

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2023

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 001-4147

**Treasure Global Inc**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**36-4965082**

(I.R.S. Employer  
Identification No.)

**276 5th Avenue, Suite 704 #739,  
New York, New York 10001**

(Address of principal executive offices) (Zip Code)

**+6012 643 7688**

(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, par value \$0.00001 per share	TGL	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of February 14, 2024, the registrant had a total of 77,439,309 shares of its common stock, par value \$0.00001 per share, issued and outstanding.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends impacting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements.

Forward-looking statements include all statements that are not historical facts. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “seek,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “potential,” “might,” “forecast,” “continue” or the negative of those terms, and similar expressions and comparable terminology intended to reference future periods. Forward-looking statements include, but are not limited to, statements about:

- Our ability to effectively operate our business segments;
- Our ability to manage our research, development, expansion, growth and operating expenses;
- Our ability to evaluate and measure our business, prospects and performance metrics;
- Our ability to compete, directly and indirectly, and succeed in our highly competitive industry;
- Our ability to respond and adapt to changes in technology and customer behavior; and
- Our ability to protect our intellectual property and to develop, maintain and enhance a strong brand.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Accordingly, the forward-looking statements in this Quarterly Report on Form 10-Q should not be regarded as representations that the results or conditions described in such statements will occur or that our objectives and plans will be achieved, and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements.

PART I – FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

TREASURE GLOBAL INC. AND SUBSIDIARIES  
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2023 (Unaudited)	June 30, 2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,226,570	\$ 4,593,634
Accounts receivable, net	185,630	163,169
Inventories, net	126,884	400,543
Other receivables and other current assets	426,602	613,125
Other receivable, a related party	12,581	12,379
Prepayments	401,111	248,551
<b>Total current assets</b>	<b>2,379,378</b>	<b>6,031,401</b>
<b>OTHER ASSETS</b>		
Property and equipment, net	233,674	279,600
Intangible assets, net	1,626,449	-
Operating lease right-of-use assets	42,557	61,377
Investment in marketable securities	647,565	-
<b>Total other assets</b>	<b>2,550,245</b>	<b>340,977</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,929,623</b>	<b>\$ 6,372,378</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>CURRENT LIABILITIES</b>		
Related party loan, current portion	\$ 5,893	\$ 5,323
Insurance loan	-	160,292
Convertible notes payable, net of unamortized discounts of \$0 and \$358,284 as of December 31, 2023 and June 30, 2023, respectively	-	4,791,716
Accounts payable	168,539	42,853
Customer deposits	133,527	161,475
Contract liability	192,506	157,080
Other payables and accrued liabilities	612,988	723,396
Other payables, related parties	14,411	1,660
Amount due to related parties	-	320,960
Operating lease liabilities	33,194	40,274
Income tax payables	65,506	67,546
<b>Total current liabilities</b>	<b>1,226,564</b>	<b>6,472,575</b>
<b>NON-CURRENT LIABILITIES</b>		
Operating lease liabilities, non-current	10,785	22,036
Related party loan, non-current portion	5,564	8,099
<b>Total non-current liabilities</b>	<b>16,349</b>	<b>30,135</b>
<b>TOTAL LIABILITIES</b>	<b>1,242,913</b>	<b>6,502,710</b>
<b>COMMITMENTS AND CONTINGENCIES (NOTE 17)</b>		
<b>STOCKHOLDERS' EQUITY (DEFICIENCY)</b>		
Common stock, par value \$0.00001; 170,000,000 shares authorized, 69,239,309 and 17,901,353 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively	692	180
Additional paid-in capital	38,638,562	31,485,556
Accumulated deficit	(34,774,677)	(31,443,451)
Accumulated other comprehensive loss	(177,867)	(172,617)
<b>TOTAL STOCKHOLDERS' EQUITY (DEFICIENCY)</b>	<b>3,686,710</b>	<b>(130,332)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>	<b>\$ 4,929,623</b>	<b>\$ 6,372,378</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**TREASURE GLOBAL INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

	For the Three Months Ended		For the Six Months Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
REVENUES	\$ 6,713,805	\$ 20,444,168	\$ 20,177,700	\$ 36,000,508
COST OF REVENUES	(6,368,202)	(20,210,159)	(19,669,463)	(35,729,406)
GROSS PROFIT	345,603	234,009	508,237	271,102
SELLING	(510,640)	(1,266,300)	(1,272,343)	(2,559,330)
GENERAL AND ADMINISTRATIVE	(786,043)	(855,573)	(2,023,210)	(1,666,319)
RESEARCH AND DEVELOPMENT	(138,236)	(167,933)	(220,628)	(297,230)
STOCK-BASED COMPENSATION	-	-	-	(439,332)
TOTAL OPERATING EXPENSES	(1,434,919)	(2,289,806)	(3,516,181)	(4,962,211)
LOSS FROM OPERATIONS	(1,089,316)	(2,055,797)	(3,007,944)	(4,691,109)
OTHER (EXPENSE) INCOME				
Other (expense) income, net	(225,721)	55,187	(197,321)	69,512
Interest expense	(21,593)	(55)	(69,442)	(41,840)
Unrealized holding loss on marketable securities	(412,607)	-	(352,435)	-
Other income from software developing service, net of cost	675,131	-	675,131	-
Amortization of debt discount	(119,402)	-	(358,284)	(998,076)
TOTAL OTHER INCOME (EXPENSE), NET	(104,192)	55,132	(302,351)	(970,404)
LOSS BEFORE INCOME TAXES	(1,193,508)	(2,000,665)	(3,310,295)	(5,661,513)
PROVISION FOR INCOME TAXES	(6,006)	(11,500)	(20,931)	(23,000)
NET LOSS	(1,199,514)	(2,012,165)	(3,331,226)	(5,684,513)
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation adjustment	(5,293)	49,998	(5,250)	(85,278)
COMPREHENSIVE LOSS	\$ (1,204,807)	\$ (1,962,167)	\$ (3,336,476)	\$ (5,769,791)
LOSS PER SHARE				
Basic and diluted	\$ (0.03)	\$ (0.12)	\$ (0.12)	\$ (0.36)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic and diluted	37,794,450	17,288,116	28,106,060	15,598,984

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**TREASURE GLOBAL INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN STOCKHOLDERS' EQUITY (DEFICIENCY)**

	COMMON STOCK		ADDITIONAL PAID IN CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL STOCKHOLDERS' EQUITY (DEFICIENCY)
	NUMBER OF SHARES	PAR VALUE				
<b>Balance as of June 30, 2023</b>	17,901,353	180	31,485,556	\$ (31,443,451)	(172,617)	(130,332)
Net loss	-	-	-	(2,131,712)	-	(2,131,712)
Conversion of convertible note payable	2,822,472	28	1,325,610	-	-	1,325,638
Foreign currency translation adjustments	-	-	-	-	43	43
<b>Balance as of September 30, 2023 (Unaudited)</b>	20,723,825	\$ 208	\$ 32,811,166	\$ (33,575,163)	\$ (172,574)	\$ (936,363)
Net loss	-	-	-	(1,199,514)	-	(1,199,514)
Conversion of convertible note payable	1,941,728	19	485,413	-	-	485,432
Issuance of common stock to related parties for debts cancellation	1,816,735	18	321,544	-	-	321,562
Issuance of common stock for acquiring intangible assets	12,943,021	129	1,562,871	-	-	1,563,000
Issuance of common stock and prefunded warrants in underwritten public offering, net of issuance costs	26,014,000	260	3,457,046	-	-	3,457,306
Exercise of prefunded warrants into common stock	5,800,000	58	522	-	-	580
Foreign currency translation adjustments	-	-	-	-	(5,293)	(5,293)
<b>Balance as of December 31, 2023 (Unaudited)</b>	69,239,309	692	38,638,562	(34,774,677)	(177,867)	3,686,710

	COMMON STOCK		ADDITIONAL PAID IN CAPITAL	ACCUMULATED DEFICIT	OTHER COMPREHENSIVE INCOME (LOSS)	STOCKHOLDERS' EQUITY (DEFICIENCY)
	NUMBER OF SHARES	PAR VALUE				
<b>Balance as of June 30, 2022</b>	10,545,251	105	4,020,552	(19,715,740)	98,524	(15,596,559)
Beneficial conversion feature from issuance of convertible notes	-	-	537,383	-	-	537,383
Net loss	-	-	-	(3,672,348)	-	(3,672,348)
Issuance of common stock - non-employee stock compensation	109,833	1	439,331	-	-	439,332
Conversion of convertible note payable	3,822,617	38	14,097,376	-	-	14,097,414
Conversion of convertible note payable, related parties	353,272	4	2,437,570	-	-	2,437,574
Issuance of common stock in initial public offering, net of issuance costs	2,300,000	23	7,951,202	-	-	7,951,225
Fair value of warrants issued in initial public offering	-	-	175,349	-	-	175,349
Issuance of warrants - non- employee stock compensation	-	-	856,170	-	-	856,170
Cashless exercise of warrants- non- employee stock compensation into common stock	157,143	2	(2)	-	-	-
Foreign currency translation adjustments	-	-	-	-	(135,276)	(135,276)
<b>Balance as of September 30, 2022 (Unaudited)</b>	17,288,116	\$ 173	\$ 30,514,931	\$ (23,388,088)	\$ (36,752)	\$ 7,090,264
Net loss	-	-	-	(2,012,165)	-	(2,012,165)
Foreign currency translation adjustments	-	-	-	-	49,998	49,998
<b>Balance as of December 31, 2022 (Unaudited)</b>	17,288,116	173	30,514,931	(25,400,253)	13,246	5,128,097

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**TREASURE GLOBAL INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Six Months Ended December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (3,331,226)	\$ (5,684,513)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	64,171	62,908
Amortization of intangible assets	131,834	-
Amortization of debt discounts	358,284	998,076
Amortization of operating right-of-use assets	19,521	16,787
Provision for estimated credit losses	53,250	-
Inventories impairment	486	-
Stock-based compensation	-	439,332
Other income from software developing service	(1,000,000)	-
Unrealized holding loss on marketable securities	352,435	-
Change in operating assets and liabilities		
Accounts receivable	(72,759)	(51,958)
Inventories	275,484	18,222
Other receivables and other current assets	200,765	(299,676)
Prepayments	(146,285)	(318,556)
Accounts payable	123,112	59,413
Accounts payable, related parties	-	(13,953)
Customer deposits	(30,117)	33,221
Contract liability	32,376	80,716
Other payables and accrued liabilities	(91,019)	7,881
Other payables, related parties	-	30,524
Operating lease liabilities	(19,054)	(19,815)
Income tax payables	(10,624)	23,000
Net cash used in operating activities	<u>(3,089,366)</u>	<u>(4,618,391)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of equipment	(14,451)	(72,306)
Purchases of intangible asset	(192,477)	-
Net cash used in investing activities	<u>(206,928)</u>	<u>(72,306)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of deferred offering cost	-	(15,000)
Proceeds from issuance of common stock in initial public offering	-	8,235,110
Proceeds from issuance of common stock and prefunded warrants in November 2023 Offering	3,457,306	-
Proceeds received from exercising prefunded warrants	580	-
Advance proceeds received from exercising prefunded warrants	820	-
Principal payments of insurance loan	(160,292)	-
Payments of related party loan	(2,150)	(1,915)
Proceeds from issuance of convertible notes	-	2,672,092
Repayments of convertible notes	(3,367,290)	-
Repayment of senior note	-	(65,000)
Repayments to related parties	-	(1,728,225)
Proceeds from third party loans	-	552,438
Repayments to third party loans	-	(1,933,151)
Net cash (used in) provided by financing activities	<u>(71,026)</u>	<u>7,716,349</u>
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	256	(150,270)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,367,064)	2,875,382
CASH AND CASH EQUIVALENTS, beginning of period	4,593,634	1,845,232
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,226,570</u>	<u>\$ 4,720,614</u>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>		
Income taxes paid	\$ 29,957	\$ -
Interest paid	\$ 23,599	\$ 42,998
<b>SUPPLEMENTAL NON-CASH FLOWS INFORMATION</b>		
Offering costs paid in the prior period	\$ -	\$ 93,536
Beneficial conversion feature resulted from issuance of convertible notes	\$ -	\$ 537,383
Fair value of warrants issued to underwriter	\$ -	\$ 175,349
Fair value of warrants issued to consultant	\$ -	\$ 856,170
Fair value of common stock issued to consultant	\$ -	\$ 439,332
Recognition of operating right-of-use asset and lease liability	\$ -	\$ 86,900

Conversion of convertible note payable, net of unamortized discounts	\$ 1,811,070	\$ 14,097,414
Conversion of convertible note payable, related parties	\$ -	\$ 2,437,574
Marketable securities received as in exchange of software developing service	\$ 1,000,000	\$ -
Issuance of common stock to related parties for debts cancellation	\$ 321,562	\$ -
Issuance of common stock for acquiring intangible assets	\$ 1,563,000	\$ -

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



**TREASURE GLOBAL INC AND SUBSIDIARIES**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – Nature of business and organization**

Treasure Global Inc. (“TGL” or the “Company”) is a holding company incorporated on March 20, 2020, under the laws of the State of Delaware. The Company has no substantive operations other than holding all of the outstanding shares of ZCity Sdn. Bhd. (“ZCITY”), (formerly known as Gem Reward Sdn. Bhd, underwent a name change on July 20, 2023). ZCITY was originally established under the laws of the Malaysia on June 6, 2017, through a reverse recapitalization.

On March 11, 2021, TGL completed a reverse recapitalization (“Reorganization”) under common control of its then existing stockholders, who collectively owned all of the equity interests of ZCITY prior to the Reorganization through a Share Swap Agreement. ZCITY is under common control of the same stockholders of TGL through a beneficial ownership agreement, which results in the consolidation of ZCITY and has been accounted for as a Reorganization of entities under common control at carrying value. Before and after the Reorganization, the Company, together with its subsidiaries is effectively controlled by the same stockholders, and therefore the Reorganization is considered as a recapitalization of entities under common control in accordance with Accounting Standards Codification (“ASC”) 805-50-25. The consolidation of the Company and its subsidiaries have been accounted for at historical cost and prepared on the basis as if the aforementioned transactions had become effective as of the beginning of the first period presented in the accompanying unaudited condensed consolidated financial statements in accordance with ASC 805-50-45-5.

The Company, through its wholly owned subsidiary, ZCITY, engages in the payment processing industry and operate an online-to-offline (“O2O”) e-commerce platform known as “ZCITY”. The Company has extensive business interests in creating an innovative O2O e-commerce platform with an instant rebate and affiliate cashback program business model, focusing on providing a seamless payment solution and capitalizing on big data using artificial intelligence technology. The Company’s proprietary product is an internet application (or “app”) called “ZCITY App”. ZCITY App drives user app download and transactions by providing instant rebate and cashback. The Company aims to transform and simplify a user’s e-payment gateway experience by providing great deals, rewards and promotions with every use in an effort to make it Malaysia’s top reward and payment gateway platform.

On April 12, 2023, the Company entered into a share sale agreement (the “Agreement”) with Damanhuri Bin Hussien (“DBH”), an unrelated party. Pursuant to the Agreement, the Company agreed to purchase 10,000 units of ordinary shares, representing a 100% equity interest in Foodlink Global Sdn. Bhd. (“Foodlink”), along with its two wholly-owned subsidiaries, Morgan Global Sdn. Bhd (“Morgan”) and AY Food Ventures Sdn. Bhd. (“AY Food”), for a consideration of approximately \$3,000 from DBH.

Foodlink, Morgan, and AY Food are engaged in the operation of sub-licensing restaurant branding and the selling and trading of food and beverage products. Since Foodlink, Morgan, and AY Food are blank check companies that were incorporated in January 2023 without any operating history prior to the acquisition, the acquisition of these entities is immaterial to the Company’s unaudited condensed consolidated financial statements.

The accompanying unaudited condensed consolidated financial statements reflect the activities of TGL and each of the following entities.

Name	Background	Ownership
ZCITY Sdn Bhd (formerly known as Gem Reward Sdn. Bhd.) (“ZCITY”)	<ul style="list-style-type: none"> <li>• A Malaysian company</li> <li>• Incorporated in June 2017</li> <li>• Operated O2O e-commerce platform known as ZCITY</li> </ul>	100% owned by TGL
Foodlink Global Sdn. Bhd. (“Foodlink”)	<ul style="list-style-type: none"> <li>• A Malaysian company</li> <li>• Incorporated in January 2023</li> <li>• Sub-licensing restaurant branding and selling and trading of foods and beverage products.</li> </ul>	100% owned by TGL
Morgan Global Sdn. Bhd. (“Morgan”)	<ul style="list-style-type: none"> <li>• A Malaysian company</li> <li>• Incorporated in January 2023</li> <li>• Sub-licensing restaurant branding and selling and trading of foods and beverage products.</li> </ul>	100% owned by Foodlink
AY Food Ventures Sdn. Bhd. (“AY Food”)	<ul style="list-style-type: none"> <li>• A Malaysian company</li> <li>• Incorporated in January 2023</li> <li>• Sub-licensing restaurant branding and selling and trading of foods and beverage products.</li> </ul>	100% owned by Foodlink

## Note 2 – Summary of significant accounting policies

### Going concern

In assessing the Company’s liquidity and the significant doubt about its ability to continue as a going concern, the Company monitors and analyzes cash on hand and operating expenditure commitments. The Company’s liquidity needs are to meet working capital requirements and operating expense obligations. To date, the Company has financed its operations primarily through cash flows from contributions from stockholders, issuance of convertible notes from third parties and related parties, related party loans, its initial underwritten public offering (the “Offering”), and its underwritten public offering (the “November 2023 Offering”).

The Company’s management has considered whether there is substantial doubt about its ability to continue as a going concern due to: (1) recurring loss from operations of approximately \$3.0 million for the six months ended December 31, 2023; (2) accumulated deficit of approximately \$34.8 million as of December 31, 2023; and (3) net operating cash outflow of approximately \$3.1 million for the six months ended December 31, 2023.

On August 15, 2022, the Company closed its Offering of 2,300,000 shares of common stock, par value \$0.00001 per share, at \$4.00 per share. The Company received aggregate net proceeds from the closing of approximately \$8.2 million, after deducting underwriting discounts, commissions, fees, and other estimated offering expenses.

