Property, and Seller has not filed, voluntarily or involuntarily, for bankruptcy relief within the last year under the laws of the United States Bankruptcy Code, nor has any petition for bankruptcy or receivership been filed against Seller within the last year;

iv. There are no currently ongoing or, to Seller's knowledge, pending or threatened condemnation or similar proceedings affecting the Property, or any part thereof, and there are no currently ongoing or, to Seller's knowledge, pending litigation or other legal or administrative claims affecting Seller and/or the Property, and Seller has not received notice of any of the foregoing.

v. To Seller's knowledge, as of the Effective Date (except as expressly set forth in the Original Title Commitment or disclosed in the Existing Documents) and as of the applicable Closing Date (except as expressly set forth in the Permitted Exceptions): (A) There are no parties in possession of any portion of the Property including, but not limited to, as lessees, tenants at sufferance, or trespassers; (B) No party has been granted or obtained any license, lease, easement or other right relating to use or possession of the Property (except as noted in the Title Documents or as required to develop the Lots and to obtain Final Plat); (C) Other than Buyer hereunder, Seller has not granted any option, contract, or other agreement with respect to the purchase of, sale of, or any interest in or to the Property or any portion thereof or any interest therein, except for any backup offers permitted under this Agreement, if any, that are expressly subordinate to Buyer's rights hereunder and which shall not be binding on Buyer or the Property following Closing; and (D) There are no other restrictions or burdens on the Property created by or under any agreement, instrument, judicial decree, court order or otherwise;

vi. Seller has not received notice of any default under any note, deed of trust or other agreement or instrument related to or encumbering the Property that has not been cured, and to Seller's knowledge Seller is not in default under any note, deed of trust or other agreement or instrument related to or encumbering the Property;

vii. To Seller's knowledge, except as set forth in the Existing Documents, (A) Seller has not been notified of any special assessments, levies or taxes imposed or to be imposed affecting the Property and is not aware of any action regarding the potential formation of any district or authority impugned to so assess a tax or levy; and (B) the Property has not been, and is not being, taxed under any agricultural or special use valuation;

viii. Seller has not received any notice of any violation of any ordinance, regulation, law, or statute of any Governmental Authorities, for which such violation has not been corrected in accordance with all applicable ordinances, regulations, laws and statutes, and to the best of Seller's knowledge neither Seller nor the Property is in violation of any ordinance, regulation, law, or statute of any Governmental Authorities,

ix. The execution and delivery of this Agreement, the consummation of the transaction herein contemplated, and the compliance with terms of this Agreement will not conflict with or, with or without notice or the passage of time or both, result in a breach of any of the terms or provisions of, or constitute a default under, any agreement, indenture, mortgage, loan agreement, or instrument to which Seller is a party or by which Seller or Seller's property is bound, any applicable regulation or any judgment, order, or decree of any court having jurisdiction over Seller or Seller's property;

x. To Seller's knowledge, the Property contains no endangered species or endangered or protected habitats as defined by applicable state and federal laws;

xi. Except for Seller, and parties with rights expressly set forth in (1) the Original Title Commitment or disclosed in the Existing Documents (as of the Effective Date) or (2) the Permitted Exceptions (as of the applicable Closing Date), there are no parties with any interest whatsoever in the Property (marital, homestead, prescriptive or otherwise), and no other signatures are required to make this Agreement fully enforceable by Buyer against Seller;

xii. Except as disclosed in the Original Title Commitment or disclosed by Seller to Buyer in the Existing Documents or otherwise disclosed by Seller to Buyer in writing at least thirty (30) days prior to the expiration of the Inspection Period, Seller has made no commitments or representations to any Governmental Authorities or any adjoining or surrounding property owner, which would in any way be binding on Buyer or would interfere with Buyer's ability to construct single family residences on the Property and no such commitment will be made prior to the applicable Closing;

xiii. Buyer, by virtue of the purchase of the Property will not be required to satisfy any obligation of Seller other than those expressly assumed by Buyer pursuant to this Agreement; and

xiv. To Seller's knowledge, except as the same may be disclosed in the Existing Documents or in any environmental site assessment report obtained by Buyer during the Inspection Period in connection with its due diligence inspections of the Property, Seller has never used, generated, processed, stored, disposed of released, or discharged any Hazardous Substance on, under, about or in the vicinity of the Property or transported it to or from the Property; and no use by Seller or others has occurred which violates or has been alleged by any party to violate any applicable Environmental Law, and the Property is not on any "Superfund" list under any applicable Environmental Law, nor is it subject to any lien related to any environmental matter. As used in this Agreement, "Hazardous Material" shall mean, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," or "hazardous material" under the laws or regulations of the State of Texas, (ii) petroleum, (iii) asbestos, (iv) per- and polyfluoroalkyl substances (PFAS) which are a group of stable man-made chemicals that allow them to repel both water and oil including perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS), (v) designated as a hazardous waste pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), (vi) defined as hazardous waste pursuant to Section 1004 of the Federal Resource Conservation Recovery Act (42 U.S.C. § 1601 et seq.) (42 U.S.C. § 6903), and (vii) defined as a hazardous substance pursuant to Section 101 of the Comprehensive Environmental Response Compensation Liability Act (42 U.S.C. § 9601 et seq.) and all environmental laws under the State of Texas (collectively, "**Environmental Laws**").

xv. At the Closing, all Development Plans for the applicable Section have been prepared in accordance with all Governmental Requirements and matters of record and have been approved by all applicable Governmental Authorities.

xvi. At the Closing, Seller has completed the Development Work except for the Post Completion Work in accordance with the Development Plans and all Governmental Requirements and matters of record, and the Lots are "finished" building sites ready for the immediate issuance of building permits and the construction of residential dwellings (subject only to Buyer's final grading of the Lots and payment of building permit fees and the submittal of the applicable building permit application and related documents) and, upon completion of construction of the residential dwellings, issuance of certificates of occupancy and consummation of closings of the Lots and residential dwellings.

If any of the Seller's representations or warranties contained herein are untrue or incorrect, Seller shall at all times before the applicable Closing use Seller's best efforts to take such necessary action to make such representations or warranties true and correct including, without limitation, the payment of money. The obligations of Buyer under this Agreement are contingent on the representations and warranties of Seller contained herein being true and correct. If any of the Seller's representations or warranties contained herein are untrue or incorrect on the applicable Closing Date, subject to the cure provisions in Section 16.1, below, Buyer shall be entitled, in addition to its other remedies in Section 16, to terminate this Agreement by written notice to Seller on the applicable Closing Date, upon which termination the Earnest Money previously deposited by Buyer (or uncredited portion) shall be immediately returned to Buyer, and thereafter the Parties shall have no further rights or obligations under this Agreement, except to the extent the same survive termination hereof. Seller understands and acknowledges that Buyer is relying on the accuracy and completeness of the representations and warranties contained in this Agreement. In the event Seller has breached any representations and/or warranties arising from and/or related to this Agreement, Seller shall indemnify and hold Buyer, its successors and assigns harmless for, from and against all fines, penalties, losses, damages and liabilities, and other damages, costs and losses, including reasonable attorney's fees, whether direct or indirect and in whole or in part arising out of or in any way attributable to such breach. Notwithstanding anything to the contrary contained herein, the representations and warranties arising from or related to this Agreement, shall be deemed remade as to the Property as of the applicable Closing, and such representations and warranties and the indemnification provisions contained herein shall survive the Closings for a period of one (1) year and shall not be merged therein. Representations made to "Seller's knowledge" shall mean the actual knowledge of Charley MacKenzie, in his capacity with Seller and not in his individual capacity, based on all information in such individual's possession, without further inquiry, and notwithstanding anything to the contrary set forth in this Agreement, such individual shall not have any personal liability with respect to any matters set forth in this Agreement or any of Seller's representations and/or warranties herein being or becoming untrue, inaccurate and incomplete.

13.2. **Buyer.** Buyer hereby represents and warrants to Seller that the following are true and correct as of the Effective Date and shall be true and correct at the time of Closing:

i. Buyer is a limited liability company duly organized and validly existing under the laws of the State of Colorado, is in good standing and authorized to transact business in the State of Texas, and has the requisite power and authority to enter into this Agreement and perform its obligations hereunder;

ii. The execution and delivery of this Agreement by Buyer and the performance by Buyer of its obligations under this Agreement have been duly and validly authorized by all necessary action on the part of Buyer; the person signing below on behalf of Buyer is duly authorized to execute this Agreement and to bind the Buyer; and this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Seller in accordance with its terms; and

iii. There are no attachments, executions, or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other applicable debtor relief laws pending or, to Buyer's knowledge, threatened against Buyer, and Buyer has not filed, voluntarily or involuntarily, for bankruptcy relief within the last year under the laws of the United States Bankruptcy Code, nor has any petition for bankruptcy or receivership been filed against Buyer within the last year.

iv. Buyer is purchasing each Lot solely for the intended purpose of constructing a single family residence on the Lot to be offered for sale. If any of the Buyer's representations or warranties contained herein are untrue or incorrect, Buyer shall at all times before the applicable Closing use Buyer's best efforts to take such necessary action to make such representations or warranties true and correct including, without limitation, the payment of money. The obligations of Seller under this Agreement are contingent on the representations and warranties of Buyer contained herein being true and correct. If any of the Buyer's representations or warranties contained herein are untrue or incorrect on the applicable Closing Date, subject to the cure provisions in Section 16.1. below, Seller shall be entitled to terminate this Agreement by written notice to Buyer on the applicable Closing Date, upon which termination the uncredited portion of the Earnest Money previously deposited by Buyer shall be disbursed to Seller, and thereafter the Parties shall have no further rights or obligations under this Agreement, except to the extent the same survive termination hereof. Buyer understands and acknowledges that Seller is relying on the accuracy and completeness of the representations and warranties contained in this Agreement. Notwithstanding anything to the contrary contained herein, the representations and warranties of Buyer made hereunder shall be deemed remade as of the applicable Closing, and such representations and warranties shall survive the Closings for a period of one (1) year and shall not be merged therein. Representations made to "Buyer's knowledge" shall mean the actual knowledge of Jack Casey in his capacity with Buyer and not in his individual capacity and such individual shall not have any personal liability, based on all information in such individual's possession, without further inquiry.

14. **PROPERTY ONGOING CONDITIONS.**

14.1. **Seller Actions.** During the period between the Effective Date and the applicable Closing Date, Seller shall continue to operate the Property in a manner consistent with Seller's current practices and, without limiting the generality of the foregoing, unless previously consented to by Buyer in writing, which consent may be withheld in Buyer's sole discretion.

14.2. **Agreements.** Seller shall not, except as otherwise expressly permitted in and subject to the terms of this Agreement, (a) sell, convey, encumber or otherwise dispose of the Property or any interest therein, (b) enter into or modify or amend any contracts, leases or other agreements of any nature relating to any of the Property that will be binding on Buyer or any of the Property after the applicable Closing, including, but not limited to, the HOA Documents, (c) create, or vote in favor of the creation of, an assessment district which would serve the Property, and (d) agree in writing to any changes in the entitlements affecting any of the Property.

14.3. **Legal Requirements.** Seller shall continue to operate its business and the Property in accordance with requirements of law.

14.4. **Waste.** Seller shall maintain the Property, or cause the Property to be maintained, in substantially in the same condition it was in as of the expiration of the Inspection Period, and shall not commit or suffer to be committed any waste in or upon the Property.

14.5. **Marketing.** During the pendency of the transactions contemplated hereunder, Seller shall not engage in an active marketing for the sale of the Property to any person other than Buyer.