From February 2023 to June 2023, the Company issued two convertible notes to a third party, in an aggregate principal amount of \$5,500,000. Upon completion of these transactions, the Company received \$5,060,000 in net proceeds from this third party, net of debt discount. The convertible notes accrue or will accrue interest expense at 4% per annum and have a 12-month term.

On November 30, 2023, the Company closed its November 2023 Offering of (i) 26,014,000 shares of common stock, par value \$0.00001 per share, at a public offering price of \$0.10 per share of Common Stock and (ii) 14,000,000 pre-funded warrants (the “Pre-Funded Warrants”), each with the right to purchase one share of Common Stock, at a public offering price of \$0.0999 per Pre-Funded Warrants. Upon closing of the November 2023 Offering, the Company received an aggregate net proceed of approximately \$3.5 million, after deducting underwriting discounts, and non-accountable expense.

Despite receiving the net proceeds from its Offering, November 2023 Offering, and the issuance of convertible notes, the Company’s management is of the opinion that it will not have sufficient funds to meet the Company’s working capital requirements and debt obligations as they become due starting from one year from the date of this report due to the recurring loss. Therefore, management has determined that there is a significant doubt about its ability to continue as a going concern. If the Company is unable to generate significant revenue, it may be required to curtail or cease its operations. Management is trying to alleviate the going concern risk through the following sources:

- Equity financing to support its working capital;
- Other available sources of financing (including debt) from Malaysian banks and other financial institutions; and
- Financial support and credit guarantee commitments from the Company’s related parties.

There, however, is no guarantee that the substantial doubt about the Company’s ability to continue as a going concern will be alleviated.

### Basis of presentation

The accompanying unaudited condensed consolidated financial statements of the Company has been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the SEC and pursuant to Regulation S-X. Certain information and footnote disclosures, which are normally included in annual financial statements prepared in accordance with U.S. GAAP, have been omitted pursuant to those rules and regulations. The unaudited condensed financial information should be read in conjunction with the audited financial statements and the notes thereto, included in the Form 10-K for the fiscal year ended June 30, 2023.

In the opinion of management, all adjustments (including normal recurring adjustments) necessary to present a fair statement of the Company’s unaudited financial position as of December 31, 2023, its unaudited results of operations for the three and six months ended December 31, 2023 and 2022, and its unaudited cash flows for the six months ended December 31, 2023 and 2022, as applicable, have been made. The unaudited results of operations are not necessarily indicative of the operating results for the full fiscal year or any future periods.

### Principles of consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and include the assets, liabilities, revenues and expenses of the subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation.

Subsidiary is entity in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of directors.

### Enterprise wide disclosure

The Company’s Chief Operating Decision Makers (CODM), which include the Chief Executive Officer and their direct reports, review financial information presented on a consolidated basis. This information is accompanied by a breakdown of revenues from different revenue streams, facilitating resource allocation and financial performance evaluation. The reporting of operating segments aligns with the internal reports provided to the CODM, a group composed of specific members of the Company’s management team.

As of December 31, 2023, the Company had two operating segments: (1) revenue generated from the ZCITY platform and (2) revenue from food and beverage products, along with sublicensing revenue. However, upon assessing both the qualitative and quantitative criteria outlined in ASC 280, ‘Segment Reporting,’ it was determined that the operating segments related to food and beverage product revenue and sublicensing revenue did not meet the quantitative criteria. Consequently, the Company considers itself to be operating within a single reportable segment.

### Use of estimates

The preparation of these unaudited condensed 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 disclosures of contingent assets and liabilities as of the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Significant accounting estimates reflected in our unaudited condensed consolidated financial statements include the estimated retail price per point and estimated breakage to calculate the revenue recognized in our loyalty program revenue, useful lives of property and equipment, impairment of long-lived assets, allowance for credit loss, write-down for estimated obsolescence or unmarketable inventories, realization of deferred tax assets and uncertain tax position, fair value of our stock price to determine the beneficial conversion feature (“BCF”) within the convertible note, fair value of the stock-based compensation, fair value of the marketable securities, and fair value of the warrants issued. Actual results could differ from these estimates.

### Foreign currency translation and transaction

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the applicable exchange rates at the balance sheet dates. The resulting exchange differences are recorded in the unaudited condensed consolidated statements of operations and comprehensive loss. The reporting currency of the Company is United States Dollars (“US\$”) and the accompanying unaudited condensed consolidated financial statements have been expressed in US\$. The Company’s subsidiaries in Malaysia conducts their businesses and maintains their books and record in the local currency, Malaysian Ringgit (“MYR” or “RM”), as its functional currency. In general, for consolidation purposes, assets and liabilities of its subsidiaries whose functional currency is not US\$ are translated into US\$, in accordance with ASC Topic 830-30, “Translation of Financial Statement”, using the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from translation of financial statements of foreign subsidiaries are recorded as a separate component of accumulated other comprehensive gain or loss within the unaudited condensed consolidated statements of changes in stockholders’ deficiency. Cash flows are also translated at average translation rates for the periods, therefore, amounts reported on the unaudited condensed consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the unaudited condensed consolidated balance sheets.

Translation of foreign currencies into US\$1 have been made at the following exchange rates for the respective periods:

	As of	
	December 31, 2023	June 30, 2023
Period-end MYR: US\$1 exchange rate	4.59	4.67
	For the six months ended December 31,	
	2023	2022
Period-average MYR: US\$1 exchange rate	4.66	4.53

### Cash and cash equivalents

Cash is carried at cost and represent cash on hand, time deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less. Cash equivalents consist of funds received from customer, which funds were held at the third-party platform’s fund account, and which are unrestricted and immediately available for withdrawal and use.

### Accounts receivable, net

Accounts receivable are recorded at the invoiced amount less an allowance for any uncollectible accounts and do not bear interest. The Company provides various payment terms from cash due on delivery to 90 days based on customer’s credibility. Accounts receivable include money due from sales of health care product on its ZCITY platform as well as sublicensing revenue, and sales of food and beverage products. Starting from July 1, 2023, the Company adopted ASU No.2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASC Topic 326”). The Company used a modified retrospective approach, and the adoption does not have an impact on our unaudited condensed consolidated financial statements. The carrying value of accounts receivable is reduced by an allowance for credit losses that reflects the Company’s best estimate of the amounts that will not be collected. An allowance for credit losses is recorded in the period when a loss is probable based on an assessment of specific evidence indicating collection is unlikely, historical bad debt rates, accounts aging, financial conditions of the customer and industry trends. Management also periodically evaluates individual customer’s financial condition, credit history, and the current economic conditions to make adjustments in the allowance for credit losses when it is considered necessary. Account balances are charged off against the allowance for credit losses after all means of collection have been exhausted and the potential for recovery is considered remote. The Company’s management continues to evaluate the reasonableness of the valuation allowance policy and update it if necessary. As of December 31, 2023 and June 30, 2023, the Company recorded \$54,280, and \$214 of allowance for credit loss, respectively.

For the six months ended December 31, 2023 and 2022, the Company record \$53,250 and \$0 additional allowance for credit loss against accounts receivable, respectively.

For the three months ended December 31, 2023 and 2022, the Company record \$5,465 and \$0 additional allowance for credit loss against accounts receivable, respectively.

#### Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined on a first in first out method. Costs include gift card or “E-voucher” pin code which are purchased from the Company’s suppliers as merchandized goods or store credit. Costs also included health care products, foods and beverage products which are purchased from the Company’s suppliers as merchandized goods. Management compares the cost of inventories with the net realizable value and if applicable, an allowance is made for writing down the inventory to its net realizable value, if lower than cost. On an ongoing basis, inventories are reviewed for potential write-down for estimated obsolescence or unmarketable inventories which equals the difference between the costs of inventories and the estimated net realizable value based upon forecasts for future demand and market conditions. When inventories are written-down to the lower of cost or net realizable value, it is not marked up subsequently based on changes in underlying facts and circumstances. For the three and six months ended December 31, 2023, the Company recorded \$486 write-down for inventories. For the three and six months ended December 31, 2022, the Company did not record any write-down for inventories.

#### Other receivables and other current assets

Other receivables and other current assets primarily include prepayment made by the Company to third parties for cyber security service, director & officer liability insurance (“D&O Insurance”), other professional fee. Other receivables and other current assets also include refundable advance to third party service provider, and other deposits. Management regularly reviews the aging of receivables and changes in payment trends and records allowances when management believes collection of amounts due are at risk. Accounts considered uncollectable are written off against allowances after exhaustive efforts at collection are made. As of December 31, 2023 and June 30, 2023, no allowance for doubtful account was recorded.

#### Prepayments

Prepayments and deposits are mainly cash deposited or advanced to suppliers for future inventory purchases. This amount is refundable and bears no interest. For any prepayments determined by management that such advances will not be in receipts of inventories, services, or refundable, the Company will recognize an allowance account to reserve such balances. Management reviews its prepayments on a regular basis to determine if the allowance is adequate, and adjusts the allowance when necessary. Delinquent account balances are written-off against allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. The Company’s management continues to evaluate the reasonableness of the valuation allowance policy and update it if necessary. As of December 31, 2023 and June 30, 2023, no allowance for doubtful account was recorded.

#### Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with no residual value. The estimated useful lives are as follows:

	<b>Expected useful lives</b>
Computer and office equipment	5 years
Furniture and fixtures	3-5 years
Motor vehicles	5 years
Leasehold improvement	3 years

The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts and any gain or loss is included in the unaudited condensed consolidated statements of operations and comprehensive loss. Expenditures for maintenance and repairs are charged to earnings as incurred, while additions, renewals and betterments, which are expected to extend the useful life of assets, are capitalized. The Company also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives.

#### Intangible assets, net

The Company's acquired intangible assets with definite useful lives only consist of internal used software. The Company amortizes its intangible assets with definite useful lives over their estimated useful lives and reviews these assets for impairment. The Company typically amortizes its internal use software with definite useful lives on a straight-line basis over the shorter of the contractual terms or the estimated economic lives, which is determined to be approximately one to five years.

#### Impairment for long-lived assets

Long-lived assets, including property and equipment with finite lives are reviewed for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be recoverable. The Company assesses the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, the Company would reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values. As of December 31, 2023 and June 30, 2023, no impairment of long-lived assets was recognized.

#### Investment in marketable securities

The Company follows the provisions of ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. Investments in marketable equity securities (non-current) are reported at fair value with changes in fair value recognized in the Company's unaudited condensed consolidated statements of operations and comprehensive loss in the caption of "unrealized holding loss on marketable securities" in each reporting period.

#### Customer deposits

Customer deposits represent amounts advanced by customers on service order. Customer deposits are reduced when the related sale is recognized in accordance with the Company's revenue recognition policy. Additionally, customer deposits also include unamortized member subscription revenue.

### Convertible notes

The Company evaluates its convertible notes to determine if those contracts or embedded components of those contracts qualify as derivatives. The result of this accounting treatment is that the fair value of the embedded derivative is recorded at fair value each reporting period and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statements of operations as other income or expense.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

If the conversion features of conventional convertible debt provide for a rate of conversion that is below market value at issuance, this feature is characterized as a beneficial conversion feature (“BCF”). A BCF is recorded by the Company as a debt discount pursuant to ASC Topic 470-20 “Debt with Conversion and Other Options.” In those circumstances, the convertible debt is recorded net of the discount related to the BCF, and the Company amortizes the discount to interest expense, over the life of the debt.

Upon conversion, the carrying amount of the convertible note, net of the unamortized discount shall be reduced by, if any, the cash (or other assets) transferred and then shall be recognized in the capital accounts to reflect the shares issued and no gain or loss is recognized pursuant to ASC Topic 470-20-40-4.

### Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company’s own common stock and whether the warrant holders could potentially require “net cash settlement” in a circumstance outside of the Company’s control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of equity at the time of issuance. As the Company’s warrants meet all of the criteria for equity classification, so the Company classified each warrant as its own equity.

### Revenue recognition

The Company adopted Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (ASC Topic 606) for all periods presented. The core principle underlying the revenue recognition of this ASU allows the Company to recognize - revenue that represents the transfer of goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in such exchange. This will require the Company to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when control of goods and services transfers to a customer.

To achieve that core principle, the Company applies five-step model to recognize revenue from customer contracts. The five-step model requires that the Company (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocate the transaction price to the respective performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies the performance obligation.

The Company accounts for a contract with a customer when the contract is committed in writing, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of substantially collection.

Revenue recognition policies for each type of revenue stream are as follows:

Product revenue

- Performance obligations satisfied at a point in time

The Company primarily sells discounted gift cards (or E-vouchers) from retailers, health care products and computer products through individual order directly through the Company's online marketplace platform and its mobile application ("ZCITY"). In addition, the Company through its subsidiaries, Morgan and AY Food, engages in sales of food and beverage products. When the Company is acting as a principal in the transaction, the Company accounts for the revenue generated from its sales of E-vouchers, health care products, computer products, and food and beverage product on a gross basis as the Company is responsible for fulfilling the promise to provide the specified goods, which the Company has control of the goods and has the ability to direct the use of goods to obtain substantially all the benefits. In making this determination, the Company assesses whether it is primarily obligated in these transactions, is subject to inventory risk, has latitude in establishing prices, or has met several but not all of these indicators in accordance with ASC 606-10-55-36 through 40. The Company determined that it is primarily responsible for fulfilling the promise to provide the specified good as the Company directly purchases and pays for in full the applicable E-voucher, health care products and computer products from the vendors prior to posting of such products for sale on its online marketplace platform and prior to taking any orders for sales of such products. Meanwhile, the Company maintained an average daily inventory of approximately \$380,178 to support an average 3.6 days of sales during the six months ended December 31, 2023, which demonstrate the Company had control over the products prior to selling it to the customers as the ownership of the products did not transfer momentarily to the customer after the Company purchased the products from vendors. In addition, the Company cannot return the products to the vendors due to lack of sales which demonstrated that the Company is subject to inventory risk, and it has discretion in establishing the price of the products which has demonstrated that the Company has the ability to direct the use of that good or service and obtain substantially all of the remaining benefits.

In certain instances, the Company is acting as an agent in the transaction and is engaging in drop shipping arrangements for health care, food, and beverage products, where the products were shipped directly from the vendors to the customers. In these drop shipping transactions, the Company was not primarily responsible for fulfilling the promise to deliver the products to the customers, and as a result, did not exercise control over the goods or assume any inventory risks. Therefore, the Company determined that revenue from sales of products under the drop shipping arrangements were recognized on a net basis.

The Company recognizes the sales of E-vouchers, health care products, computer products, and food and beverage products revenue when the control of the specified goods is transferred to its customer. No refund or return policy is provided to the customer. For the three and six months ended December 31, 2023, approximately \$0.1 million and \$0.3 million of product revenues are related to non-spending related activities with the same amount recorded as selling expenses, respectively. For the three and six months ended December 31, 2022, approximately \$0.6 million and \$1.0 million of product revenues are related to non-spending related activities with the same amount recorded as selling expenses, respectively.

Loyalty program

- Performance obligations satisfied at a point in time

The Company's ZCITY reward loyalty program allows members to earn points on purchases that can be redeemed for rewards that include discounts on future purchases. When members purchase the Company's product or make purchase with the Company's participated vendor through ZCITY, the Company allocate the transaction price between the product and service, and the reward points earned based on the relative stand-alone selling prices and expected point redemption. The portion allocated to the reward points is initially recorded as contract liability and subsequently recognized as revenue upon redemption or expiration.

The two primary estimates utilized to record the contract liabilities for reward points earned by members are the estimated retail price per point and estimated breakage. The estimated retail price per point is based on the actual historical retail prices of product purchased or service obtained through the redemption of reward points. The Company estimate breakage of reward points based on historical redemption rates. The Company continually evaluates its methodology and assumptions based on developments in retail price per point redeemed, redemption patterns and other factors. Changes in the retail price per point and redemption rates have the effect of either increasing or decreasing the contract liabilities through current period revenue by an amount estimated to represent the retail value of all points previously earned but not yet redeemed by loyalty program members as of the end of the reporting period.



### Transactions revenue

- Performance obligations satisfied at a point in time

The transactions revenues primarily consist of fees charged to merchants for participating in ZCITY upon successful sales transaction and payment service taken place between the merchants and their customers online.

The Company earns transaction revenue from merchants when transactions are completed on certain retail marketplaces. Such revenue is generally determined as a percentage based on the value of merchandise or services being sold by the merchants. In connection with the transaction revenue, the Company offers to share the profit of the transaction (“agent commission”) to the agents who has referred merchants to participating in Company’s online marketplace platform and in ZCITY. Transaction revenue is recognized, net of agent commission, in the consolidated statements of operations at the time when the underlying transaction is completed.

### Member subscription revenue

- Performance obligations satisfied over time

In order to attract more customer to engage with the Company’s online marketplace and in ZCITY, the Company provides membership subscription to the customers to join the Zmember program, a membership program that provides member with benefits which included exclusive saving, bonus, and referral rewards. Member subscription revenue primarily consists of fees charge to customers who sign up for Zmember. As the Company provides customers with 6 months member subscription service in general, member subscription revenue is recognized in the consolidated statement of operation over the time across the subscription period.

### Sublicense revenue

- Performance obligations satisfied over time

The Company, through its wholly-owned subsidiaries, Morgan and AY Food, generates revenue by sublicensing the right to use the Licensor’s Trademark to its customers. Since the sublicense fee is charged to customers on a monthly basis throughout the contractual period, the Company recognizes sublicense revenue in the consolidated statements of operations over the duration of the contract. Furthermore, the Company establishes itself as the principal in these arrangements, as it possesses the latitude to establish pricing and assumes the inventory risk associated with fulfilling the minimum payment obligations to the Trademark’s licensor regardless of the number of sublicensees engaged by the Company during the license period.