If Seller breaches any of the provisions above, Buyer shall have all rights set forth in Section 16. In addition, Seller shall indemnify, defend and hold Buyer harmless for, from and against any and all claims, liability, loss, damage, cost and expense, including reasonable attorney's fees, that may be incurred by or asserted against Buyer as a result of any (i) breach by Seller of this section, and/or (ii) any mechanic's liens not appearing on the Original Title Commitment or the Closing Commitment that relate back to work performed on or with respect to the Property prior to the applicable Closing not caused by the actions of Buyer or those claiming by, through, or under Buyer, provided, however, that in the event a mechanic's lien is so filed from and after the applicable Closing and Seller fails to cause it to be released or discharged by bonding before the earlier of foreclosure or within sixty (60) days after notice from Buyer, Buyer shall have the option of discharging or bonding any such lien, charge, order or encumbrance, and Seller shall reimburse Buyer for all costs, expenses and other sums of money in connection therewith with interest at the rate of [***] thereon promptly upon demand. The indemnification contained in this Section shall survive the Closings or termination of this Agreement.

14.6 **Change in Condition.** The obligations of Buyer under this Agreement are expressly contingent upon there being no change after the expiration of the Inspection Period and prior to the applicable Closing, in the nature or condition of or circumstances affecting the Property (other than changes arising from the development of the Lots pursuant to the terms of this Agreement or related to governmental approvals) including, without limitation, any change in (i) the areas determined to be flood prone areas or designated wetland areas, if any; (ii) the availability of utilities; (iii) access; (iv) governmental zoning ordinances; (v) materially new costs or charges associated with governmental approvals for residential construction; or (vi) any new or changes to restrictions and requirements materially adversely affecting Buyer's ability to construct residences, except as the same may be approved by Buyer. If any such change occurs prior to the applicable Closing, then Buyer may elect to terminate this Agreement by written notification to Seller at any time prior to or at the applicable Closing and, notwithstanding any other provisions of this Agreement to the contrary, the uncredited portion of the Earnest Money previously deposited by Buyer shall be immediately returned to Buyer and, thereafter, the Parties shall have no further rights or obligations under this Agreement, except for any that expressly survive the termination hereof; provided, however, prior to terminating the Contract under this Section 14.6, Buyer shall provide notice of termination to Seller and Seller shall have up to the earlier of (a) sixty (60) days after Buyer's delivery of the notice of termination or (b) the Outside Completion Date, to cure such change (and the applicable Closing shall be extended, if necessary), and if such change is not cured to Buyer's reasonable satisfaction within such time period, such termination shall take effect upon the expiration of such time period, unless Buyer withdraws such termination notice in writing prior to the expiration of such cure period. If, however, Buyer has such right but fails to timely terminate this Agreement as provided herein, Buyer will be deemed to have waived its right to terminate under this section and also waive the existence of such change as a Buyer's Conditions Precedent as set forth above.

14.7 Moratorium. If the City, County or any other Governmental Authorities declares or effects any moratorium or limitation on the issuance of permits, utility service or other approvals, which moratorium or limitation is applicable to the Property or any portion thereof, and, as a result of such moratorium or limitation, the City, the County or any other Governmental Authorities will not issue permits, utility services or other approvals (collectively, a “**Moratorium**”), then, in such event, Buyer’s obligation to close hereunder shall abate during the pendency of the Moratorium. Upon the discontinuation of any such Moratorium, the Buyer’s obligation to close hereunder shall resume as of that date and continue as per the provisions of this Agreement, provided that the applicable Closing Date shall be adjusted by the number of days Buyer’s obligations were abated hereunder. If, however, such Moratorium shall last longer than ninety (90) days, either Seller or Buyer shall have the right, but not the obligation, to terminate this Agreement by giving written notice thereof to the other Party within one hundred twenty (120) days after the commencement of the Moratorium (the “**Moratorium Termination Deadline**”). In the event Seller or Buyer has the right, and timely elects to terminate this Agreement as provided herein, then this Agreement shall terminate on the earlier of the Moratorium Termination Deadline or the termination date set forth in the termination notice, and thereafter the uncredited portion of the Earnest Money previously deposited by Buyer shall be immediately refunded to Buyer, and the Parties shall have no further rights or obligations under this Agreement, except for any that expressly survive the termination hereof. If, however, Buyer has such right but fails to timely terminate this Agreement as provided herein, Buyer will be deemed to have waived its right to terminate under this section and also waive the existence of a Moratorium as a Buyer’s Conditions Precedent.

14.8 Casualty. If the Property is damaged by fire, flood, earthquake, or other casualty between the Effective Date and the applicable Closing, this Agreement may be terminated at the option of Buyer exercised by written notice to Seller delivered no later than the later to occur of thirty (30) days after the occurrence of such casualty or the applicable Closing Date, in which event the uncredited portion of the Earnest Money previously deposited by Buyer shall be immediately returned to Buyer, and thereafter the Parties shall have no further rights or obligations under this Agreement, except those that expressly survive termination. In the event, however, that Buyer fails to timely terminate this Agreement as provided herein or agrees in writing to proceed to Closing notwithstanding damage resulting from such casualty, then (A) the right to receive any insurance proceeds payable to Seller, and any insurance proceeds paid to Seller, by reason of such damage shall be assigned and paid to Buyer at Closing (with no adjustment in the Purchase Price) or, at Buyer’s election, Buyer shall receive a credit against the Purchase Price in the amount thereof, and (B) Buyer will be deemed to have waived the occurrence of such casualty as a Buyer’s Conditions Precedent.

14.9 Condemnation. If prior to the applicable Closing, any portion of the Property is taken by any entity by condemnation or with the power of eminent domain, or if the access thereto is reduced or restricted thereby (or is the subject of a pending taking which has not yet been consummated), Seller, upon receiving notice thereof, shall immediately notify Buyer of such fact. In such event, Buyer shall have the right, in Buyer’s sole discretion, to terminate this Agreement upon written notice to Seller and Title Company not later than seven (7) days after receipt of Seller’s notice thereof. If this Agreement is so terminated, the uncredited portion of the Earnest Money, whether deposited into escrow or released to Seller, shall be immediately returned to Buyer, and thereafter the Parties shall have no further rights or obligations under this Agreement, except for any that expressly survive the termination hereof. Alternatively, Buyer, in its sole discretion, may proceed to consummate the transaction, in which event, at the sole option of Buyer, either (a) Seller shall assign and turn over, and Buyer shall be entitled to receive and keep, any and all awards made or to be made in connection with such condemnation or eminent domain, and the Parties shall proceed to the applicable Closing pursuant to the terms hereof, or (b) the Purchase Price shall be proportionately reduced in an amount equal to the portion of the Property taken as compared to the whole, with Seller being entitled to the entire award. In the event Buyer elects to proceed to consummate this transaction, Buyer will be deemed to have waived the occurrence of such condemnation as a Buyer’s Conditions Precedent under as set forth above.

15. NO REAL ESTATE BROKER. Buyer and Seller each hereby represent and warrant to the other that it has not dealt with any broker or finder in connection with this Agreement or the transaction contemplated hereby. Buyer hereby agrees to indemnify, defend and hold Seller harmless from and against any and all claims, losses, damages, costs or expenses of any kind or character arising out of or resulting from any agreement, arrangement or understanding made or alleged to have been made by Buyer or on its behalf with any broker or finder in connection with this Agreement or the transaction contemplated hereby. Seller hereby agrees to indemnify, defend and hold harmless Buyer from and against any and all claims, losses, damages, costs or expenses of any kind or character arising out of or resulting from any agreement, arrangement or understanding made or alleged to have been made by Seller or on its behalf with any broker or finder in connection with this Agreement or the transaction contemplated hereby. This provision shall survive termination or Closing(s) of this Agreement.

16. DEFAULT AND REMEDIES.

16.1 Notice and Right to Cure. Except as otherwise expressly provided herein, each Party shall be entitled to written notice of any default and prior to the exercise of any remedy provided herein, such defaulting Party shall have thirty (30) days from receipt of such notice to cure any non-monetary default and ten (10) days from receipt of such notice to cure any monetary default. Both Parties agree to cooperate with the other in any and all reasonable attempts by the defaulting Party to cure any default within the default cure period. Notwithstanding the foregoing to the contrary, the notice of default or cure period for the failure of a party to close the sale or purchase of Lots on a date specified for Closing shall be three (3) business days.

16.2 Seller's Failure to Close. Subject to the notice and cure provisions in Section 16.1. above, if Seller defaults in the performance of its obligation to close on the terms and conditions contained herein at or before Closing (each, a "**Seller Closing Default**"), Buyer shall have the right to elect as its sole remedies to either: (i) terminate this Agreement and receive immediate return of the uncredited portion of the Earnest Money previously deposited by Buyer; or (ii) maintain an action for specific performance provided, however, that if Buyer elects to pursue specific performance but such remedy is or becomes unavailable as a result of any action or inaction of Seller or any other Seller Parties occurring from and after the Effective Date and at any time thereafter during the effective period of this Agreement, then Buyer shall have the right to pursue a claim at law for actual damages. Buyer expressly waives all other rights or remedies for any Seller Closing Defaults. Upon termination of this Agreement pursuant to this paragraph, and the payment of all sums due hereunder, the Parties shall have no further rights or obligations under this Agreement, except those that expressly survive termination.

16.3 Buyer's Failure to Close. SUBJECT TO THE NOTICE AND CURE PROVISIONS IN SECTION 16.1. ABOVE, IF BUYER DEFAULTS IN THE PERFORMANCE OF ITS OBLIGATIONS TO CLOSE HEREUNDER ON THE TERMS AND CONDITIONS CONTAINED HEREIN AT OR BEFORE CLOSING (EACH, A "**BUYER CLOSING DEFAULT**"), SELLER SHALL HAVE THE RIGHT, AS ITS SOLE AND EXCLUSIVE REMEDY, TO TERMINATE THIS AGREEMENT AND IMMEDIATELY RECEIVE THE EARNEST MONEY PREVIOUSLY DEPOSITED BY BUYER AS LIQUIDATED DAMAGES AND IN LIEU OF ALL OTHER REMEDIES FOR SAID DEFAULT BY BUYER. BUYER AND SELLER EACH AGREE THAT IN THE EVENT OF A BUYER CLOSING DEFAULT, THE DAMAGES TO SELLER WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THAT THEREFORE, IN THE EVENT OF SUCH A BUYER CLOSING DEFAULT, THE EARNEST MONEY PREVIOUSLY DEPOSITED BY BUYER SHALL SERVE AS LIQUIDATED DAMAGES FOR SUCH DEFAULT BY BUYER, AS A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER, INCLUDING COSTS OF NEGOTIATING AND DRAFTING THIS AGREEMENT, COSTS OF COOPERATING IN SATISFYING CONDITIONS TO CLOSING, COSTS OF SEEKING ANOTHER BUYER, OPPORTUNITY COSTS IN KEEPING THE PROPERTY OUT OF THE MARKETPLACE, AND OTHER COSTS INCURRED IN CONNECTION HERewith. DELIVERY TO AND RETENTION BY SELLER OF THE EARNEST MONEY PREVIOUSLY DEPOSITED BY BUYER SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF SUCH A MATERIAL DEFAULT BY BUYER, AND SELLER WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST BUYER, INCLUDING WITHOUT LIMITATION, SPECIFIC PERFORMANCE. UPON TERMINATION OF THIS AGREEMENT PURSUANT TO THIS PARAGRAPH, AND RELEASE OF THE SUMS HEREUNDER, THE PARTIES SHALL HAVE NO FURTHER RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT, EXCEPT FOR THOSE THAT EXPRESSLY SURVIVE TERMINATION.

16.4 All Other Defaults. Subject to the notice and cure provisions in Section 16.1. above, if either Party defaults in the performance of any of its obligations under this Agreement other than the obligations to close as set forth in Sections 16.2 and 16.3 above, the non-defaulting Party shall have such rights and remedies as are available at law or in equity, but in no event shall either Party recover damages other than actual damages for such default (including, without limitation, reasonable attorneys' fees and costs), and each Party expressly waives its rights to receive consequential, incidental or punitive damages or damages for lost profits under this Agreement.

16.5 No Limit on Indemnities. The provisions of this section shall not limit either Party's express obligations to indemnify the other as set forth in other sections of this Agreement, provided, however, that in the event a Party seeks damages, it shall recover only actual damages (but not any consequential, incidental or punitive damages or damages for lost profits), and each Party expressly waives its rights to receive consequential, incidental or punitive damages or damages for lost profits under this Agreement.