Disaggregated information of revenues by products/services are as follows:

	For the three months ended December 31,		For the six months ended December 31,	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Gift card or “E-voucher” revenue <sup>(1)</sup>	\$ 6,031,180	\$ 20,015,320	\$ 18,869,906	\$ 35,450,651
Health care products, computer products, and food and beverage products revenue <sup>(1)</sup>	421,935	64,700	726,266	77,000
Loyalty program revenue <sup>(1)</sup>	35,704	213,506	107,817	238,689
Transaction revenue <sup>(1)</sup>	15,867	17,126	36,075	32,344
Member subscription revenue <sup>(2)</sup>	148,205	-	321,424	201,824
Sublicense revenue <sup>(2)</sup>	60,914	133,516	116,212	-
Total revenues	<u>\$ 6,713,805</u>	<u>\$ 20,444,168</u>	<u>\$ 20,177,700</u>	<u>\$ 36,000,508</u>

(1) Revenue recognized at a point in time.

(2) Revenue recognized over time.

### Cost of revenue

Cost of revenue sold mainly consists of the purchases of the gift card or “E-voucher” pin code, and health care products which is directly attributable to the sales of product on the Company’s online marketplace platform. In addition, cost of revenue sold also consists of purchase of food and beverage products for resales and license payment to Trademark’s licensor for sublicense revenue.

### Advertising costs

Advertising costs amounted to \$393,306 and \$916,814 for the three and six months ended December 31, 2023 respectively. Advertising costs amounted to \$944,639 and \$1,968,450 for the three and six months ended December 31, 2022, respectively.

### Research and development

Research and development expenses include salaries and other compensation-related expenses to the Company’s research and product development personnel, and related expenses for the Company’s research and product development team. Research and development expenses amounted to \$138,236 and \$220,628 for the three and six months ended December 31, 2023, respectively. Research and development expenses amounted to \$167,933 and \$297,230 for the three and six months ended December 31, 2022, respectively.

### Defined contribution plan

The full-time employees of the Company are entitled to the government mandated defined contribution plan. The Company is required to accrue and pay for these benefits based on certain percentages of the employees’ respective salaries, subject to certain ceilings, in accordance with the relevant government regulations, and make cash contributions to the government mandated defined contribution plan. Total expenses for the plans were \$70,019 and \$137,231 for the three and six months ended December 31, 2023, respectively. Total expenses for the plans were \$58,457 and \$107,846 for the three and six months ended December 31, 2022, respectively.

The related contribution plans include:

- Social Security Organization (“SOSCO”) – 1.75% based on employee’s monthly salary capped of RM 4,000;
- Employees Provident Fund (“EPF”) – 12% based on employee’s monthly salary;
- Employment Insurance System (“EIS”) – 0.2% based on employee’s monthly salary capped of RM 4,000;

### Income taxes

The Company accounts for income taxes in accordance with U.S. GAAP for income taxes. The charge for taxation is based on the results for the fiscal year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are accounted for using the asset and liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the unaudited condensed consolidated financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized, or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. No penalties and interest incurred related to underpayment of income tax for the six months ended December 31, 2023 and 2022.

The Company is incorporated in the State of Delaware and is required to pay franchise taxes to the State of Delaware on an annual basis.

The Company conducts much of its business activities in Malaysia and is subject to tax in its jurisdiction. As a result of its business activities, the Company will file separate tax returns that are subject to examination by the foreign tax authorities.

#### Stock-based compensation

The Company recognizes compensation costs resulting from the issuance of stock-based awards to third party consultant and former director as an expense in the unaudited condensed statements of operations over the requisite service period based on a measurement of fair value for each stock-based award. The fair value of stock-based awards granted are estimated as of the grant date using the Black-Scholes-Merton option-pricing model while the fair value of each common stock granted are estimated using the Company’s closing stock price on the grant date. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards. The Black-Scholes-Merton option-pricing model includes various assumptions, including the fair market value of the common stock of the Company, expected life of stock options, the expected volatility and the expected risk-free interest rate, among others. These assumptions reflect the Company’s best estimates, but they involve inherent uncertainties based on market conditions generally outside the control of the Company.

As a result, if other assumptions had been used, stock-based compensation expense, as determined in accordance with authoritative guidance, could have been materially impacted. Furthermore, if the Company uses different assumptions on future grants, stock-based compensation expense could be materially affected in future periods.

#### Comprehensive loss

Comprehensive loss consists of two components, net loss and other comprehensive income (loss). Net loss refers to revenue, expenses, gains and losses that under GAAP are recorded as an element of stockholders’ deficiency. Other comprehensive income (loss) is excluded from net loss. Other comprehensive income (loss) consists of a foreign currency translation adjustment resulting from the Company not using the U.S. dollar as its functional currencies.

#### Loss per share

The Company computes earnings (loss) per share (“EPS”) in accordance with ASC 260, “Earnings per Share”. ASC 260 requires companies to present basic and diluted EPS. Basic EPS is measured as net loss divided by the weighted average common stock outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of the potential ordinary shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common stock that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS. For the six months ended December 31, 2023 and 2022, a total of 8,300,000 and 100,000 contingent shares to be issued to the underwriters and prefunded warrants holder are excluded in the diluted EPS calculation due to its anti-diluted effect, respectively.

### Fair value measurements

Fair value is defined as the price that would be received for an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability. The following summarizes the three levels of inputs required to measure fair value, of which the first two are considered observable and the third is considered unobservable:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value for certain assets and liabilities such as cash and cash equivalents, accounts receivable, inventories, other receivables and other current assets, prepayments, accounts payable, customers deposits, contract liabilities, other payables and accrued liabilities have been determined to approximate carrying amounts due to the short maturities of these instruments. The Company believes that its related party loan, insurance loan, and convertible notes approximates fair value based on current yields for debt instruments with similar terms.

### Related parties

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence.

### Lease

Effective July 1, 2022, the Company adopted ASU 2016-02, "Leases" (Topic 842), and elected the practical expedients that does not require us to reassess: (1) whether any expired or existing contracts are, or contain, leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. For lease terms of twelve months or fewer, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities.

If any of the following criteria are met, the Company classifies the lease as a finance lease:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- The lease grants the lessee an option to purchase the underlying asset that the Company is reasonably certain to exercise;
- The lease term is for 75% or more of the remaining economic life of the underlying asset, unless the commencement date falls within the last 25% of the economic life of the underlying asset;
- The present value of the sum of the lease payments equals or exceeds 90% of the fair value of the underlying asset; or
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

Leases that do not meet any of the above criteria are accounted for as operating leases.

The Company combines lease and non-lease components in its contracts under Topic 842, when permissible.

Operating lease right-of-use (“ROU”) asset and lease liability are recognized at the adoption date of July 1, 2022 or the commencement date, whichever is earlier, based on the present value of lease payments over the lease term. Since the implicit rate for the Company’s leases is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow, on a collateralized basis, an amount equal to the lease payments, in a similar economic environment and over a similar term.

Lease terms used to calculate the present value of lease payments generally do not include any options to extend, renew, or terminate the lease, as the Company does not have reasonable certainty at lease inception that these options will be exercised. The Company generally considers the economic life of its operating lease ROU asset to be comparable to the useful life of similar owned assets. The Company has elected the short-term lease exception, therefore operating lease ROU asset and liability do not include leases with a lease term of twelve months or less. Its leases generally do not provide a residual guarantee.

The operating lease ROU asset also excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term for operating lease.

The Company reviews the impairment of its ROU asset consistent with the approach applied for its other long-lived assets. The Company reviews the recoverability of its long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on its ability to recover the carrying value of the asset from the expected undiscounted future pre-tax cash flows of the related operations. The Company has elected to include the carrying amount of operating lease liability in any tested asset group and includes the associated operating lease payments in the undiscounted future pre-tax cash flows. For the three and six months ended December 31, 2023 and 2022, the Company did not recognize impairment loss on its operating lease ROU asset.

#### Recent accounting pronouncements

The Company considers the applicability and impact of all accounting standards updates (“ASUs”). Management periodically reviews new accounting standards that are issued. Under the Jumpstart Our Business Startups Act of 2012, as amended (the “JOBS Act”), the Company meets the definition of an emerging growth company and has elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

In May 2019, the FASB issued ASU 2019-05, which is an update to ASU Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced the expected credit losses methodology for the measurement of credit losses on financial assets measured at amortized cost basis, replacing the previous incurred loss methodology. The amendments in Update 2016-13 added Topic 326, Financial Instruments—Credit Losses, and made several consequential amendments to the Codification. Update 2016-13 also modified the accounting for available-for-sale debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis, in accordance with Subtopic 326-30, Financial Instruments—Credit Losses—Available-for-Sale Debt Securities. The amendments in this Update address those stakeholders’ concerns by providing an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. For those entities, the targeted transition relief will increase comparability of financial statement information by providing an option to align measurement methodologies for similar financial assets. Furthermore, the targeted transition relief also may reduce the costs for some entities to comply with the amendments in Update 2016-13 while still providing financial statement users with decision-useful information. In November 2019, the FASB issued ASU No. 2019-10, which to update the effective date of ASU No. 2016-13 for private companies, not-for-profit organizations and certain smaller reporting companies applying for credit losses, leases, and hedging standard. The new effective date for these preparers is for fiscal years beginning after December 15, 2022. ASU 2019-05 is effective for the Company for annual and interim reporting periods beginning July 1, 2023 as the Company is qualified as an emerging growth company. The Company has adopted of this standard on July 1, 2023, the adoption did not have a material impact on its unaudited condensed consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, “Debt – Debt Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40)”. The amendment in this Update is to address issues identified as a result of the complexity associated with applying generally accepted accounting principles (GAAP) for certain financial instruments with characteristics of liabilities and equity. For convertible instruments, the Board decided to reduce the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. The amendments in this Update are effective for public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Board specified that an entity should adopt the guidance as of the beginning of its annual fiscal year. The Company has not early adopted this update and it will become effective on July 1, 2024 as the Company is qualified as an emerging growth company. The Company believes the adoption of this ASU would have a material effect on the Company’s unaudited condensed consolidated financial statements and related disclosures.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements — codification amendments in response to SEC’s disclosure Update and Simplification initiative which amend the disclosure or presentation requirements of codification subtopic 230-10 Statement of Cash Flows—Overall, 250-10 Accounting Changes and Error Corrections— Overall, 260-10 Earnings Per Share— Overall, 270-10 Interim Reporting— Overall, 440-10 Commitments—Overall, 470-10 Debt—Overall, 505-10 Equity—Overall, 815-10 Derivatives and Hedging—Overall, 860-30 Transfers and Servicing—Secured Borrowing and Collateral, 932-235 Extractive Activities— Oil and Gas—Notes to Financial Statements, 946-20 Financial Services— Investment Companies— Investment Company Activities, and 974-10 Real Estate—Real Estate Investment Trusts—Overall. The amendments represent changes to clarify or improve disclosure and presentation requirements of above subtopics. Many of the amendments allow users to more easily compare entities subject to the SEC’s existing disclosures with those entities that were not previously subject to the SEC’s requirements. Also, the amendments align the requirements in the Codification with the SEC’s regulations. For entities subject to existing SEC disclosure requirements or those that must provide financial statements to the SEC for securities purposes without contractual transfer restrictions, the effective date aligns with the date when the SEC removes the related disclosure from Regulation S-X or Regulation S-K. Early adoption is not allowed. For all other entities, the amendments will be effective two years later from the date of the SEC’s removal. The Company is currently evaluating the impact of the update on the Company’s unaudited condensed consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, which is an update to Topic 280, Segment Reporting. The amendments in this Update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments in this update: (1) require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss (collectively referred to as the “significant expense principle”), (2) Require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss, (3) Require that a public entity provide all annual disclosures about a reportable segment’s profit or loss and assets currently required by Topic 280 in interim periods, and (4) Clarify that if the CODM uses more than one measure of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. However, at least one of the reported segment profit or loss measures (or the single reported measure, if only one is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in the public entity’s consolidated financial statements. In other words, in addition to the measure that is most consistent with the measurement principles under generally accepted accounting principles (GAAP), a public entity is not precluded from reporting additional measures of a segment’s profit or loss that are used by the CODM in assessing segment performance and deciding how to allocate resources, (5) Require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources, and (6) Require that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this Update and all existing segment disclosures in Topic 280. The amendments in this Update also do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments in this Update retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the impact of the update on the Company’s unaudited condensed consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, which is an update to Topic 740, Income Taxes. The amendments in this update related to the rate reconciliation and income taxes paid disclosures improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The amendments allow investors to better assess, in their capital allocation decisions, how an entity’s worldwide operations and related tax risks and tax planning and operational opportunities affect its income tax rate and prospects for future cash flows. The other amendments in this Update improve the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with U.S. Securities and Exchange Commission (SEC) Regulation S-X 210.4-08(h), Rules of General Application—General Notes to Financial Statements: Income Tax Expense, and (2) removing disclosures that no longer are considered cost beneficial or relevant. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments in this Update should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating the impact of the update on Company’s unaudited condensed consolidated financial statements and related disclosures.

Except as mentioned above, the Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the Company's unaudited condensed consolidated balance sheets, statements of operations and comprehensive loss and statements of cash flows.

**Note 3 – Accounts receivable, net**

	As of December 31, 2023	As of June 30, 2023
	(Unaudited)	(Audited)
Accounts receivable	\$ 239,910	\$ 163,383
Provision for estimated credit losses	(54,280)	(214)
Total accounts receivable, net	<u>\$ 185,630</u>	<u>\$ 163,169</u>

Movements of provision for estimated credit losses are as follows:

	As of December 31, 2023	As of June 30, 2023
	(Unaudited)	(Audited)
Beginning balance	\$ 214	\$ 227
Addition	53,250	601
Write-off	-	(601)
Exchange rate effect	(816)	(13)
Ending balance	<u>\$ 54,280</u>	<u>\$ 214</u>

**Note 4 – Inventories**

Inventories consist of the following:

	As of December 31, 2023	As of June 30, 2023
	(Unaudited)	(Audited)
Gift card (or E-voucher)	\$ 94,810	\$ 378,710
Nutrition products	16,626	8,383
Food and beverage products	15,448	13,450
Total	<u>\$ 126,884</u>	<u>\$ 400,543</u>



**Note 5 – Other receivables and other current assets**

	As of December 31, 2023 <u>(Unaudited)</u>	As of June 30, 2023 <u>(Audited)</u>
Deposits <sup>(i)</sup>	\$ 138,913	\$ 59,486
Prepaid tax	-	1,595
Prepaid expense <sup>(ii)</sup>	178,764	552,044
Software development deposit <sup>(iii)</sup>	108,925	-
Total other receivables and other current assets	<u>\$ 426,602</u>	<u>\$ 613,125</u>

(i) The balance of deposits mainly represented deposit made by the Company to a third-party service provider to secure the service, security deposit consists of rent and utilities, and others. As of December 31, 2023 and 2022, no allowance was recorded against doubtful receivables.

(ii) The balance of prepaid expense mainly represented prepayment made by the Company to third parties for cyber security service, director & officer liability insurance (“D&O Insurance”) or other professional service. In July 2022, the Company entered into an IT service agreement (“Service Agreement”) with a third party. Pursuant to the Service Agreement, the third party will provide IT and advisory service to the Company to enhance its cyber security for a two-year period with a consideration of \$477,251. The Company expenses the prepaid expense related to Service Agreement based on the service performed and completed during each period. As of December 31, 2023, the balance of prepaid expense pertained to the Service Agreement amounted to \$95,937.

In March 2023, the Company purchased a D&O Insurance premium amounting \$311,250 which covers a period of twelve months, to expire on February 24, 2024. As of December 31, 2023, the balance of prepaid expenses pertaining to the D&O Insurance amounted to \$51,875.

(iii) On July 20, 2023, the Company entered into a software development agreement (the “Agreement”) with Nexgen Advisory Sdn Bhd (“Nexgen”), an unrelated third party. Pursuant to the Agreement, the Company engaged with Nexgen in software development related to the creation of an artificial intelligence-powered travel platform. As of September 30, 2023, the Company had made a \$209,768 service deposit to Nexgen; however, the service had not yet commenced. On September 25, 2023, the Company terminated the Agreement with Nexgen. In December 2023, the Company has collected half of the service deposit as mentioned above and expects to collect the remaining by the end of February 2024.

**Note 6 – Prepayments**

	As of December 31, 2023 <u>(Unaudited)</u>	As of June 30, 2023 <u>(Audited)</u>
Deposits to suppliers	\$ 401,111	\$ 248,551

**Note 7 – Property and equipment, net**

Property and equipment, net consist of the following:

	As of December 31, 2023	As of June 30, 2023
	(Unaudited)	(Audited)
Computer and office equipment	\$ 158,967	\$ 142,520
Furniture and fixtures	75,094	73,355
Motor vehicle	84,538	83,185
Leasehold improvement	134,958	132,797
Subtotal	<u>453,557</u>	<u>431,857</u>
Less: accumulated depreciation	(219,883)	(152,257)
Total	<u>\$ 233,674</u>	<u>\$ 279,600</u>

Depreciation expense for the three and six months ended December 31, 2023 were amounted to \$26,999 and \$64,171, respectively. Depreciation expense for the three and six months ended December 31, 2022 were amounted to \$35,563 and \$62,908, respectively.

**Note 8 – Intangible assets, net**

Intangible assets, net consisted of the following:

	As of December 31, 2023	As of June 30, 2023
	(Unaudited)	(Audited)
Internal use software development	\$ 1,758,412	\$ -
Less: accumulated amortization	(131,963)	-
<b>Total intangible assets, net</b>	<u>\$ 1,626,449</u>	<u>\$ -</u>

Amortization expense for three and six months ended of December 31, 2023 was amounted to \$131,834. Amortization expense for three and six months ended of December 31, 2022 was amounted to \$0.

The following table sets forth the Company's amortization expense for the next five years ending:

	Amortization expenses
Twelve months ending December 31, 2024	\$ 678,685
Twelve months ending December 31, 2025	239,082
Twelve months ending December 31, 2026	239,082
Twelve months ending December 31, 2027	239,082
Twelve months ending December 31, 2028	230,518
<b>Total</b>	<u>\$ 1,626,449</u>

## Note 9 – Investment in marketable securities

On July 19 2023 (“Commencement Date”), the Company entered into a software developing agreement (“Developing Agreement”) with VCI Global Limited (“VCI”), an unrelated third party for collaboration and co-operating in the development of an artificial intelligence powered travel platform, the (“Platform”). Pursuant to the Software Development Agreement, VCI shall remit payment of cash in \$1,000,000 or issuance and the allotment of ordinary shares in VCI with an equivalent value of \$1,000,000 (“VCIG Shares”) within ten business days from the Commencement Date to the Company as service consideration. Both the Company and VCI had agreed that VCI to issued 286,533 shares of VCIG Shares at \$3.49 per share based on 5-day volume weighted average price to the Company as a service consideration in developing above mentioned Platform. The VCIG Shares shall be issued on a restricted stock basis for a period of six (6) months from the commencement date of the Software Developing Agreement.