16.6 Attorneys' Fees. Should any legal action be brought in relation to this Agreement, including, without limitation, actions based on contract, tort or statute, the prevailing Party in such action shall be awarded all of the reasonable costs and expenses (including reasonable attorneys' fees) incurred by such Party in connection with such action, including without limitation, any mediation, arbitration, appeal or other proceedings.

16.7 Survival. The provisions of this Section 16 shall survive the Closings, expiration, and termination of this Agreement.

17. NOTICES. Any notice or other communication to be given or served upon any party hereto in connection with this Agreement must be in writing and delivered to the party (i) in person, (ii) by overnight delivery service (including FedEx), (iii) by certified mail, return receipt requested, or (iv) electronic mail (e-mail). If such notice is given in person, such notice will be deemed to have been given when received. If such notice is sent by overnight delivery service, such notice is deemed received at the time of first attempted delivery of such notice. If such notice is sent by certified mail, such notice will be deemed received three (3) days after a certified letter containing such notice, properly addressed with postage prepaid, is deposited in the United States mail. If such notice is given by electronic mail (e-mail), such notice will be deemed to have been given when sent, provided the sender does not receive a message of non-delivery. Any notice, however delivered, that is confirmed or acknowledged (excluding any automatically generated electronic acknowledgement) by a party below to have been received by such party is effective notice. Notices or other communication will be sent to the parties at the following addresses:

If to Seller: 150 CCM Black Oak, LTD.
Attn: Charley MacKenzie
4800 Montgomery Lane, Ste. 210
Bethesda, MD 20814
Telephone:
Email:

With a copy to: Richard L. Rose, Esquire
Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046
Telephone:
Email:

If to Buyer: Century Land Holdings of Texas, LLC
Attn: Jack Casey and Louis Trapolino
333 Cypress Run, Suite 200
Houston, Tx 77094
Telephone:
Email:

With a copy to: Century Communities, Inc.
Attn: Gavin Parker and Jill Voegtle
333 Cypress Run, Suite 200
Houston, Tx 77094
Phone:
Email:

Title Company: First American Title Company
Attn: Amanda Tidmore
1846 North Loop 1604 West, Suite 101
San Antonio, Texas 78248
Telephone:
Email:

Any Party may change its address or telephone number for the purpose of this paragraph by giving written notice of such change to each of the other Parties in the manner herein provided. To be effective, such notice of change must expressly state that it is given for the purpose of changing the notice provisions of this Agreement.

18. MISCELLANEOUS.

18.1. **Effective Date.** This Agreement shall be deemed effective as of the date the Title Company executes the Acknowledgment attached to this Agreement, indicating its receipt of a fully-executed copy of this Agreement, and its agreement to disburse the Earnest Money deposited by Buyer in accordance with this Agreement (such date, the “Effective Date”).

18.2. **Binding Agreement; Entire Agreement.** The terms and conditions of this Agreement are binding on the Parties hereto and their executors, heirs, administrators, successors and assigns. This Agreement embodies the entire agreement between the Parties regarding the subject matter hereof, supersedes all prior negotiations, understandings and agreements, written and oral, and may not be varied except by a written agreement executed by Buyer and Seller.

18.3. **Assignment.** Buyer will have the right to assign this Agreement and its rights and obligations hereunder to any entity (i) directly or indirectly owned or controlled by Buyer, (ii) directly or indirectly controlling Buyer, (iii) directly or indirectly controlling, controlled by, or under common control with Buyer or Buyer’s members, or (iv) a third party who has entered into a land banking arrangement with Buyer pursuant to which Buyer has the right or option to purchase the Property from such third party, upon delivery of written notice to Seller, but without obtaining Seller’s prior consent. For any other assignment of Buyer, Buyer shall not have the right to assign this Agreement without Seller’s prior written consent. Seller shall have the right to collaterally assign this Agreement to secure financing but any other assignment by Seller shall require Buyer’s prior written consent.

18.4. **Attorneys’ Fees.** If any Party obtains a judgment against any other Party by reason of breach of this Agreement, the judgment shall award the recovery of attorney’s fees and costs to the Party obtaining such judgment. This provision shall survive termination of this Agreement.

18.5. **Dates.** If the final day of a period or a date of performance under this Agreement falls on a Saturday, Sunday or legal holiday, then the final day of any such period or any such date of performance will be deemed to fall on the next day which is not a Saturday, Sunday or legal holiday.

18.6. **Exhibits.** All exhibits referred to herein and attached hereto are incorporated into this Agreement as though fully set forth herein. To the extent of any conflict between the provisions in any exhibit or addenda attached to this Agreement and the provisions in the body of this Agreement, the provisions in the body of this Agreement shall control.

18.7. **Counterparts.** This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute one agreement. An electronic transmission or a .PDF of an executed counterpart shall be deemed to be an original.

18.8. **No Partnership.** Nothing contained herein and no act by Buyer or Seller in the performance of, or in any way related to, this Agreement will be construed to create or evidence in any manner an employment, partnership, agency or joint venture relationship between the Parties hereto. Buyer and Seller agree that it is their mutual intention that the sole relationship created between them by this Agreement is that of vendor and buyer.

18.9. **Obligations to Survive.** All representations, warranties, obligations and other agreements shall survive Closing and the execution and delivery of a Deed and shall not be merged therein. With respect to a termination of this Agreement, all representations, warranties, obligations and other agreements shall not survive a termination, unless (i) otherwise provided herein, or (ii) a representation, warranty, obligation or other agreement herein is intended for the benefit of a Lot acquired by Buyer.

18.10. **No Third-Party Beneficiaries.** Nothing in this Agreement, expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the Parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any Party hereto or give any third person any right of subrogation or action over or against any Party to this Agreement.

18.11. **No Waiver.** No waiver by one Party of the other's default, or any failure of one Party to exercise any right granted to the Party hereunder, will constitute a subsequent waiver of any default or right.

18.12. **Time of the Essence.** Time is of the essence in the performance of all obligations by Buyer and Seller under this Agreement. In computing any period of time herein, the date of the act or event from which the designated period of time begins to run shall not be included. As used herein, the term "business day" shall mean Monday through Friday, but excluding any state or federal legal or bank holiday

18.13. **Headings.** The headings contained in this Agreement are for reference purposes only and will not be considered in interpreting this Agreement.

18.14. **Construction of Contract.** All of the Parties to this Agreement participated freely in the negotiation and preparation hereof. Accordingly, this Agreement shall not be more strictly construed against any one of the Parties hereto.

18.15. **Governmental Authorities.** The term "Governmental Authority" or "Governmental Authorities," as the case may be, means the federal government, the Federal Housing Administration ("FHA"), the Department of Veteran's Affairs ("VA"), the Federal National Mortgage Association ("FNMA") the state in which the Property is located, the County, the City, and any department, agency or instrumentality of any of them, and any board, authority, agency, district, utility provider, homeowners association or other organization, whether public or private, having jurisdiction over the Property or any portion thereof and whose approval is necessary for the development of the Property or the satisfaction of any of the conditions contained in this Agreement.

18.16. **Governmental Requirements.** The term "Governmental Requirements" means all laws, rules, standards, specifications and requirements of all Governmental Authorities applicable to the development of the Subdivision or the Lots, including without limitation the FHA and VA standards and requirements for mortgage loans.

18.17. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the state in which the Property is located.

18.18. **Term Equality.** At all times after the Effective Date and through and until the earlier of (a) the termination of this Contract and (b) six (6) months respectively after the each of the Closings under this Contract, Seller shall not sell, convey, or enter into a contract with a third party to sell or convey any similar-sized residential lots within the Subdivision with price or terms less favorable to Seller than those offered to Buyer under this Agreement and if Seller breaches the foregoing, Seller shall notify Buyer, and Seller and Buyer, at Buyer's option, shall enter into an amendment to this Agreement acceptable to Buyer, amending this Agreement so that this Agreement has as favorable of terms for the Buyer as Seller has offered to another builder in the Subdivision, including without limitation a reduction in the Purchase Price and if the same arises after the applicable Closing, Seller shall reimburse Buyer for the difference.

18.19. **No Build for Rent Homes.** Neither Buyer nor an affiliate of Buyer will construct a residence on a Lot and offer it for rent. In addition, unless otherwise approved by Seller (not to be unreasonably withheld), Buyer will not enter into a sales contract with any institutional entity investor that has notified Buyer that it intends to rent the residence purchased from Buyer and Buyer will not enter into a sales contract to sell more than four constructed residences to a single purchaser.

18.20. **Notice to Purchasers of Real Property.** In accordance with the requirement of Texas law, Seller gives the following notice to Purchaser:

"The real property, described below, that you are about to purchase is located in the Southeast Regional Management District formerly named Harris-Montgomery Counties Management District. The district has taxing authority separate from any other taxing authority, and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the district on real property located in the district is \$1.25 on each \$100 of assessed valuation. The total amount of bonds, excluding refunding bonds and any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may, at this date, be issued is \$ _____ for water, sanitary sewer and drainage purposes and \$ _____ for road and park purposes, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the district and payable in whole or in part from property taxes is \$ _____ for water, sanitary sewer and drainage purposes and \$ _____ for road and park purposes.

The district has the authority to adopt and impose a standby fee on property in the district that has water, sanitary sewer, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity available to the property. The district may exercise the authority without holding an election on the matter. As of this date, the most recent amount of the standby fee is \$N/A because the District has not elected to impose a standby fee. An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the district stating the amount, if any, of unpaid standby fees on a tract of property in the district.

The district is located in whole or in part within the extra-territorial jurisdiction of the Cities of Houston, Tomball and Magnolia. By law, a district located within the extra-territorial jurisdiction of a municipality may be annexed and dissolved by municipal ordinance without the consent of the district or the voters of the district.

The purpose of this district is to provide water, sewer, drainage, or flood control facilities and services and roads and parks within the district through the issuance of bonds payable in whole or in part from property taxes. The cost of these facilities is not included in the purchase price of your property, and these utility facilities are owned or to be owned by the district. The legal description of the property you are acquiring is as follows: See Exhibit A attached hereto and made a part hereof."

At the Closing, Seller and Purchaser will execute a Notice to Buyer instrument in the form required by law.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties hereto have executed this Contract for Purchase and Sale and Escrow Instructions, effective as of the Effective

Date.

SELLER:

150 CCM Black Oak, LTD.

a Texas limited partnership

By: 150 Black Oak GP, Inc.

a Texas corporation

its general partner

By: /s/ Charles MacKenzie

Name: Charles MacKenzie

Title: VP

Date: October 28, 2022

BUYER:

Century Land Holdings of Texas, LLC

a Colorado limited liability company

By: /s/ Blake Roberts

Name: Blake Roberts

Title: Division President

Date: October 28, 2022

27

ACKNOWLEDGEMENT OF THE TITLE COMPANY

The undersigned Title Company hereby acknowledges receipt of counterparts of this Agreement duly executed by Seller and Buyer. In addition, the undersigned Title Company has read and agrees to be bound by the provisions of this Agreement with respect to the disbursement of the Earnest Money.

First American Title Company

Dated:

By:

Name:

Title:

28

EXHIBIT A
THE LAND / SUBDIVISION / LOTS

EXHIBIT B-2
DEVELOPMENT SCHEDULE

EXHIBIT B-3
POST COMPLETION WORK

EXHIBIT C
COMPLETION DOCUMENTS

EXHIBIT D
FORM OF SPECIAL WARRANTY DEED
SPECIAL WARRANTY DEED

EXHIBIT E
FORM OF GENERAL ASSIGNMENT AND BILL OF SALE
GENERAL ASSIGNMENT AND BILL OF SALE

Exhibit 10.58

Certain confidential information contained in this document, marked by brackets and asterisk ([***]), has been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K, because the Company customarily and actually treats such information as private or confidential and the omitted information is not material.