	<b>As of December 31, 2023</b>	<b>As of June 30, 2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cost of investment	\$ 1,000,000	\$ -
Cumulative unrealized loss on marketable equity securities	(352,435)	-
Investment in marketable securities	<u>\$ 647,565</u>	<u>\$ -</u>

For the three and six months ended December 31, 2023, unrealized loss on marketable equity securities were \$412,607 and 352,435, respectively.

## Note 10 – Loans and notes

### Insurance loan

On February 28, 2023, the Company entered into a loan agreement with First Insurance Funding, a third party (the “Premium Finance Agreement”), pursuant to which First Insurance Funding provided the Company with a short-term loan amounted to \$264,563 with interest rate of 5.9% per annum to be due in ten equal monthly instalments of \$27,177. Meanwhile, the loan is strictly used to pay for the D&O Insurance as indicated on Note 5. For the three and six months ended December 31, 2023, interest expenses pertained to the insurance loan amounted to \$795 and \$2,770, respectively.

### Loans from third parties

The Company entered into a loan agreement with Agtiq Solutions Sdn Bhd, a third party (the “Agtiq Loan Agreement”) dated June 27, 2022, pursuant to which Agtiq Solutions Sdn Bhd provided the Company with a revolving loan facility to borrow up to RM 3,000,000 (approximately \$0.7 million) bearing interest at 3.5% per annum, which is payable on demand. As of June 30, 2022, the Company had balance outstanding from this facility amounted to \$668,923. On July 12, 2022, the Company repaid the remaining balance in full.

The Company entered into a loan agreement with Technovative Hub Sdn Bhd, a third party (the “Technovative Loan Agreement”) date June 27, 2022, pursuant to which Technovative Hub Sdn Bhd provided the Company with a revolving loan facility to borrow up to RM 4,000,000 (approximately \$1.0 million) bearing interest at 3.5% per annum, which is payable on demand. As of June 30, 2022, the Company had balance outstanding from this facility amounted to \$748,724. In July 2022, the Company had withdrew additional \$567,215 from this facility under the Technovative Loan Agreement and repaid the remaining balance in full on July 18, 2022.

For the three and six months ended December 31, 2023, interest expenses related to the aforementioned loans from third parties amounted to \$0.

For the three and six months ended December 31, 2022, interest expenses related to the aforementioned loans from third parties amounted to \$0 and \$2,515, respectively.

#### Convertible notes

The Company evaluated the convertible notes agreement under ASC 815 Derivatives and Hedging (“ASC 815”). ASC 815 generally requires the analysis embedded terms and features that have characteristics of derivatives to be evaluated for bifurcation and separate accounting in instances where their economic risks and characteristics are not clearly and closely related to the risks of the host contract. None of the embedded terms required bifurcation and liability classification.

On November 13, 2020, the Company issue a convertible note, to an accredited investor, in the aggregate principal amount of \$2,123,600. Pursuant to the agreement, the note bear an interest rate of 13.33% per annum, payable (i) on December 31, 2020; (ii) during calendar year 2021, monthly on the last day of each month and (iii) during calendar years 2022 and 2023 until the Maturity Date, semiannually on each June 30 and December 31; provided that for calendar year 2023 the final interest payment date shall be the Maturity Date. The Company evaluated the convertible notes agreement under ASC 815, which generally requires the analysis embedded terms and features that have characteristics of derivatives to be evaluated for bifurcation and separate accounting in instances where their economic risks and characteristics are not clearly and closely related to the risks of the host contract. None of the embedded terms in the convertible notes required bifurcation and liability classification. However, the Company was required to determine if the debt contained a beneficial conversion feature (“BCF”), which is based on the intrinsic value on the date of issuance. The Company evaluated the convertible notes for a beneficial conversion feature in accordance with ASC 470-20 “Debt with Conversion and Other Options”. The Company determined that the conversion price (\$4.00) was below the market price (\$5.48) as per an enterprise per share value appraised from an independent third party, and the convertible notes contained a beneficial conversion feature.

In addition, notes issuance costs in connection with this note amounted \$212,360 and reduced the carrying value of the convertible notes as a debt discount. The carrying value, net of debt discount, will be accreted over the term of the convertible notes from date of issuance to date of maturity using effective interest rate method. For the three and six months ended December 31, 2023, amortization of debt discount amounted to \$0. For the three and six months ended December 31, 2022, amortization of debt discount amounted to \$0 and \$46,296, respectively.

Upon completion of the Company’s Offering on August 15, 2022, the above mentioned convertible note balance, net of unamortized discount amounted to \$1,877,620 was converted into 530,900 shares of the Company’s common stock. Meanwhile, additional 15,927 shares of common stock were issued to this accredited investor as success fees.

On January 3, 2022, the Company had entered into a loan agreement (the “Tophill Loan Agreement 1”) with a third party to borrow up to approximately \$4.8 million with up to 3.5% per annum interest rate. The loan is due on demand together with interest accrued thereon. On March 14, 2022, the Company and above mentioned third party had made amendment to the Tophill Loan Agreement 1. Pursuant to the amendment, the aggregate outstanding principal amount of all Loans plus any accrued and unpaid interest (“Loan balance”) thereon as of the closing date of the IPO shall automatically converted into a number of shares of the Company’s common stock equal to the Loan balance divided by 80% of the public offering price of the Company’s common stock in the IPO; and the loan agreement shall terminate and no additional amounts under the loan agreement will be available to the Company and after taking into consideration the conversion of the Loan balance, no amount under any loan shall be outstanding. In addition, the Company entered into another Loan Agreement (the “Tophill Loan Agreement 2”) dated May 13, 2022 with Tophill, pursuant to which Tophill provided the company with a revolving loan facility to borrow up to RM 50,000,000 (approximately \$11.9 million) bearing interest at 3.5% per annum, which is payable on demand. Meanwhile, the agreement provides that (i) all principal and accrued and unpaid interest outstanding under the Tophill Loan Agreement 2 on the closing of the Company’s initial public offering will automatically be converted into shares of the Company’s common stock at a conversion price that is equal to 80% of the initial public offering price and (ii) the Tophill Loan Agreement 2 terminates on the closing date of the Company’s initial public offering. The Company evaluated the loan agreement under ASC 815, which generally requires the analysis embedded terms and features that have characteristics of derivatives to be evaluated for bifurcation and separate accounting in instances where their economic risks and characteristics are not clearly and closely related to the risks of the host contract. None of the embedded terms in the loan required bifurcation and liability classification. However, the Company was required to determine if the debt contained a beneficial conversion feature (“BCF”), which is based on the intrinsic value on the date of issuance. The Company evaluated the loan for a beneficial conversion feature in accordance with ASC 470-20 “Debt with Conversion and Other Options”. The Company determined that the conversion price (\$4.38) was below the market price (\$5.48) as per an enterprise per share value appraised from an independent third party, and the loan contained a beneficial conversion feature. The carrying value, net of debt discount, will be accreted over the term of the loan from date of issuance to the date of maturity using effective interest rate method, recorded as current liabilities.

For the three and six months ended December 31, 2023, amortization of debt discount amounted to \$0 pertained to aforementioned convertible notes, respectively. For the three and six months ended December 31, 2022, amortization of debt discount amounted to \$0 and \$951,780 pertained to aforementioned convertible notes, respectively.

Upon completion of the Company’s Offering on August 15, 2022, the remaining principal and accrued interest balance related to Tophill Loan Agreement 1 and Agreement 2 amounted to \$8,639,307 was converted into 2,756,879 shares of the Company’s common stock.

In May, June, July, September, October, and December 2021, the Company issued various batches of convertible notes to 10 accredited investors which included 5 third parties in the aggregate principal amount of \$3,580,488 and 5 related parties in the aggregate principal amount of \$2,437,574. Pursuant to the agreement, the maturity date is 36 months after the issuance, provided that if an IPO listing is not successful, the accredited investors should be entitled to require the Company to redeem the convertible notes at the subscription/conversion of \$6.90 per share along with interest payable at the rate of 12.0% per annum. The Company also evaluated the convertible notes agreement under ASC 815 and determined none of the embedded terms in the convertible notes required bifurcation and liability classification. However, the Company was required to determine if the debt contained a BCF and determined that the conversion price (\$6.90) was above the market price (\$5.48) as per an enterprise per share value appraised from an independent third party, and the convertible notes do not contain a beneficial conversion feature. As a result, the Company record the proceeds received from these convertible notes as a liability in its entirety. Upon completion of the Company’s Offering on August 15, 2022, the balance of these convertible notes amounted to \$6,018,062 was converted into 872,183 shares of common stock, among which, \$2,437,574 was converted into 353,272 shares of common stock are belonged to the related parties.

On February 28, 2023, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with YA II PN, Ltd., (“YA II PN”), a third party. Pursuant to the Securities Purchase agreement, YA II PN agreed to purchase two unsecured convertible notes, in the aggregate principal amount of up to \$5,500,000.00 in a private placement (the “Private Placement”) for a purchase price with respect to each convertible note of 92% of the initial principal amount of such convertible notes. The convertible notes accrue or will accrue interest at 4.0% per annum and has a 12-month term after disbursement. The conversion price, as of any conversion date or other date of determination, is the lower of (i) \$1.6204 per share of Common Stock (the “Fixed Conversion Price”) or (ii) 93% of the lowest volume-weighted average price (“VWAP”) of the common shares on the primary market during the 10 consecutive trading days immediately preceding the date on which YA II PN exercises its conversion right in accordance with the requirements of the applicable convertible debenture or other date of determination, but not lower than \$0.25 per share (the “Floor Price”). The conversion price will be subject to adjustment to give effect to any stock dividend, stock split or recapitalization.

YA II PN may not during any calendar month convert more than an aggregate of the greater of (a) 25% of the aggregate dollar value traded on the Primary Market during such calendar month or (b) \$1,100,000 of principal amount of the Convertible Debentures (plus accrued and unpaid Interest) utilizing the variable conversion price. This limitation shall not apply (i) at any time upon the occurrence and during the continuance of an Event of Default, and (ii) with respect to any conversions utilizing the Fixed Conversion Price. This limitation may be waived with the consent of the Company. Notwithstanding anything to the contrary contained above, the Company shall not issue more than 3,455,894 shares of Common Stock (the “Exchange Cap”) pursuant to the terms of the Convertible, except that such limitation shall not apply in the event that the Company (A) obtains the approval of its stockholders as required by the applicable rules of the Nasdaq Stock Market for issuances of shares of Common Stock in excess of such amount or (B) obtains a written opinion from outside counsel to the Company that such approval is not required, which opinion shall be reasonably satisfactory to the holder of the Convertible Debentures. It is a closing condition to the purchase by the Buyer of the \$3,500,000 Convertible Debenture that such shareholder approval be obtained.

As of June 30, 2023, YA II PN purchased two unsecured convertible notes consist of \$2,000,000 (“Tranche 1”) and \$3,500,000 (“Tranche 2”) in principal amount. The Company evaluated the Securities Purchase Agreement under ASC 815, which generally requires the analysis embedded terms and features that have characteristics of derivatives to be evaluated for bifurcation and separate accounting in instances where their economic risks and characteristics are not clearly and closely related to the risks of the host contract. None of the embedded terms in the convertible notes required bifurcation and liability classification. However, the Company was required to determine if the debt contained a beneficial conversion feature (“BCF”), which is based on the intrinsic value on the date of issuance. The Company evaluated the convertible notes for a beneficial conversion feature in accordance with ASC 470-20 “Debt with Conversion and Other Options”. The Company determined that the conversion price of Tranche 1 (\$1.55) and Tranche 2 (\$1.30), was below the market price of Tranche 1 (\$1.56) and Tranche 2 (\$1.38) as per stock price listed in the stock market on February 28, 2023, and June 14, 2023, respectively, therefore, the convertible notes contained a beneficial conversion feature. For the six months ended December 31, 2023, \$1,782,710 of these convertible notes along with \$28,360 accrued interest was converted into 2,822,472 shares of common stock.

On September 28, 2023, a Floor Price trigger event occurred as the Company’s daily VWAP is less than the Floor Price. According to the Securities Purchase Agreement, the Company was obligate to make monthly payments starting on the 10th day after the Trigger Date, consisting of the lesser of \$1,000,000 or the outstanding principal amount (the “Triggered Principal Amount”), a 7% redemption premium on the Triggered Principal Amount, and accrued unpaid interest. For the three and six months ended December 31, 2023, the Company has remit \$284,790 redemption premium to YA II PN as a result of Floor Price triggering event.

In December and October 2023, the Company has collectively repaid \$3,367,290 principal balance pertained to above mentioned convertible notes.

In addition, 8% of purchase discount in connection with above mentioned convertible notes amounted to \$440,000 reduced the carrying value of the convertible note as a debt discount. The carrying value, net of debt discount, will be accreted over the term of the convertible note from date of issuance to date of maturity using effective interest rate method. For the three and six months ended December 31, 2023, amortization of debt discount were amounted to \$119,402 and \$358,284, respectively pertained to convertible notes from YA II PN. As of December 31, 2023 and June 30, 2023, the convertible notes payable, net from YA II PN was amounted to \$0 and \$4,791,716, respectively.

The Company has convertible notes payable, net of unamortized discounts as follows:

	Face value of convertible notes payable	Unamortized debt discounts	Convertible notes payable, net of unamortized discounts	Third parties	Related parties
<b>June 30, 2022 balance</b>	14,108,876	(717,260)	13,391,616	10,954,042	2,437,574
Issuance of convertible notes	8,172,093	(1,189,074)	6,983,019	6,983,019	-
Amortization of debt discounts	-	1,290,050	1,290,050	1,290,050	-
Conversion	(17,130,969)	245,980	(16,884,989)	(14,447,415)	(2,437,574)
Exchange rate effect	-	12,020	12,020	12,020	-
<b>June 30, 2023 balance</b>	\$ 5,150,000	\$ (358,284)	\$ 4,791,716	\$ 4,791,716	\$ -
Amortization of debt discounts	-	330,351	330,351	330,351	-
Repayments	(3,367,290)	-	(3,367,290)	(3,367,290)	-
Conversion	(1,782,710)	27,933	(1,754,777)	(1,754,777)	-
<b>December 31, 2023 balance</b>	\$ -	\$ -	\$ -	\$ -	\$ -

For three and six months ended December 31, 2023, interest expenses related to the aforementioned convertible notes amounted to \$21,450 and \$66,672, respectively.

For the three and six months ended December 31, 2022, interest expenses related to the aforementioned convertible notes amounted to \$0 and \$20,464.

#### Note 11 – Other payables and accrued liabilities

	As of December 31, 2023 (Unaudited)	As of June 30, 2023 (Audited)
Accrued professional fees (i)	\$ 25,993	\$ 233,600
Accrued promotion expenses (ii)	10,410	39,538
Accrued payroll	167,672	157,542
Accrued interest (iii)	81,727	79,936
Payables to merchant from ZCITY platform (iv)	279,811	174,056
Others	47,375	38,724
<b>Total other payables and accrued liabilities</b>	<b>\$ 612,988</b>	<b>\$ 723,396</b>

##### (i) Accrued professional fees

The balance of accrued professional fees represented amount due to third parties service providers which include marketing consulting service, IT related professional service, audit fee, tax filing fee, and consulting fee related to capital raising.

##### (ii) Accrued promotion expense

The balance of accrued promotion expense represented the balance of profit sharing payable to the Company's merchant and subscribed agents to promote business growth.

##### (iii) Accrued interest

The balance of accrued interest represented the balance of interest payable from convertible notes aforementioned in Note 10.

##### (iv) Payables to merchants from ZCITY platform

The balance of payables to merchants from ZCITY platform represented the amount the Company collected on behalf of merchant from its customer through the Company's ZCITY platform.

**Note 12 – Related party balances and transactions**

Related party balances

**Other receivable, a related party**

Name of related party	Relationship	Nature	As of December 31, 2023 (Unaudited)	As of June 30, 2023 (Audited)
Ezytronic Sdn Bhd	Jau Long “Jerry” Ooi is the common shareholder	Equipment rental deposit	\$ 12,581	\$ 12,379

**Other payables, related parties**

Name of Related Party	Relationship	Nature	As of December 31, 2023 (Unaudited)	As of June 30, 2023 (Audited)
True Sight Sdn Bhd	Su Huay “Sue” Chuah, the Company’s Chief Marketing Officer is the shareholder of this entity	Consulting fee	\$ -	\$ 345
Ezytronic Sdn Bhd	Jau Long “Jerry” Ooi is a common shareholder	Operating expense paid on behalf	14,411	1,315
<b>Total</b>			<u>\$ 14,411</u>	<u>\$ 1,660</u>

**Amount due to related parties**

Name of Related Party	Relationship	Nature	As of December 31, 2023 (Unaudited)	As of June 30, 2023 (Audited)
Chong Chan “Sam” Teo	Directors, Chief Executive Officer, and Shareholder of TGL	Interest-free loan, due on demand	\$ -	\$ 186,579
Kok Pin “Darren” Tan	Shareholder of TGL	Interest-free loan, due on demand	-	134,381
<b>Total</b>			<u>\$ -</u>	<u>\$ 320,960</u>



### Related party loan

On December 7, 2020, the Company obtained right of use of a vehicle through signing a trust of deed with Chan Chong “Sam” Teo, the Chief Executive Officer and a shareholder of TGL. In return, the Company is obligated to remit monthly installment auto loan payment related to this vehicle on behalf of the related party mentioned above. The total amount of loan that the Company is entitled to repay is approximately \$27,000 (RM 114,000). The auto loan bear 5.96% of interest rate per annum with 60 equal monthly installment payment due on the first of each month. As of December 31, 2023, such loan has an outstanding balance of \$11,951, of which \$5,805 due after 12 months period and classified as related party loan, non-current portion. The interest expense was \$437 and \$685 for the three and six months ended December 31, 2023, respectively. The interest expense was \$248 and \$519 during the three and six months ended December 31, 2022, respectively.