**FIRST AMENDMENT TO CONTRACT FOR PURCHASE
AND SALE AND ESCROW INSTRUCTIONS**

THIS FIRST AMENDMENT TO CONTRACT FOR PURCHASE AND SALE AND ESCROW INSTRUCTIONS (this “**Amendment**”) is entered into effective as of the 28th day of November, 2022 (the “**Effective Date**”), by and between **150 CCM Black Oak, Ltd.**, a Texas limited partnership (“**Seller**”), and **Century Land Holdings of Texas, LLC**, a Colorado limited liability company (“**Buyer**”).

WITNESSETH:

WHEREAS, Seller and Buyer are parties to that certain Contract for Purchase and Sale and Escrow Instructions dated as of October 28, 2022, for the purchase and sale of approximately 132 40’X100” single-family detached residential lots in Section 3 and 110 45’X120’ single-family detached residential lots in Section 2 of the subdivision known as Lakes at Black Oak located in Montgomery County, Texas (the “**Agreement**”); and

WHEREAS, Buyer and Seller desire to modify the Agreement, and the parties have agreed to execute this Amendment to reflect such modification to the Agreement.

NOW, FOR AND IN CONSIDERATION of the covenants, agreements and premises herein set forth, Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby expressly acknowledged by the parties hereto, the parties hereto intending to be legally bound hereby, do covenant and agree as follows:

- 1. Section 1 – Property.** Notwithstanding anything stated to the contrary in the Agreement, the number of lots in Section 3 is hereby amended to be approximately 131 and the Property shall not include the Section 2 Lots. Any and all references to the Section 2 Lots in the Agreement are hereby deleted.
- 2. Section 2 – Purchase Price.** Section 2(b) regarding the Purchase Price for the Section 2 Lots, and the last paragraph regarding the [***] lot price escalation, are hereby deleted in their entirety.
- 3. Section 3 – Deposit.** Section 3.2 is hereby deleted in its entirety. The Additional Earnest Money stated in Section 3.1 is hereby amended to be [***] and to add the following as the last sentence:

“The Earnest Money shall be credited against the Purchase Price at Closing.”

- 4. Section 4 – Closing.** Notwithstanding anything stated to the contrary in the Agreement, the Closing Date in Section 4.1 is amended to be the later of (i) January 12, 2023 or (ii) ten days after the Completion Date for the Section 3 Lots. Section 4.2 is hereby deleted in its entirety. Any and all references in the Agreement to multiple or subsequent closings are hereby deleted. References to “initial” or “each” closing shall instead be to just one closing.

- 5. Section 5.2 - Inspection Period.** The Inspection Period is hereby extended from November 28, 2022 to continue through and until 11:59 p.m. (Houston time) on December 6, 2022.

- 6. Incorporation of Recitals.** The recitals set forth above are true and correct and are incorporated herein by reference as if set forth fully herein.

- 7. Capitalized Terms.** All capitalized terms that are not otherwise defined herein shall be defined as set forth in the Agreement.

- 8. Effect of Amendment.** Except as modified in this Amendment, there are no changes to the Agreement, and the Agreement as herein modified remains in full force and effect as of the date hereof and is hereby ratified by the parties in all respects. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of either party for any default under the Agreement, nor constitute a waiver of any provision of the Agreement. In the event of a conflict between the Agreement and this Amendment, the terms of this Amendment shall control.

- 9. Multiple Counterparts.** This Amendment may be executed by the parties hereto individually or in combination or in one or more counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument. Signatures given by facsimile or portable document format shall be binding and effective to the same extent as original signatures.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

SELLER:

150 CCM Black Oak, Ltd.

a Texas limited partnership

By: /s/ Charles MacKenzie

Name: Charles MacKenzie

Title: Vice President

BUYER:

Century Land Holdings of Texas, LLC

a Colorado limited liability company

By: _____

Name: _____

Title: Authorized Signatory

Exhibit 21

150 CCM Black Oak, Ltd.

Texas

AHR Texas Two LLC	Delaware
AHR Texas Three LLC	Delaware
Alset Acquisition Sponsor, LLC	Delaware
Alset Business Development Pte. Ltd.	Singapore
Alset Global Pte. Ltd.	Singapore
Alset EHome Inc.	Delaware
Alset International Limited	Singapore
Alset Global Pte. Ltd.	Singapore
American Home REIT Inc.	Maryland
BMI Capital Partners International Limited.	Hong Kong
Hapi Metaverse Inc. (f.k.a. GigWorld Inc.)	Delaware
Global BioMedical Pte. Ltd.	Singapore
Global eHealth Limited	Hong Kong
Hapi Metaverse Inc. (f.k.a. GigWorld Inc.)	Delaware
HWH International Inc.	Delaware
HWH World Inc.	Korea
LiquidValue Asset Management Pte. Ltd.	Singapore
LiquidValue Development Inc.	Nevada
LiquidValue Development Pte. Ltd.	Singapore
SeD Maryland Development, LLC	Delaware
True Partner Intenational International Limited	Hong Kong

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (File No. 333-264234) of our report dated March 31, 2023 with respect to the consolidated financial statements of Alset Inc. and Subsidiaries, formerly known as Alset eHome International Inc. and Subsidiaries, included in its Annual Report (Form 10-K) for the years ended December 31, 2022 and 2021, filed with the Securities and Exchange Commission. We also consent to the reference to our firm under the heading "Experts" appearing therein.

Grassi & Co., CPAs, P.C.
Jericho, New York
March 31, 2023

Exhibit 31.1a

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 annual report on Form 10-K 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 fourth fiscal quarter 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.

Date: March 31, 2023 April 1, 2024

By: /s/ Chan Heng Fai

Chan Heng Fai
Chief Executive Officer

Exhibit 31.1b

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 annual report on Form 10-K 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 fourth fiscal quarter 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.

Date: March 31, 2023 April 1, 2024

By: /s/ Chan Tung Moe

Chan Tung Moe
Co-Chief Executive Officer

Exhibit 31.2a

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 annual report on Form 10-K 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 fourth fiscal quarter 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.

Date: March 31, 2023 April 1, 2024

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

Exhibit 31.2b

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 annual report on Form 10-K 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 fourth fiscal quarter 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.