### Related party transactions

#### Purchase from related parties

Name of Related Party	Relationship	Nature	For the Three Months Ended		For the Six Months Ended	
			December 31,		December 31,	
			2023	2022	2023	2022
Ezytronic Sdn Bhd	Jau Long “Jerry” Ooi is a common shareholder	Purchase of products	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			\$ 12,589	\$ 8,201	\$ 25,413	\$ 8,201

#### Equipment purchased from a related party

Name of Related Party	Relationship	Nature	For the Three Months Ended		For the Six Months Ended	
			December 31,		December 31,	
			2023	2022	2023	2022
Ezytronic Sdn Bhd	Jau Long “Jerry” Ooi is a common shareholder	Purchase of equipment	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			\$ 7,159	\$ 25,165	\$ 12,146	\$ 38,655

## Operating expenses from related parties

Name of Related Party	Relationship	Nature	For the Three Months Ended		For the Six Months Ended		
			December 31,		December 31,		
			2023	2022	2023	2022	
				(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
True Sight Sdn Bhd	Su Huay “Sue” Chuah, the Company’s Chief Marketing Officer is a 40% shareholder of this entity	Consulting fees	\$ 9,512	\$ 33,228	\$ 33,739	\$ 183,403	
Imej Jiwa Communications Sdn Bhd	Voon Him “Victor” Hoo, the Company’s Chairman and Managing Director is the director of this entity	Consulting fees	-	-	-	2,744	
World Cloud Ventures Sdn Bhd	Jau Long “Jerry” Ooi is the common shareholder	Operating expense	-	35,644	-	35,644	
Ezytronic Sdn Bhd	Jau Long “Jerry” Ooi is a common shareholder	Operating expense	16,244	-	16,244	-	
<b>Total</b>			<b>\$ 25,756</b>	<b>\$ 68,872</b>	<b>\$ 49,983</b>	<b>\$ 221,791</b>	

## Note 13 – Stockholders’ deficiency

### Common stock

Prior to October 2021, TGL is authorized to issue 10,000,000 shares having a par value of \$0.00001 per share. In October 2021, TGL increased its authorized shares to 170,000,000 shares as part of the Reorganization with ZCITY, consisting of 150,000,000 shares of common stock with \$0.00001 par value, and 20,000,000 shares of preferred stock with \$0.00001 par value as of December 31, 2023 and 2022. The share capital increased of TGL presented herein is prepared on the basis as if the Reorganization became effective as of the beginning of the first period presented of shares capital of ZCITY.

Beneficial conversion feature from issuance of convertible note

On January 3, 2022 and May 13, 2022, the Company entered into 2 loan agreements which allow the third party to convert the loan balance along with interest balance incurred into a number of shares of the Company's common stock as of the closing date of the IPO. For the three months ended December 31, 2023, the Company has withdrawn additional \$2,686,914 from these loan agreements. As the Company determined that loan contained a beneficial conversion feature, the Company recognized the fair value of embedded conversion feature of \$537,383 in the convertible notes as additional paid-in capital and reduced the carrying value of the convertible notes as a debt discount for the three months ended December 31, 2023.

Common stock issued upon conversion of convertible note payable, net of unamortized discounts

For the six months ended December 31, 2022, the Company issued 4,175,889 shares of common stock upon stock upon the conversion of \$16,534,988 of convertible note payable, net of unamortized discounts and accrued interest (Note 10), among which, \$2,437,574 was converted into 353,272 shares of common stock are belonged to the related parties.

For the six months ended December 31, 2023, the Company issued 4,764,200 shares of common stock upon conversion of \$1,811,070 of convertible note payable, net of unamortized discounts and accrued interest. (Note 10).

Common stock issued from the Offering, net of issuance costs

On August 15, 2022, the Company had closed its initial underwritten public offering of 2,300,000 shares of common stock, which included the full exercise of the underwriter's over-allotment option, at a public price of \$4.00 per share. The Company received net proceeds of approximately \$8.2 million, net of underwriting discounts and commissions and fees, other offering expenses amounted to approximately \$1.0 million, and fair value of warrants issued to the underwriters of approximately \$0.2 million.

Common stock issued for consulting service

In July 2021 the Company signed a capital market advisory agreement ("Agreement") with Exchange Listing, LLC ("Consultant"), to engage in advisory service in capital market advisory, corporate governance, and organizational meeting. The term of this Agreement shall commence on the execution date and shall continue until the later of nine months or until the Company is trading on a senior exchange or otherwise extended by both parties. The Company extended the contract term until the Company is trading on a senior exchange. Upon execution of this agreement, the Company agrees to sell to the Consultant, or its designees shares of the Company's common stock which equivalents to 2% of the Company's fully – diluted shares outstanding, at \$0.001 per share. The Company estimated the fair value of the common stock issued to the Consultant for the year ended June 30, 2022 by using the market price \$5.48 per share as per an enterprise per share value appraised from an independent third party. After completion of the Company's Offering on August 15, 2022, the Company had issued additional 109,833 shares of common stock to ensure that the Consultant's total shares of the Company's common stock equivalents to 2% of the Company's fully – diluted shares outstanding using the fair value of \$4.00 per share with the fair value of \$439,332. Stock-based compensation expense amounted to \$0 and \$439,332 for the three months ended December 31, 2023 and 2022, respectively.

Common stock issued from the November 2023 Offering, net of issuance costs

On November 30, 2023, The Company had closed the November 2023 Offering of 26,014,000 shares of common stock, at a public offering price of \$0.10 per share, and 14,000,000 Pre-Funded Warrants, each with the right to purchase one share of Common Stock, at a public offering price of \$0.0999 per Pre-Funded Warrant. The Company received net proceeds from November 2023 Offering of approximately \$3.5 million, net of underwriting discounts and commissions and fees, other offering expenses amounted to approximately \$0.5 million.

#### Common stock issued for acquiring intangible assets

On October 12, 2023, the Company, and AI Lab Martech Sdn. Bhd. (the “Licensor”) entered into a License and Service Agreement (the “License Agreement”), in which the Licensor shall provide a non-exclusive, non-transferable, royalty-free license to use and operate an AI software solutions (the “AI Software”) in exchange for the issuance of USD\$563,000 worth of common stock of the Company, or 2,943,021 shares valued at USD\$0.1913 per share. The License Agreement is for a period of 12 months.

On December 19, 2023, the Company and VT Smart Venture Sdn Bhd (the “Developer”), a company that is in the business of, among other things, technology services, entered into a Software Development Agreement (the “Agreement”), in which the Developer shall provide application, services and turnkey solutions on software development in various aspects, including customization, software design layout, creative media platform development, artificial embedded and artificial intelligence related media platform and design in exchange for USD\$1,000,000 worth of common stock, par value \$0.00001 per share, of the Company, or 10,000,000 shares valued at USD\$0.10 per share. The Agreement is for a period of one month.

#### Common stock issued to related parties for debts cancellation

On October 30, 2023, the Company issued a total of 1,816,735 restricted shares of common stock to the Company’s Chief Executive Officer, Chong Chan Teo, and shareholder, Kok Pin Tan (collectively, the “Creditors”) in exchange for the cancellation of \$321,562 in aggregate indebtedness owed to the Creditors.

#### Warrants

##### *- Issuance of warrants - non- employee stock compensation*

Pertain to above mentioned Agreement with the Consultant, on August 15, 2022, the Company also issued 300,000 warrants to the Consultant or its designees exercisable for a period of five years at \$4.00 per share upon completion of the Company’s Offering. Meanwhile, on the same date, the Consultant had exercised all of its warrants on cashless basis and received 157,143 shares of the Company’s common stock.

The fair value of the warrants which was determined by using the Black Scholes model using the following assumptions: (1) expected volatility of 49.0%, (2) risk-free interest rate of 0.89%, (3) expected life of 5.0 years, (4) exercise price of \$4.0 and (5) estimated market price of \$5.48 on July 1, 2020, the date of which the consulting agreement was entered. Based on above assumption, the fair value of the warrants were estimated to be \$856,170.

##### *- Issuance of the underwriters warrants*

On August 10, 2022, the Company entered into an underwriting agreement (the “Underwriting Agreement”) with EF Hutton, division of Benchmark Investments, LLC, as representative of the underwriters (the “Representative”), relating to the Offering of 2,300,000 shares of the Company’s common stock, par value \$0.00001 per share, at an Offering price of \$4.00 per share. Pursuant to the Underwriting Agreement, in exchange for the representative’s firm commitment to purchase the Shares, the Company agreed to issue the underwriters warrants (the “Representative’s Warrants”) to purchase an aggregate of 100,000 shares of the Company’s common stock, which is equal to five percent (5%) of the shares sold in the Offering, excluding the over-allotment option, at an exercise price of \$5.00, which is equal to 125% of the Offering price. The Representative’s Warrant may be exercised beginning on February 10, 2023, until August 10, 2027. As of December 31, 2023, there are no warrants exercised by the Representative.

The fair value of the warrants which was determined by using the Black Scholes model using the following assumptions: (1) expected volatility of 54.8%, (2) risk-free interest rate of 2.91%, (3) expected life of 5.0 years, (4) exercise price of \$5.0 and (5) stock price of \$4.0 on August 15, 2022, the date of which the warrants were issued. Based on above assumption, the fair value of the warrants were estimated to be \$175,349.

- *Issuance of the Pre-Funded Warrants*

On November 28, 2023, the Company entered into an underwriting agreement (the “Underwriting Agreement 2”) with EF Hutton LLC as the underwriter, relating to the November 2023 Offering of (i) 26,014,000 shares of common stock, at a public offering price of \$0.10 per share, and (ii) 14,000,000 Pre-Funded Warrants, each with the right to purchase one share of Common Stock, at a public offering price of \$0.0999 per Pre-Funded Warrant. The Pre-Funded Warrants became exercisable immediately upon issuance, at an exercise price of \$0.0001 or through cashless option.

The Pre-Funded Warrants are classified as a component of permanent stockholders’ equity within additional paid-in capital and were recorded at the issuance date using a relative fair value allocation method. The Pre-Funded Warrants are equity classified because they (i) are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, (ii) are immediately exercisable, (iii) permit the holders to receive a fixed number of shares of common stock upon exercise, (iv) are indexed to the Company’s common stock. The Company valued the Pre-Funded Warrants at issuance concluding the purchase price approximated the fair value and allocated net proceeds from the purchase proportionately to the common stock and Pre-Funded Warrants, of which \$1,398,600 was allocated to the Pre-Funded Warrants and recorded as a component of additional paid in capital.

- *Exercise of the Pre-Funded Warrants*

In December 2023, the holder of Pre-Funded Warrants exercised 5,800,000 of the Pre-Funded Warrants into 5,800,000 shares of the Company’s common stock at an exercise price of \$0.0001 per share.

Warrants outstanding as of December 31, 2023 are as follows:

	<u>Shares</u>	<u>Weighted Average Exercise Price*</u>	<u>Weighted Average Remaining Contractual Term (Years)</u>
Outstanding at June 30, 2023	100,000	\$ 5.00	4.1
Granted	14,000,000	0.0001	-
Exercised	<u>(5,800,000)</u>	-	-
Outstanding at December 31, 2023 (unaudited)	<u>8,300,000</u>	\$ 0.04	3.6

\* The Pre-Funded Warrants granted are exercisable immediately upon issuance and expire when exercised in full, thus having no definitive expiration date. As such, the Pre-Funded Warrants have been excluded from the Weighted Average Remaining Contractual Term calculations.

**Note 14 – Income taxes**

The United States and foreign components of income (loss) before income taxes were comprised of the following:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Tax jurisdictions from:				
- Local – United States	\$ (1,617,608)	\$ (382,251)	\$ (2,457,461)	\$ (1,206,716)
- Foreign – Malaysia	424,100	(1,618,414)	(852,834)	(4,454,797)
Loss before income tax	<u>\$ (1,193,508)</u>	<u>\$ (2,000,665)</u>	<u>\$ (3,310,295)</u>	<u>\$ (5,661,513)</u>

The provision for income taxes consisted of the following:

	For the three months ended		For the six months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Tax jurisdictions from:				
- Local – United States	\$ 3,100	\$ 11,500	\$ 14,800	\$ 23,000
- Foreign – Malaysia	2,906	-	6,131	-
Provision for income taxes	\$ 6,006	\$ 11,500	\$ 20,931	\$ 23,000

*United States of America*

TGL was incorporated in the State of Delaware and is subject to the tax laws of the United States of America. As of December 31, 2023, the operations in the United States of America incurred \$6,967,325 of cumulative net operating losses which can be carried forward indefinitely to offset future taxable income, and can be used to offset up to 80% of taxable income for losses arising in tax years beginning after June 30, 2022. The deferred tax valuation allowance as of December 31, 2023 and June 30, 2023 were \$1,463,138 and \$1,177,486, respectively.

TGL also subject to controlled foreign corporations Subpart F income (“Subpart F”) tax, which is a tax primarily on passive income from controlled foreign corporations with a tax rate of 35%. In addition, the Tax Cuts and Jobs Act imposed a global intangible low-taxed income (“GILTI”) tax, which is a tax on certain off-shore earnings at an effective rate of 10.5% for tax years (50% deduction of the current enacted tax rate of 21%) with a partial offset for 80% foreign tax credits. If the foreign tax rate is 13.125% or higher, there will be no U.S. corporate tax after the 80% foreign tax credits are applied.

For the six months ended December 31, 2023 and 2022, the Company’s foreign subsidiaries did not generate any income that are subject to Subpart F tax and GILTI tax.

*Malaysia*

ZCITY, Foodlink, Morgan, and AY Food are governed by the income tax laws of Malaysia and the income tax provision in respect of operations in Malaysia is calculated at the applicable tax rates on the taxable income for the periods based on existing legislation, interpretations and practices in respect thereof. Under the Income Tax Act of Malaysia, enterprises that incorporated in Malaysia are usually subject to a unified 24% enterprise income tax rate while preferential tax rates, tax holidays and even tax exemption may be granted on case-by-case basis. As of December 31, 2023, the operations in the Malaysia incurred \$21,738,582 of cumulative net operating losses which can be carried forward for a maximum period of ten consecutive years to offset future taxable income. The deferred tax valuation allowance as of December 31, 2023 and June 30, 2023 were \$5,217,260 and \$4,927,995, respectively.

The following table sets forth the significant components of the aggregate deferred tax assets of the Company as of:

	As of December 31, 2023 <u>(Unaudited)</u>	As of June 30, 2023 <u>(Audited)</u>
Deferred tax assets:		
Net operating loss carry forwards in U.S.	\$ 1,463,138	\$ 1,177,486
Net operating loss carry forwards in Malaysia	5,217,260	4,927,995
Amortization of debt discount	156,403	70,415
Less: valuation allowance*	(6,836,801)	(6,175,896)
Deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

\* Change in valuation allowance was amounted to \$660,905 and \$994,684 for the six months ended December 31, 2023 and 2022, respectively.

#### Uncertain tax positions

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2023 and June 30, 2023, the Company did not have any significant unrecognized uncertain tax positions. The Company did not incur interest and penalties tax for the six months ended December 31, 2023 and 2022.

#### **Note 15 – Concentrations of risks**

##### (a) Major customers

For the three and six months ended December 31, 2023 and 2022, no customer accounted for 10.0% or more of the Company's total revenues.

As of December 31, 2023, five customers account for approximately 36.7%, 18.5%, 18.0%, 12.9%, and 10.8% of the total balance of accounts receivable, respectively. As of June 30, 2023, two customers account for approximately 24.6% and 24.6% of the total balance of accounts receivable, respectively.

##### (b) Major vendors

For the three months ended December 31, 2023, two vendors accounted for approximately 58.0% and 31.1% of the Company's total purchases. For the three months ended December 31, 2022, two vendors accounted for approximately 53.4% and 41.9% of the Company's total purchases.

For the six months ended December 31, 2023, two vendors accounted for approximately 49.6% and 43.4% of the Company's total purchases. For the six months ended December 31, 2022, two vendors accounted for approximately 67.1% and 28.3% of the Company's total purchases.

As of December 31, 2023, three vendors accounted for approximately 40.4%, 18.3%, and 11.6% of the total balance of accounts payable. As of June 30, 2023, one vendor accounted for 91.0% of the total balance of accounts payable.

(c) Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. As of December 31, 2023 and June 30, 2023, \$1,226,570 and \$4,593,634 were deposited with financial institutions or fund received from customer being held in third party platform's fund account, and \$358,859 and \$2,458,638 of these balances are not covered by deposit insurance, respectively. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

Financial instruments that are potentially subject to credit risk consist principally of accounts receivable. The Company believes the concentration of credit risk in its accounts receivable is substantially mitigated by its ongoing credit evaluation process and relatively short collection terms. The Company does not generally require collateral from customers. The Company evaluates the need for an provision for estimated credit losses based upon factors surrounding the credit risk of specific customers, historical trends and other information.

(d) Exchange rate risk

The Company cannot guarantee that the current exchange rate will remain steady; therefore, there is a possibility that the Company could post the same amount of profit for two comparable periods and because of the fluctuating exchange rate actually post higher or lower profit depending on exchange rate of RM converted to US\$ on that date. The exchange rate could fluctuate depending on changes in political and economic environments without notice.

**Note 16 – Leases**

The Company determines if a contract contains a lease at inception. US GAAP requires that the Company's leases be evaluated and classified as operating or finance leases for financial reporting purposes. The classification evaluation begins at the commencement date and the lease term used in the evaluation includes the non-cancellable period for which the Company has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option which result in an economic penalty. The Company's office lease was classified as operating leases. The lease generally do not contain options to extend at the time of expiration.

Upon adoption of FASB ASU 2016-02 on July 1, 2022, the Company recognized \$84,829 ROU asset and same amount of operating lease liability based on the present value of the future minimum rental payments of leases, using a discount rate of 3.5% based on duration of lease terms. As of December 31, 2023, the weighted-average lease term is 1.3 years for the remaining leases. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company's lease liabilities under the remaining operating leases as of December 31, 2023 for the next five years is as follows:

	<b>December 31,</b>
2024	\$ 44,821
2025	-
Total undiscounted lease payments	44,821
Less imputed interest	(842)
Total lease liabilities	\$ 43,979

Lease expense for the three and six months ended December 31, 2023 and 2022 were \$9,839, and \$20,332, respectively. Rent expense for the three and six months ended December 31, 2022 were \$12,854, and \$22,020, respectively.



## **Note 17 – Commitments and contingencies**

### Contingencies

#### **Legal**

From time to time, the Company is party to certain legal proceedings, as well as certain asserted and un-asserted claims. Amounts accrued, as well as the total amount of reasonably possible losses with respect to such matters, individually and in the aggregate, are not deemed to be material to the unaudited condensed consolidated financial statements.

### Commitment

On May 1, 2023, the Company through its 100% own subsidiary Morgan enter into a worldwide master license agreement (“License Agreement”) with Morganfield’s Holdings Sdn Bhd (“Licensor”), an unrelated third party. Pursuant to the License agreement, the Licensor agreed to grant the Morgan with the exclusive worldwide license for right of use in Licensor’s Trademark (“Trademark”) for a period of five years. During the five years license period, the Company agree to pay the licensor for monthly license fee in an aggregate total of minimum payment of approximately \$1.5 million or 40% of the total monthly collection from the Company’s sub-licensees, whichever is higher.

On June 6, 2023, the Company through its 100% own subsidiary AY Food Ventures Sdn Bhd enter into a worldwide master license agreement (“License Agreement”) with Sigma Muhibah Sdn Bhd (“Licensor”), an unrelated third party. Pursuant to the License agreement, the Licensor agreed to grant the AY Food Ventures Sdn Bhd with the exclusive worldwide license for right of use in Abe Yus’s Trademark (“Trademark”) for a period of five years. During the five years license period, the Company agree to pay the licensor for monthly license fee in an aggregate total of minimum payment of approximately \$1.2 million or 40% of the total monthly collection from the Company’s sub-licensees, whichever is higher.

#### **Note 18 – Subsequent Events**

The Company evaluated all events and transactions that occurred after December 31, 2023 up through February 14, 2024 the date the Company issued these unaudited condensed consolidated financial statements.

In January 2024, the holder of Pre-Funded Warrants collectively exercised 8,200,000 of the Pre-Funded Warrants into 8,200,000 shares of the Company’s common stock at an exercise price of \$0.0001 per share.

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

*The following discussion and analysis of our results of operations and financial condition should be read together with our unaudited condensed consolidated financial statements and the notes thereto, which are included elsewhere in this Report and our Annual Report on Form 10-K for the year ended June 30, 2023 (the “Annual Report”) filed with the SEC. Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).*

### Overview

Treasure Global Inc (“TGL,” “we,” “our” or the “Company”) is a holding company incorporated on March 20, 2020, under the laws of the State of Delaware. TGL has no substantive operations other than holding all of the outstanding shares of ZCity Sdn Bhd (“ZCITY”), (formerly known as Gem Reward Sdn. Bhd, underwent a name change on July 20, 2023). It was originally established under the laws of the Malaysia on June 6, 2017, through a reverse recapitalization.

Prior to March 11, 2021, TGL and ZCITY were separate companies under the common control of Kok Pin “Darren,” Tan which resulted from Mr. Tan’s prior 100% ownership of TGL and his prior 100% voting and investment control over ZCITY pursuant to the Beneficial Shareholding Agreements. For a more detailed description of the Beneficial Shareholding Agreements and Mr. Tan’s common control over TGL and ZCITY see Part I, Item 1. *“Business – Corporate Structure.”*

On March 11, 2021, TGL and ZCITY were reorganized into a parent subsidiary structure pursuant to the Share Swap Agreement in which TGL exchanged the swap shares for all of the issued and outstanding equity of ZCITY. Pursuant to the Share Swap Agreement, the purchase and sale of the swap shares was completed on March 11, 2021, but the issuance of the swap shares did not occur until October 27, 2021 when TGL amended its certificate of incorporation to increase the number of its authorized common stock to a number that was sufficient to issue the swap shares. As a result of the Share Swap Agreement, (i) ZCITY became the 100% subsidiary of TGL and Kok Pin “Darren” Tan no longer had any control over the ZCITY ordinary shares and (ii) Kok Pin “Darren” Tan the Initial ZCITY Stockholders and Chong Chan “Sam” Teo owned 100% of the shares of TGL common stock (Kok Pin “Darren” Tan owning approximately 97%). Subsequent to the date of the Share Swap Agreement, Kok Pin “Darren” Tan transferred 9,529,002 of his 10,000,000 shares of TGL common stock to 16 individuals and entities and currently owns less than 5% of our common stock.

On August 15, 2022, we had closed our initial underwritten public offering of 2,300,000 shares of common stock, par value \$0.00001 per share, at \$4.00 per share. Meanwhile we received net proceeds of approximately \$8.2 million, net of underwriting discounts and commissions and fees, and other estimated offering expenses amounted to approximately \$1.0 million.

On November 30, 2023, we closed our underwritten public offering (the “November 2023 Offering”) of (i) 26,014,000 shares of common stock, at a public offering price of \$0.10 per share of Common Stock and (ii) 14,000,000 pre-funded warrants (the “Pre-Funded Warrants”), each with the right to purchase one share of Common Stock, at a public offering price of \$0.0999 per Pre-Funded Warrant. Upon closing of the November 2023 Offering, we received aggregate net proceed of approximately \$3.5 million, after deducting underwriting discounts and commission, and non-accountable expense.

On December 19, 2023, VT Smart Venture Sdn Bhd (the “Developer”), a company that is in the business of, among other things, technology services, entered into a Software Development Agreement (the “Software Agreement”), in which the Developer agreed to provide application, services and turnkey solutions on software development in various aspects, including customization, software design layout, creative media platform development, artificial embedded and artificial intelligence related media platform and design in exchange for USD\$1,000,000 worth of common stock of the Company, or 10,000,000 shares valued at USD \$0.10 per share (the “TGL Shares”).

We have created an innovative online-to-offline e-commerce platform business model offering consumers and merchants instant rebates and affiliate cashback programs, while providing a seamless e-payment solution with rebates in both e-commerce (i.e., online) and physical retailers/merchant (i.e., offline) settings.

Our proprietary product is an application branded “ZCITY App,” which was developed through ZCITY. The ZCITY App was successfully launched in Malaysia on June 2020. ZCITY is equipped with the know-how and expertise to develop additional/add-on technology-based products and services to complement the ZCITY App, thereby growing its reach and user base.

Through simplifying a user’s e-payment gateway experience, as well as by providing great deals, rewards and promotions with every use, we aim to make the ZCITY App Malaysia’s top reward and loyalty platform. Our longer-term goal is for the ZCITY App and its ever-developing technology to become one of the most well-known commercialized applications more broadly in Southeast Asia and Japan. As of February 5, 2024, we had 2,663,165 registered users and 2,027 registered merchants.

Southeast Asia (“SEA”) consumers have access to a plethora of smart ordering, delivery and “loyalty” websites and apps, but in our experience, SEA consumers very rarely receive personalized deals based on their purchases and behavior.

The ZCITY App targets consumer through the provision of personalized deals based on consumers’ purchase history, location and preferences. Our technology platform allows us to identify the spending trends of our customers (the when, where, why, and how much). We are able to offer these personalized deals through the application of our proprietary artificial intelligence (or “AI”) technology that scours the available database to identify and create opportunities to extrapolate the greatest value from the data, analyze consumer behavior and roll out attractive rewards-based campaigns for targeted audiences. We believe this AI technology is currently a unique market differentiator for the ZCITY App.

We operate our ZCITY App on the hashtag: “#RewardsOnRewards.” We believe this branding demonstrates to users the ability to spend ZCITY App-based Reward Points (or “RP”) and “ZCITY Cash Vouchers” with discount benefits at checkout. Additionally, users can earn rewards from selected e-Wallet or other payment methods.

ZCITY App users do not require any on-going credit top-up or need to provide bank card number with their binding obligations. We have partnered with Malaysia's leading payment gateway, iPay88, for secure and convenient transactions. Users can use our secure platform and enjoy cashless shopping experiences with rebates when they shop with e-commerce and retail merchants through trusted and leading e-wallet providers such as Touch'n Go eWallet, Boost eWallet, GrabPay eWallet and credit card/online banking like the "FPX" (the Malaysian Financial Process Exchange) as well as more traditional providers such as Visa and Mastercard.

On May 1, 2023, we entered into a worldwide master license agreement ("License Agreement 1") with Morganfield's Holdings Sdn Bhd ("Licensor 1"), an unrelated third party. Pursuant to the License Agreement 1, the Licensor 1 agreed to grant us the exclusive worldwide license for the right to use the Morganfield's Trademark ("Trademark 2") for a period of five years. During the five-year license period, we agree to pay Licensor 1 for monthly license fee throughout the license period, with minimum aggregate payments of approximately \$1.5 million or 40% of the total monthly collections from our sub-licensees, whichever is higher.

On June 6, 2023, we entered into a worldwide master license agreement ("License Agreement 2") with Sigma Muhibah Sdn Bhd ("Licensor 2"), an unrelated third party. Pursuant to the License Agreement 2, Licensor 2 agreed to grant the AY Food Ventures Sdn Bhd with the exclusive worldwide license for right of use in Abe Yus's Trademark ("Trademark 2") for a period of five years. During the five years license period, we agree to pay the licensor 2 for monthly license fee throughout the license period, with minimum aggregate payments of approximately \$1.2 million or 40% of the total monthly collection from our sub-licensees, whichever is higher.

### **Key Factors that Affect Operating Results**

We believe the key factors affecting our financial condition and results of operations include the following:

#### ***Our Ability to Create Value for Our Users and Generate Revenue***

Our ability to create value for our users and generate our revenues from merchants is driven by the factors described below:

##### *Number and volume of transactions completed by our consumers.*

Consumers are attracted to ZCITY by the breadth of personalized deals/rewards and the interactive user experience our platform offers. The number and volume of transaction completed by our member consumers is affected by our ability to continue to enhance and expand our product and service offerings and improve the user experience.

##### *Empowering data and technology.*

Our ability to engage our member consumers and empower our merchants and their brands is affected by the breadth and depth of our data insights, such as the accuracy of our members' shopping preferences, and our technology capabilities and infrastructure, and our continued ability to develop scalable services and upgrade our platform user experience to adapt to the quickly evolving industry trends and consumer preferences.

#### ***Our Investment in User Base, Technology, People and Infrastructure***

We have made, and will continue to make, significant investments in our platform to attract consumers and merchants, enhance user experience and expand the capabilities and scope of our platform. We expect to continue to invest in our research and development team as well as in our technology capabilities and infrastructure, which will lower our margins but deliver overall long-term growth.

## Inflation

Although Malaysia is experiencing a high inflation rate, we do not believe that inflation has had a material adverse effect on our business as December 31, 2023, but we will continue to monitor the effects of inflation on our business in future periods.

## Supply Chain Disruptions

Although there have been global supply chain disruptions as a result of the COVID-19 pandemic, Russia's February 2022 invasion of Ukraine and the 2023 Middle East conflicts that may have affected the operations of some of our online and offline merchants, these disruptions have not had a material adverse effect on our business as of December 31, 2023, but we will continue to monitor the effects of supply chain disruptions on our business in future periods.

## Key Operating Metrics

Our management regularly reviews a number of metrics to evaluate our business, measures our performance, identifies trends, formulates financial projections and makes strategic decisions. The main metrics we consider, and our results for last five quarters, are set forth in the table below:

	For the Quarters Ended				
	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Number of new registered user <sup>(1)</sup>	143,654	98,248	98,087	102,752	38,934
Number of active users <sup>(2)</sup>	458,177	449,435	378,414	187,180	156,979
Number of new participating merchants	-	10	2	16	1

(1) Registered are persons who have registered on the ZCITY App.

(2) Active users are users who have logged into the ZCITY App at least once.

	As of December 31, 2022	As of March 31, 2023	As of June 30, 2023	As of September 30, 2023	As of December 31, 2023
Accumulated registered users	2,345,829	2,444,077	2,542,164	2,644,916	2,683,850
Accumulated Participating merchants	1,998	2,008	2,010	2,026	2,027

We have experienced a decrease in growth rate in registered users, and a decline of active users over the last five quarters as of December 31, 2023. As of December 31, 2023, we recorded 2,683,850 registered users and 156,979 active users on the ZCITY platform. On average, our registered user base has grown by approximately 4.0% over the past five quarters, while our active user numbers have experienced an average decline of 18.1%.

The decrease in growth with regard to registered users and the decline in active users over the past five quarters as of December 31, 2023 was a result of decrease in E-voucher purchasing from our vendor, which eventually reduced the E-voucher available for sales, and attracted less new registered and active users to join our ZCITY platform. Since our product and loyalty program revenue mainly consist of sales of E-voucher which bear a low profit margin, reduction in E-voucher purchasing will allow us to reserve more working capital in developing our TAZTE Smart F&B system (“TAZTE”), which is a system that provides a one stop solution and digitalization transformation for all registered food and beverage (“F&B”) outlets located in Malaysia. As TAZTE is a merchant-oriented program, we intend to utilize our user data to help our merchant customers to achieve higher business growth. As we provided free trial for merchants to participate in TAZTE ended in December 31, 2023 and further extended to June 2024, we have not generated any revenue from TAZTE for the six months ended December 31, 2023. For 2024 and beyond, we do not expect to experience exponential growth rate in our registered and active users as we intend to maintain our E-voucher for sales in a steady level and increase our user’s retention rate.

We continuously monitor the development and participation of active users as a proportion of its total registered user base to ensure the effectiveness of our marketing and feature implantation strategies. Accordingly, the proportion of total registered users that we consider active users at the end last five quarters as of December 31, 2023 is as follows:

<b>Starting</b>	<b>Ending</b>	<b>Total registered users</b>	<b>Total active users</b>	<b>Total active users to total registered users</b>
October 1, 2022	December 31, 2022	2,345,829	458,177	19.5%
January 1, 2023	March 31, 2023	2,444,077	449,435	18.4%
April 1, 2023	June 30, 2023	2,542,164	378,414	14.9%
July 1, 2023	September 30, 2023	2,644,916	187,180	7.1%
October 1, 2023	December 31, 2023	2,542,164	156,979	6.2%

We continuously monitor the development of the churn and retention rates of the active user base. Active users churn rate is the percentage of customers who had stop subscribing in our platform while retention rate is the percentage of customers who is retained in our platform. Accordingly, our churn and retention rates of the active user base at the end of last five quarters as of December 31, 2023 is as follows:

<b>Starting</b>	<b>Ending</b>	<b>Total active users</b>	<b>New active users (registered within the quarter)</b>	<b>Existing active users</b>	<b>Active users churn rate</b>	<b>Active users retention rate</b>
October 1, 2022	December 31, 2022	458,177	104,191	353,986	27.5%	72.5%
January 1, 2023	March 31, 2023	449,435	81,921	367,514	19.8%	80.2%
April 1, 2023	June 30, 2023	378,414	93,516	284,898	36.6%	63.4%
July 1, 2023	September 30, 2023	187,180	93,836	93,344	75.3%	24.7%
October 1, 2023	December 31, 2023	156,979	38,934	118,045	36.9%	63.1%

The retention rate and churn rate for our active users are calculated as follows:

$$\begin{aligned} \text{Retention rate of active users for any quarter} &= \frac{\text{Existing active users}}{\text{Total active users in the past quarter}} \\ \text{Churn rate of active users for any quarter} &= \frac{\text{Total active users from past quarter minus current quarter existing active users}}{\text{Total active users in the past quarter}} \end{aligned}$$

We have used different strategies to build and maintain our users and increase their engagement. Initially, we focused on mass marketing strategies to attract registered users. Subsequently, we have shifted to a more targeted approach focused on increasing user engagement and user spending.

### Results of Operation

#### For the three months ended December 31, 2023 and 2022

#### Revenue

Our breakdown of revenues by categories for the three months ended December 31, 2023 and 2022, respectively, is summarized below:

	<b>For the Three Months Ended December 31,</b>				<b>Change</b>
	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>%</b>
Product and loyalty program revenue	\$ 6,488,819	96.6%	\$ 20,293,526	99.3%	(68.0)%
Transaction revenue	15,867	0.2%	17,126	0.1%	(7.4)%
Member subscription revenue	148,205	2.2%	133,516	0.6%	11.0%
Sublicence revenue	60,914	1.0%	-	-%	100.0%
<b>Total revenues</b>	<b>\$ 6,713,805</b>	<b>100.0%</b>	<b>\$ 20,444,168</b>	<b>100.0%</b>	<b>(67.2)%</b>

Total revenues decreased by approximately \$13.8 million or 67.2% to approximately \$6.7 million for the three months ended December 31, 2023 from approximately \$20.4 million for the three months ended December 31, 2022. The decrease was mainly attributable to the decrease in product and loyalty program revenue.

#### *Product and loyalty program revenue*

Product revenue was generated through sales of our e-voucher, health care products and other products through our ZCITY platform while loyalty program revenue was recognized when our customers redeem their previously earned reward points from our loyalty program or upon expiration of the reward point. In addition, we also engage in sales of food and beverage products through our newly acquired subsidiaries, Morgan Global Sdn. Bhd (“Morgan”) and AY Food Ventures Sdn. Bhd. (“AY Food”). The product and loyalty program revenue decrease by approximately \$13.8 million or 68.0% to approximately \$6.5 million for the three months ended December 31, 2023 from approximately \$20.3 million for the same period in 2022. The decrease was mainly attributable to our strategic goal to reduce spending related rewards granted to the customers and marketing campaign expenses. Such reduction in incentives grant to customers and the decrease in marketing campaign expenditures had the effect of diminishing the platform's attractiveness to existing and potential customers, ultimately leading to the decrease of revenue in current period.

#### *Transaction revenue*

The transaction revenue primarily consists of fees charged to merchants for participating in our ZCITY platform upon successful sales transaction and payment service taken place between the merchants and their customers online. Our transaction revenue decreased by 7.4%. Our average percentage of growth of new merchants was approximately 0.3% throughout the five quarters as of December 31, 2023 since the establishment of ZCITY platform. For the three months ending on December 31, 2023, we have one additional new merchant to join our ZCITY platform.