Date: March 31, 2023 April 1, 2024

By: /s/ Lui Wai Leung Alan
Lui Wai Leung Alan
Co-Chief 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 Annual Report on Form 10-K of Alset Inc. (the “Company”) for the twelve month period ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officers hereby 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, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **March 31, 2023** **April 1, 2024**

/s/ Chan Heng Fai

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

Date: **March 31, 2023** **April 1, 2024**

/s/ Chan Tung Moe

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

Date: **March 31, 2023** **April 1, 2024**

/s/ Rongguo Wei

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

Date: **March 31, 2023** **April 1, 2024**

/s/ Lui Wai Leung Alan

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

Exhibit 97.1

ALSET INC.
CLAWBACK POLICY

Introduction

The Board of Directors (“**Board**”) of Alset Inc. (the “**Company**”) believes that it is in the best interests of the Company and its stockholders to adopt this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”), and Listing Rule 5608 of The Nasdaq Stock Market LLC (“**Nasdaq**”).

Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee of the Board (the “**Compensation Committee**”) or the Audit Committee of the Board (the “**Audit Committee**”), or any special committee comprised of members of the Compensation Committee or Audit Committee (the “**Administrator**”). Any determinations made by the Administrator shall be final and binding on all affected individuals. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

Covered Executives

This Policy applies to the Company’s current and former executive officers, as determined by the Administrator in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company’s securities are listed, and such other senior executives/employees who may from time to time be deemed subject to the Policy by the Administrator (each, a “**Covered Executive**”).

For the purposes of this Policy, “executive officers” shall include persons subject to reporting and short-swing liability provisions of Section 16 under the Exchange Act. This shall include the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company and any person identified under Regulation S-K Item 401(b) in the Company’s annual reports and proxy statements. Executive officers of a parent or subsidiary are deemed executive officers

of the listed company if they perform such policy-making functions for the listed company or such parent or subsidiary. The policy-making function is not intended to include policy-making functions that are not significant.

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Administrator will require, as promptly as it reasonably can, reimbursement or forfeiture of any Incentive Compensation, as defined below, received by any Covered Executive during the three (3) completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement (the "Restatement Date"), so long as the Incentive Compensation received by such Covered Executive is in excess of what would have been awarded or vested after giving effect to the accounting restatement. The amount to be recovered will be the excess of Incentive Compensation paid to the Covered Executive based on the erroneous data in the original financial statements over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, without respect to any taxes paid.

The Restatement Date is defined as the earlier of (i) the date the Board, a Board committee, or management (if no Board action is required) concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.

Incentive Compensation

For purposes of this Policy, "Incentive Compensation" means any of the following; *provided* that, such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual bonuses and other short- and long-term cash incentives.

- Stock options.

- Stock appreciation rights.

- Restricted stock.

- Restricted stock units.

- Performance shares.

- Performance units.

- Non-equity incentive plan awards.

Financial reporting measures include any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in-part from such measure. The following examples (and any measures derived therefrom) are non-exhaustive:

- Company stock price.

- Total shareholder return.

- Revenues.

- Net income.

- Operating income.

- Earnings before interest, taxes, depreciation, and amortization (EBITDA).

- Funds from operations and adjusted funds from operations.

- Liquidity measures such as working capital or operating cash flow.

- Return measures such as return on invested capital or return on assets.

- Earnings measures such as earnings per share.

- Profitability of one or more reportable segments.

- Financial ratios such as accounts receivable turnover.

- Cost per employee, where cost is subject to any accounting restatement.

- Any of such financial reporting measures relative to a peer group, where the Company's financial reporting measure is subject to an accounting restatement and tax basis income.

- Capital raised through debt or equity financing.

- Reductions in accounts receivables.

For the avoidance of doubt, Incentive Compensation does not include annual salary, compensation awarded based on completion of a specified period of service, or compensation awarded based on subjective standards, strategic measures, or operational measures.

Incentive Compensation includes incentive-based compensation received by a person:

- after beginning service as an executive officer;

- who serves as an executive officer at any time during the performance period for the incentive-based compensation;

- who served as an executive officer while the Company has a class of securities listed on a national securities exchange; and

- who serves as an executive officer during the three (3) fiscal years preceding the Restatement Date.

For the avoidance of doubt, subsequent changes in a Covered Executive's employment status, including retirement or termination of employment, do not affect the Company's rights to recover incentive-based compensation pursuant to this Policy.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Administrator. Incentive Compensation is deemed “received” during the fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if payment or grant of the Incentive Compensation occurs after the end of the period.

If the Administrator cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.

Method of Recoupment

The Administrator will determine, in its sole discretion, the method for recouping excess Incentive Compensation hereunder, which may include, without limitation:

- requiring reimbursement of cash Incentive Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- canceling outstanding vested or unvested equity awards; and/or
- taking any other remedial and recovery action permitted by law, as determined by the Administrator.

No Indemnification of Covered Executives

The Company shall not indemnify any current or former Covered Executive against the loss of any incorrectly awarded Incentive Compensation, and shall not pay, or reimburse any Covered Executive for premiums for any insurance policy to fund such executive’s potential recovery obligations.

Indemnification of the Administrator

Any members of the Administrator who assist in the administration of this Policy, shall not be personally liable for any action, determination, or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination, or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the Administrator under applicable law or Company policy.

Interpretation

The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, Rule 10D-1, Nasdaq Listing Rule 5608, and any other applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company’s securities are then listed.

Effective Date

This Policy shall be effective as of the date it is adopted by the Administrator (the “Effective Date”) and shall apply to Incentive Compensation that is approved, awarded, or granted to any Covered Executive on or after that date.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act, Rule 10D-1, and Nasdaq Listing Rule 5608 and to comply with any other rules or standards adopted by a national securities exchange on which the Company's securities are then listed. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Administrator intends that this Policy will be applied to the fullest extent of the law. The Administrator may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Impracticability

The Administrator shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Administrator in accordance with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators, or other legal representatives.

Exhibit Filing Requirement

A copy of this Policy and any amendments thereto shall be posted on the Company's website and filed as an exhibit to the Company's Annual Report on Form 10-K.

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