#### *Member subscription revenue*

Member subscription revenue primarily consists of fees charged to customers who signed up for Zmember, a membership program that includes exclusive saving, bonus and referral rewards. Member subscription revenue increased by 11.0% to approximately \$150,000 for three months end December 31, 2023 as compared to approximately \$134,000 for the same period in 2022 as more customers have joined our Zmember program. As of December 31, 2023 and 2022, we had 28,927 and 15,169 customers who subscribed to our Zmember program, respectively.

#### *Sublicense revenue*

As we acquired exclusive worldwide license for right of use in Morganfield's Trademark, and Abe Yus's Trademark on May 1, 2023, and June 6, 2023, respectively, for a period of five years, we have generated sublicense revenue consist of fee charged to the customers who sublicensed the right of use of the Trademark from us. For the three months ended December 31, 2023, sublicense revenue was amounted to approximately \$61,000 while as of December 31, 2022 we engaged 10 customers as sublicensees who operated their restaurant under Morganfield's and Abe Yu's Trademark in Singapore, Malaysia and China.



### Cost of revenue

Our breakdown of cost of revenue by categories for the three months ended December 31, 2023 and 2022, respectively, is summarized below:

	For the Three Months Ended December 31,		Change %
	2023	2022	
	(Unaudited)	(Unaudited)	
Product and loyalty program revenue	\$ 6,308,998	\$ 20,210,159	(68.8)%
Sublicense revenue	59,204	-	100.0%
Total cost of revenue	\$ 6,368,202	\$ 20,210,159	(68.5)%

Cost of revenue mainly consists of the purchases of the gift card or “E-voucher” pin code, health care product and food and beverage products which is directly attributable to our product revenue. Cost of revenue also consists of monthly license payment made to our licensor to maintain our good standing for the right of use the Trademark which is attributable to our sublicense revenue. Total cost of revenue decreased by approximately \$13.8 million or 68.5% for the three months ended December 31, 2023 compared with the same period in 2022. The decrease was in line with our decrease in revenue.

### Gross profit

Our gross profit from our major revenue categories is summarized as follows:

	For the Three Months Ended December 31, 2023	For the Three Months Ended December 31, 2022	Change	Percentage Change
	(Unaudited)	(Unaudited)		
<b>Product and loyalty program revenue</b>				
Gross profit	\$ 179,821	\$ 83,367	\$ 96,454	115.7%
Gross margin	2.8%	0.4%	2.4%	
<b>Transaction revenue</b>				
Gross profit	\$ 15,867	\$ 17,126	\$ (1,259)	(7.4)%
Gross margin	100.0%	100.0%	—%	
<b>Member subscription revenue</b>				
Gross profit	\$ 148,205	\$ 133,516	\$ 14,689	11.0%
Gross margin	100.0%	100.0%	—%	
<b>Sublicense revenue</b>				
Gross profit	\$ 1,710	\$ —	\$ 1,710	100.0%
Gross margin	2.8%	—%	2.8%	
<b>Total</b>				
Gross profit	\$ 345,603	\$ 234,009	\$ 111,594	47.7%
Gross margin	5.1%	1.1%	4.0%	

Our gross profit for the three months ended December 31, 2023 amounted to approximately \$0.3 million as compared to approximately \$0.2 million for the three months ended December 31, 2022 which represents an increase of approximately \$0.1 million or 47.7%. The increase in gross profit was primarily attributable to we reduce spending related rewards granted to the customers in our ZCITY platform which resulted in less revenue being deferred and led to higher gross profit in current period. The increase in gross profit also attributable to the growth in member subscription revenue, as we had more customers subscribed to our Zmember program as of December 31, 2023.

The gross margin was approximately 5.1% and 1.1% for the three months ended December 31, 2023, and 2022, respectively. The 4.0% increase in gross margin attributed to the rise in gross profit from product and loyalty program revenue which due to the reason indicated above.

#### Operating expenses

Our operating expenses consist of selling expenses, general and administrative expenses, research and development expenses and stock-based compensation expenses.

##### *Selling expenses*

Selling expenses amounted to approximately \$0.5 million and \$1.3 million for the three months ended December 31, 2023 and 2022, respectively, representing a decrease of approximately \$0.8 million or 59.7%. The decrease was mainly attributable to a decrease in marketing and promotion expense of approximately \$0.5 million related to promoting our ZCITY platform. Marketing and promotion expense consists of redemptions of reward points which is generated from non-spending related activities (registration as a new user, referral of a new user and Spin & Win eligibility to receive reward points) in exchange for discounted credit of purchasing our products upon conversion of using the reward points. For the three months ended December 31, 2023 and 2022, we incurred approximately \$0.1 million and \$0.6 million, respectively, in marketing and promotion expense, and recognized the same amount of product revenue at the time of redemption of the non-spending related activities reward points by our customers. The decrease in marketing and promotion expenses was primarily driven by our strategic goal to optimize the promotional activities, and enhance our cost effectiveness in our operations.

##### *General and administrative expenses*

General and administrative expenses amounted to approximately \$0.8 million and \$0.9 million for the three months ended December 31, 2023 and 2022, respectively, representing an decrease of approximately \$0.1 million or 8.1%. The decrease was primarily attributed to a reduction in salary expenses of approximately \$0.3 million, as we reallocated some of our labor resources to software development services related to VCI's project, offset by director and officer liability insurance expense of approximately \$0.1 million and depreciation expense of approximately \$0.1 million as a result of expansion of management and administration team to support our business operation.

##### *Research and development expenses*

Research and development expense amounted to approximately \$138,000 and \$168,000 for the three months ended December 31, 2023 and 2022, respectively, representing 17.0% decrease which is attribute to we incurred less in house development expense related to mobile application or website development.

#### Other (expense) income, net

Other expense, net, amounted to approximately \$107,000 for the three months ended December 31, 2023 while other income, net amounted to approximately \$55,000 for the three months ended December 31, 2022. Such change was primarily attributable to we incurred other income from software developing service, net of cost of approximately \$0.7 million, offset by an unrealized loss approximately \$0.4 million from marketable securities, approximately \$0.3 million redemption premium payment remit to our convertible note holder as a result of floor price triggering event, and amortization of debt discount of approximately \$0.1 million related to our convertible note payable.

#### Provision for income taxes

Provision for income taxes amounted to approximately \$6,000 and \$11,500 for the three months ended December 31, 2023 and 2022, respectively. The amount was mainly attributable to tax imposed on us from the State of Delaware, as we are required to remit franchise tax to the State of Delaware on an annual basis. We also were subject to controlled foreign corporations Subpart F income ("Subpart F") tax, which is a tax primarily on passive income from controlled foreign corporations with a tax rate of 35%. In addition, the Tax Cuts and Jobs Act imposed a global intangible low-taxed income ("GILTI") tax, which is a tax on certain off-shore earnings at an effective rate of 10.5% for tax years (50% deduction of the current enacted tax rate of 21%) with a partial offset for 80% foreign tax credits. If the foreign tax rate is 13.125% or higher, there will be no U.S. corporate tax after the 80% foreign tax credits are applied. For the three months ended December 31, 2023 and 2022, our foreign subsidiaries did not generate any income that are subject to Subpart F tax and GILTI tax.

## Net losses

Our net losses decreased by approximately \$0.8 million predominately due to the reasons as discussed above.

## For the six months ended December 31, 2023 and 2022

### Revenue

Our breakdown of revenues by categories for the six months ended December 31, 2023 and 2022, respectively, is summarized below:

	For the Six Months Ended December 31,				Change
	2023	%	2022	%	%
	(Unaudited)		(Unaudited)		
Product and loyalty program revenue	\$ 19,703,989	97.7%	\$ 35,766,340	99.3%	(44.9)%
Transaction revenue	36,075	0.1%	32,344	0.1%	11.5%
Member subscription revenue	321,424	1.6%	201,824	0.6%	59.3%
Sublicence revenue	116,212	0.6%	-	-%	100.0%
Total revenues	\$ 20,177,700	100.0%	\$ 36,000,508	100.0%	(44.0)%

Total revenues decreased by approximately \$15.8 million or 44.0% to approximately \$20.2 million for the six months ended December 31, 2023 from approximately \$36.0 million for the six months ended December 31, 2022. The decrease was mainly attributable to the decrease in product and loyalty program revenue.

#### *Product and loyalty program revenue*

Product revenue was generated through sales of our e-voucher, health care products and other products through our ZCITY platform while loyalty program revenue was recognized when our customers redeem their previously earned reward points from our loyalty program or upon expiration of the reward point. In addition, we also engage in sales of food and beverage products through our newly acquired subsidiaries, Morgan and AY Food. The product and loyalty program revenue decreased by approximately \$16.1 million or 44.9% to approximately \$19.7 million for the six months ended December 31, 2023 from approximately \$35.8 million for the same period in 2022. The decrease was mainly attributable to our strategic goal to reduce spending related rewards granted to the customers and marketing campaign expenses. Such reduction in incentives granted to the customers and the decrease in marketing campaign expenditures had the effect of diminishing the platform's attractiveness to existing and potential customers, ultimately leading to the decrease of revenue in current period.

#### *Transaction revenue*

The transaction revenue primarily consists of fees charged to merchants for participating in our ZCITY platform upon successful sales transaction and payment service taken place between the merchants and their customers online. Our transaction revenue increased by 11.5%. Our average percentage of growth of new merchants was approximately 0.3% throughout the five quarters as of December 31, 2023 since the establishment of ZCITY platform. For the six months ending on December 31, 2023, we have an additional 17 new merchants that joined our ZCITY platform.

### *Member subscription revenue*

Member subscription revenue primarily consists of fees charged to customers who signed up for Zmember, a membership program that includes exclusive saving, bonus and referral rewards. Member subscription revenue increased by 59.3% to approximately \$0.3 million for six months end December 31, 2023 as compared to approximately \$0.2 million for the same period in 2022 as we have more customers to join our Zmember program. As of December 31, 2023 and 2022, we had 28,927 and 15,169 customers who subscribed to our Zmember program, respectively.

### *Sublicense revenue*

As we acquired exclusive worldwide license for right of use in Morganfield's Trademark, and Abe Yus's Trademark on May 1, 2023, and June 6, 2023, respectively, for a period of five years, we have generated sublicense revenue consist of fee charged to the customers who sublicensed the right of use of the Trademark from us. For the six months ended December 31, 2023, sublicense revenue was amounted to approximately \$0.1 million while as of December 31, 2022 we engaged 10 customers as sublicensees who operated their restaurant under Morganfield's and Abe Yu's Trademark in Singapore, Malaysia, and China.

### Cost of revenue

Our breakdown of cost of revenue by categories for the six months ended December 31, 2023 and 2022, respectively, is summarized below:

	<b>For the Six Months Ended</b>		<b>Change</b>
	<b>December 31,</b>		
	<b>2023</b>	<b>2022</b>	
Product and loyalty program revenue	\$ 19,552,148	\$ 35,729,406	(45.3)%
Sublicense revenue	117,315	-	100.0%
<b>Total cost of revenue</b>	<b>\$ 19,669,463</b>	<b>\$ 35,729,406</b>	<b>(44.9)%</b>

Cost of revenue mainly consists of the purchases of the gift card or "E-voucher" pin code, health care product and food and beverage products which is directly attributable to our product revenue. Cost of revenue also consists of monthly license payment made to our licensor to maintain our good standing for the right of use the Trademark which is attributable to our sublicense revenue. Total cost of revenue decreased by approximately \$16.1 million or 44.9% for the six months ended December 31, 2023 compared with the same period in 2022. The decrease was in line with our decrease in revenue.

## Gross profit

Our gross profit from our major revenue categories is summarized as follows:

	<b>For the Six months Ended December 31, 2023 (Unaudited)</b>	<b>For the Six months Ended December 31, 2022 (Unaudited)</b>	<b>Change</b>	<b>Percentage Change</b>
<b>Product and loyalty program revenue</b>				
Gross profit	\$ 151,841	\$ 36,934	\$ 114,907	311.1%
Gross margin	0.8%	0.1%	0.7%	
<b>Transaction revenue</b>				
Gross profit	\$ 36,075	\$ 32,344	\$ 3,731	11.5%
Gross margin	100.0%	100.0%	—%	
<b>Member subscription revenue</b>				
Gross profit	\$ 321,424	\$ 201,824	\$ 119,600	59.3%
Gross margin	100.0%	100.0%	—%	
<b>Sublicense revenue</b>				
Gross loss	\$ (1,103)	\$ —	\$ (1,103)	—%
Gross loss margin	(0.9)%	—%	(0.9)%	
<b>Total</b>				
Gross profit	\$ 508,237	\$ 271,102	\$ 237,135	87.5%
Gross margin	2.5%	0.8%	1.8%	

Our gross profit for the six months ended December 31, 2023 amounted to approximately \$0.5 million as compared to approximately \$0.3 million for the six months ended December 31, 2022 which represents an increase of approximately \$0.2 or 87.5%. The increase in gross profit was primarily attributable to the reduction of spending related rewards granted to the customers in our ZCITY platform which resulted in less revenue being deferred and led to higher gross profit in current period. The increase in gross profit also attributable to the growth in member subscription revenue, as we had more customers subscribed to our Zmember program as of December 31, 2023.

The gross margin was approximately 2.5% and 0.8% for the six months ended December 31, 2023, and 2022, respectively. The 1.8% increase in gross margin attributed to the rise in gross profit from product and loyalty program revenue which due to the reason indicated above.

## Operating expenses

Our operating expenses consist of selling expenses, general and administrative expenses, research and development expenses and stock-based compensation expenses.

### *Selling expenses*

Selling expenses amounted to approximately \$1.3 million and \$2.6 million for the six months ended December 31, 2023 and 2022, respectively, representing a decrease of approximately \$1.3 million or 50.3%. The decrease was mainly attributable to the decrease in marketing and promotion expense of approximately \$1.0 million related to promoting our ZCITY platform. Marketing and promotion expense consists of redemptions of reward points which is generated from non-spending related activities (registration as a new user, referral of a new user and Spin & Win eligibility to receive reward points) in exchange for discounted credit of purchasing our products upon conversion of using the reward points. For the six months ended December 31, 2023 and 2022, we incurred approximately \$0.3 million and \$1.0 million, respectively, in marketing and promotion expense, and recognized the same amount of product revenue at the time of redemption of the non-spending related activities reward points by our customers. The decrease in marketing and promotion expenses was primarily driven by our strategic goal to optimize the promotional activities, and enhance our cost effectiveness in our operations.

### *General and administrative expenses*

General and administrative expenses amounted to approximately \$2.0 million and \$1.7 million for the six months ended December 31, 2023 and 2022, respectively, representing an increase of approximately \$0.4 million or 21.4%. The increase was mainly due to increase of director & officer liability insurance expense of approximately \$0.2 million, legal and professional expense of approximately \$0.1 million and depreciation expense of approximately \$0.1 million as a result of expansion of management and administration team to support our business operation.

### *Research and development expenses*

Research and development expense amounted to approximately \$227,000 and \$297,000 for the six months ended December 31, 2023 and 2022, respectively, representing 23.7% decrease which is attribute to we incurred less expense in mobile application or website development.

### *Stock-based compensation expenses*

Stock-based compensation expenses amounted to approximately \$0 and \$0.4 million for the six months ended December 31, 2023 and 2022 respectively, representing decrease of approximately \$0.4 million. The stock-based compensation incurred for the six months ended December 31, 2022 are from Exchange Listing LLC (the "Consultant") related to our initial public offering.

### Other expense, net

For the six months ended December 31, 2023 and 2022, we incurred other expense, net, amounted to approximately \$0.3 million and \$0.9 million, respectively, representing a decrease of approximately \$0.7 million which was primarily attributable to we incurred other income from software developing service, net of cost of approximately \$0.7 million, and a decrease of amortization of debt discount of approximately \$0.6 million related to our convertible note payable as we had fewer convertible notes containing debt discount that needed to be amortized for the six months ended December 31, 2023 compare to the same period in 2022, offset by an unrealized loss approximately \$0.3 million from marketable securities we received as service consideration in development of an artificial intelligence powered travel platform, redemption premium of approximately \$0.3 million remit to our convertible note holder as a result of floor price triggering event.

### Provision for income taxes

Provision for income taxes amounted to approximately \$21,000 and \$23,000 for the six months ended December 31, 2023 and 2022, respectively. The amount was mainly attributable to tax imposed on us from the State of Delaware, as we are required to remit franchise tax to the State of Delaware on an annual basis. We also were subject to controlled foreign corporations Subpart F income tax, which is a tax primarily on passive income from controlled foreign corporations with a tax rate of 35%. In addition, the Tax Cuts and Jobs Act imposed a global intangible low-taxed income tax, which is a tax on certain off-shore earnings at an effective rate of 10.5% for tax years (50% deduction of the current enacted tax rate of 21%) with a partial offset for 80% foreign tax credits. If the foreign tax rate is 13.125% or higher, there will be no U.S. corporate tax after the 80% foreign tax credits are applied. For the six months ended December 31, 2023 and 2022, our foreign subsidiaries did not generate any income that are subject to Subpart F tax and GILTI tax.

### Net loss

Our net losses decreased by approximately \$2.4 million predominately due to the reasons as discussed above.

### Liquidity and Capital Resources

In assessing liquidity, we monitor and analyze cash on-hand and operating expenditure commitments. Our liquidity needs are to meet working capital requirements and operating expense obligations. To date, we financed our operations primarily through cash flows from contribution from stockholders, issuance of convertible notes, related party loans and our completion of initial underwritten public offering.

As of December 31, 2023 and June 30, 2023, we had approximately \$1.2 million and \$4.6 million, respectively, in cash and cash equivalent which primarily consists of bank deposits, which are unrestricted as to withdrawal and use.

On August 15, 2022, we had closed our initial underwritten public offering of 2,300,000 shares of common stock, par value \$0.00001 per share, at \$4.00 per share. We received aggregate net proceeds from the closing of approximately \$8.2 million, after deducting underwriting discounts and commissions and fees, and other estimated offering expenses which amounted to approximately \$1.0 million.

From February to June 2023, we issued two convertible notes to a third party in an aggregate principal amount of \$5,500,000. We received \$5,060,000 in proceeds from the third-party net of discount. The convertible notes accrued interest at 4% per annum and had a 12-month term. On December 6, 2023, we paid a total of \$2,102,909.59 which represented the outstanding balance of one of the convertible notes issued pursuant to the securities purchase agreement. The other convertible note had already been fully converted into shares of our common stock prior to December 6, 2023.

On November 30, 2023, we closed our November 2023 Offering of (i) 26,014,000 shares of common stock, at a public offering price of \$0.10 per share, and (ii) 14,000,000 Pre-Funded Warrants, each with the right to purchase one share of Common Stock, at a public offering price of \$0.0999 per Pre-Funded Warrant. Upon closing of the November 2023 Offering, we received aggregate net proceed of approximately \$3.5 million, after deducting underwriting discounts, and non-accountable expense.

Despite receiving the proceeds from our initial underwritten public offering, November 2023 Offering, and issuance of two convertible notes, management is of the opinion that we will not have sufficient funds to meet the working capital requirements and debt obligations as they become due starting from one year from the date of this report due to our recurring loss. Therefore, management has determined there is substantial doubt about our ability to continue as a going concern. If we are unable to generate significant revenue, we may be required to curtail or cease our operations. Management is trying to alleviate the going concern risk through the following sources:

- Equity financing to support our working capital;
- Other available sources of financing (including debt) from Malaysian banks and other financial institutions; and
- Financial support and credit guarantee commitments from our related parties.

However, there is no guarantee that the substantial doubt about our ability to continue as a going concern will be alleviated.

The following summarizes the key components of our cash flows for the six months ended December 31, 2023 and 2022:

	<b>For the Six Months Ended</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Net cash used in operating activities	\$ (3,089,366)	\$ (4,618,391)
Net cash used in investing activities	(206,928)	(72,306)
Net cash (used in) provided by financing activities	(71,026)	7,716,349
Effect of exchange rate on cash and cash equivalents	256	(150,270)
Net change in cash and cash equivalents	<u>\$ (3,367,064)</u>	<u>\$ 2,875,382</u>

#### ***Operating Activities***

Net cash used in operating activities for the six months ended December 31, 2023 was approximately \$3.1 million and was mainly comprised of the net loss of approximately \$3.3 million, non-cash other income of approximately \$1.0 million from software developing service related to VCI's project as mentioned in other income, net above, increase of prepayment of approximately \$0.1 million as our vendors required us to make deposit to secure the purchase, offset by non-cash items of depreciation, amortization, allowance for credit losses and unrealized loss on marketable securities amounted to approximately \$1.0 million, decrease of inventories of approximately \$0.3 million as we reduced our purchase and intended to maintain a more effective inventory level, decrease of approximately \$0.2 million in other receivables and other current assets is attributed to the utilization of prepaid information technology and insurance expenses from previous periods in the current period, and increase of approximately \$0.1 million in accounts payable as we made more purchases on account.

Net cash used in operating activities for the six months ended December 31, 2022 was approximately \$4.6 million and was mainly comprised of the net loss of approximately \$5.7 million, increase of prepayments of approximately \$0.3 million as our vendors required us to make deposit to secure the purchase, and increase of approximately \$0.3 million in other receivable and other current assets as we prepaid IT maintenance fee to a third party service provider. The net cash used in operating activities was mainly offset by amortization of debt discount of approximately \$1.0 million, stock-based compensation of approximately \$0.4 million, decrease of inventories of approximately \$18,000 as we improved our inventories turnover rate due to demand of our product, increase in account payable of approximately \$59,000 as we made more purchases on account and increase of approximately \$81,000 in contract liability as we deferred more revenue due to increase of our customer's redemption rate in spending related reward points.

#### ***Investing Activities***

Net cash used in investing activities for the six months ended December 31, 2023 was approximately \$0.2 million, which was mainly due to purchase of equipment and intangible assets of approximately \$15,000, and \$0.2 million, respectively, for our operations used.

Net cash used in investing activities for six months ended December 31, 2022 was approximately \$72,000, which was in respect of purchase of equipment for our operations.



## ***Financing Activities***

Net cash used by financing activities for the six months ended December 31, 2023 was approximately \$71,000, which mainly comprised of repayment to convertible notes, insurance loan and related party loan of approximately \$3.5 million, offset by approximately \$3.5 million net proceeds received from issuance of common stock and Pre-Funded Warrants related to the November 2023 Offering.

Net cash provided by financing activities for the six months ended December 31, 2022 was approximately \$7.7 million, which were mainly comprised of proceeds received from the issuance of convertible note from third party of approximately \$2.7 million, proceeds received from our initial public offering of approximately \$8.2 million and proceeds received from third party of approximately \$0.6 million, offset by repayment to related parties and third parties loan of approximately \$3.7 million, repayment of a senior note of \$65,000 and \$15,000 payment of deferred offering costs.

## **Off-Balance Sheet Arrangements**

As of the date of this Quarterly Report, we have the following off-balance sheet arrangements that are likely to have a future effect on our financial condition, revenues or expenses, results of operations and liquidity:

### Commitment

On May 1, 2023, our subsidiary Morgan entered into a worldwide master license agreement with Morganfield's Holdings Sdn Bhd, an unrelated third party. Pursuant to the License agreement, the Licensor agreed to grant Morgan with the exclusive worldwide license for right of use in Morganfield's Trademark for a period of five years. During the five years license period, Morgan is obligated to pay the licensor for license fee on monthly basis in an aggregate total of minimum payment of approximately \$1.5 million or 40% of the total monthly collection from Morgan's sub-licensees, whichever is higher.

On June 6, 2023, we entered into a worldwide master license agreement with Sigma Muhibah Sdn Bhd, an unrelated third party. Pursuant to the License Agreement 2, the Licensor 2 agreed to grant the AY Food Ventures Sdn Bhd with the exclusive worldwide license for right of use in Abe Yus's Trademark for a period of five years. During the five years license period, we agree to pay the licensor 2 for license fee on monthly basis in an aggregate total of minimum payment of approximately \$1.2 million or 40% of the total monthly collection from our sub-licensees, whichever is higher.

## **Critical Accounting Estimate**

Our consolidated financial statements and accompanying notes have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements and accompanying notes requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We have identified certain accounting estimates that are significant to the preparation of our financial statements. These estimates are important for an understanding of our financial condition and results of operation. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. We believe the following critical accounting estimates involve the most significant estimates and judgments used in the preparation of our financial statements.

The preparation of these 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 disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Significant accounting estimates reflected in our consolidated financial statements include the estimated retail price per point and estimated breakage to calculate the revenue recognized in our loyalty program revenue, the useful lives of property and equipment, impairment of long-lived assets, provision for estimated credit losses, write-down for estimated obsolescence or unmarketable inventories, realization of deferred tax assets and uncertain tax position, fair value of our stock price to determine the beneficial conversion feature ("BCF") within the convertible note, fair value of the stock-based compensation, fair value of the marketable securities and fair value of the warrants issued. Actual results could differ from these estimates.

#### Accounts receivable, net

Accounts receivable are recorded at the invoiced amount, net of an allowance for uncollectible accounts and do not accrue interest. We offer various payments terms to customers from cash due on delivery to 90 days based on their credit history. Accounts receivable encompass amounts due from sales of healthcare products on our ZCITY platform, sublicensing revenue and sales of food and beverage products. Starting from July 1, 2023, we adopted ASU No.2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASC Topic 326”). We used a modified retrospective approach, and the adoption does not have an impact on our unaudited condensed consolidated financial statements. Management also periodically evaluates individual customer’s financial condition, credit history and the current economic conditions to make adjustments in the allowance when it is considered necessary. Account balances are charged off against the allowance when all collection efforts have been exhausted, and recovery potential is deemed remote. Our management reviews historical accounts receivable collection rates across all aging brackets and has made 100% provision of credit loss for customer balances aged above 120 days for sales of healthcare products on our ZCITY platform and 100% provision for customer balances aged above 60 days for sublicensing revenue and sales of food and beverage products. Our management continuously assesses the reasonableness of the credit loss allowance policy and updates it as needed. As of December 31, 2023 and June 30, 2023, we recorded \$54,280 and \$214 of provision for estimated credit losses, respectively.

#### Inventories

Our inventories are recorded at the lower of cost or net realizable value, with cost determined using the first-in-first-out (FIFO) method. These costs encompass gift cards or ‘E-voucher’ pin codes, which are acquired from our suppliers as merchandise goods or store credit, as well as healthcare products. Management conducts regular comparisons between the cost of inventories and their net realizable value. If the net realizable value is lower than the cost, an allowance is made for inventory write-down. Ongoing assessments of inventories are carried out to identify potential write-downs due to estimated obsolescence or unmarketability. This determination is based on the difference between the inventory costs and the estimated net realizable value, considering forecasts for future demand and market conditions. Once inventories are written down to the lower of cost or net realizable value, they are not subsequently marked up based on changes in underlying facts and circumstances. Our management has reviewed the aforementioned factors and has applied a 100% write-down for inventories aged above 180 days related to our E-voucher and health care products. For the three and six months ended December 31, 2023, we recorded \$486 write-down for inventories. For the three and six months ended December 31, 2022, we did not record any write-down for inventories.

#### Other receivables and other current assets, net

Other receivables and other current assets primarily include refundable advance to third party service provider and other deposits. Management regularly reviews the aging of receivables and changes in payment trends and records allowances when management believes collection of amounts due are at risk. Accounts considered uncollectable are written off against allowances after exhaustive efforts at collection are made. No allowance of other receivables and other current assets were recorded as of December 31, 2023 and 2022.

#### Prepayments

Prepayments and deposits are mainly cash deposited or advanced to suppliers for future inventory purchases. This amount is refundable and bears no interest. For any prepayments determined by management that such advances will not be in receipt of inventories, services or refundable, we will recognize an allowance account to reserve such balances. Management reviews our prepayments on a regular basis to determine if the allowance is adequate, and adjusts the allowance when necessary. Delinquent account balances are written-off against allowance for doubtful accounts after management has determined that the likelihood of collection is not probable. Our management continues to evaluate the reasonableness of the valuation allowance policy and updates it if necessary. No allowance of prepayments was recorded as of December 31, 2023 and 2022.

### Impairment for long-lived assets

Long-lived assets, including property and equipment with finite lives are reviewed for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be recoverable. We assessed the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, we would reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values. No impairment for long-lived assets were recorded as of December 31, 2023 and 2022.

### Investment in marketable securities

We follow the provisions of ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. Investments in marketable equity securities (non-current) are reported at fair value with changes in fair value recognized in our unaudited condensed consolidated statements of operations and comprehensive income (loss) in the caption of “unrealized holding loss on marketable securities” in each reporting period. For the three and six months ended December 31, 2023, we incurred unrealized holding loss on marketable securities amounted to approximately \$413,000 and \$352,000, respectively.

### Revenue recognition

#### Loyalty program

- Performance obligations satisfied over time

Our ZCITY reward loyalty program allows members to earn points on purchases that can be redeemed for rewards that include discounts on future purchases. When members purchase our product or make purchase with our participated vendor through ZCITY, we allocate the transaction price between the product or service, and the reward points earned based on the relative stand-alone selling prices and expected point redemption. The portion allocated to the reward points is initially recorded as contract liability and subsequently recognized as revenue upon redemption or expiration.

The two primary estimates utilized to record the contract liability for reward points earned by members are the estimated retail price per point and estimated breakage. The estimated retail price per point is based on the actual historical retail prices of product purchased or service obtained through the redemption of reward points. We estimate breakage of reward points based on historical redemption rates. We continually evaluate our methodology and assumptions based on developments in retail price per point redeemed, redemption patterns and other factors. Changes in the retail price per point and redemption rates have the effect of either increasing or decreasing the contract liability through current period revenue by an amount estimated to represent the retail value of all points previously earned but not yet redeemed by loyalty program members as of the end of the reporting period.

### Income taxes

Deferred taxes are accounted for using the asset and liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

#### Stock-based compensation

We recognize compensation costs resulting from the issuance of stock-based awards to third party consultant and former director as an expense in the statements of operations over the requisite service period based on a measurement of fair value for each stock-based award. The fair value of each warrants granted are estimated as of the grant date using the Black-Scholes-Merton option-pricing model while the fair value of each common stock granted are estimated using the Company’s closing stock price on the grant date. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards. The Black-Scholes-Merton option-pricing model includes various assumptions, including the fair market value of the common stock of the Company, expected life of stock options, the expected volatility and the expected risk-free interest rate, among others. These assumptions reflect the Company’s best estimates, but they involve inherent uncertainties based on market conditions generally outside the control of the Company. The fair value of the stock-based compensation which included warrants and common stock issued were estimated to be \$0 and \$439,332 for the six months ended December 31, 2023 and 2022, respectively.

#### Convertible notes

We evaluate our convertible notes to determine if those contracts or embedded components of those contracts qualify as derivatives. The result of this accounting treatment is that the fair value of the embedded derivative is recorded at fair value each reporting period and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statements of operations as other income or expense.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

If the conversion features of conventional convertible debt provide for a rate of conversion that is below market value at issuance, this feature is characterized as a beneficial conversion feature. A BCF is recorded by us as a debt discount pursuant to ASC Topic 470-20 “Debt with Conversion and Other Options.” In those circumstances, the convertible debt is recorded net of the discount related to the BCF, and we amortize the discount to interest expense, over the life of the debt.

#### Warrants

We account for warrants as equity-classified instruments in accordance with ASC 480 and ASC 815. The fair value of each warrant granted is estimated as of the date of grant using the Black-Scholes-Merton option-pricing model. The fair value is amortized as compensation cost on a straight-line basis over the requisite service period of the awards. The Black-Scholes-Merton option-pricing model includes various assumptions, including the fair market value of our common stock, expected life of stock options, the expected volatility and the expected risk-free interest rate, among others. These assumptions reflect our best estimates, but they involve inherent uncertainties based on market conditions generally outside our control. Based on the above assumption, the fair value of the warrants issued during the six months ended December 31, 2022 were estimated to be \$175,349.

For the six months ended December 31, 2023, 14,000,000 Pre-Funded Warrant were issued in connection with the November 2023 Offering. The Pre-Funded Warrants are classified as a component of permanent stockholders’ equity within additional paid-in capital and were recorded at the issuance date using a relative fair value allocation method. We valued the Pre-Funded Warrants at issuance concluding the purchase price approximated the fair value and allocated net proceeds from the purchase proportionately to the common stock and Pre-Funded Warrants, of which \$1,398,600 was allocated to the Pre-Funded Warrants and recorded as a component of additional paid in capital.

#### ***Recent Accounting Pronouncements***

See Note 2 of the notes to the consolidated financial statements included elsewhere in this report for a discussion of recently issued accounting standards.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not required under Regulation S-K for “smaller reporting companies.”

### ITEM 4. CONTROLS AND PROCEDURES. DISCLOSURE CONTROLS AND PROCEDURES.

#### *Evaluation of Disclosure Controls and Procedures*

Our disclosure controls and procedures are designed to ensure that the information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission (“SEC”) rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Our management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of such date, our disclosure controls and procedures were not, in design and operation, effective as of December 31, 2023 at a reasonable assurance level due to the material weaknesses in internal control over financial reporting described below:

- Inadequate U.S. GAAP expertise. The current accounting staff is inexperienced in applying U.S. GAAP standard as they are primarily engaged in ensuring compliance with International Financial Reporting Standards (“IFRS”) accounting and reporting requirement for our consolidated operating entities, and thus require substantial training. The current staff’s accounting skills and understanding as to how to fulfill the requirements of U.S. GAAP-based reporting, including subsidiary financial statements consolidation, are inadequate.
- Inadequate internal audit function. We lack of a functional internal audit department or personnel that monitors the consistencies of the preventive internal control procedures and lack of adequate policies and procedures in internal audit function to ensure that our policies and procedures have been carried out as planned.

A material weakness is a deficiency, or a combination of deficiencies, within the meaning of Public Company Accounting Oversight Board Auditing Standard AS 2201, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Following the identification of the material weaknesses, we plan to take remedial measures including:

- hiring more qualified accounting personnel with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework;
- implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel;
- establishing internal audit function by engaging an external consulting firm to assist us with assessment of Sarbanes-Oxley Act of 2002 compliance requirements and improvement of overall internal control; and
- strengthening corporate governance.

#### *Changes in Internal Control Over Financial Reporting*

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(f) and 15d-15(f) under the Exchange Act during the quarter ended December 31, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

We may be subject to legal disputes and subject to claims that arise in the ordinary course of business. We are not a party or subject to any pending legal proceedings the resolution of which is expected to have a material adverse effect on our business, operating results, cash flows or financial condition.

### ITEM 1A. RISK FACTORS.

As a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, and in item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item. In any event, there have been no material changes in our risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended June 30, 2023, filed with the SEC on September 28, 2023 and our applicable risk factors in our Registration Statement on Form S-1 (File No. 333-275411), initially filed with the SEC on November 8, 2023.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

#### (A) *Unregistered Sales of Equity Securities*

##### (a) *Issuance of Capital Stock.*

From October 1, 2023 to December 31, 2023, we issued the following:

- 10,000,000 shares of our common stock to VT Smart Venture Sdn Bhd in connection with the Software Development Agreement dated as of December 19, 2023;
- 2,943,021 shares of our common stock to AI Lab Martech Sdn. Bhd. in connection with the License and Service Agreement dated as of October 12, 2023; and
- 1,057,519 shares of common stock to our Chief Executive Officer and 759,216 shares of common stock to our former Chief Executive Officer in exchange for the cancellation of a total of \$321,562.08 in aggregate indebtedness owed to them.

##### (b) *Warrants.*

None.

##### (B) *Use of Proceeds*

Not applicable.

##### (C) *Issuer Purchases of Equity Securities*

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not Applicable.

**ITEM 5. OTHER INFORMATION.**

None.

**ITEM 6. EXHIBITS**

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
4.1*	<a href="#">Form of Pre-Funded Warrant</a>
10.1**	<a href="#">Agreement dated as of October 5, 2023, by and between the Company and YA II PN, Ltd</a>
10.2***	<a href="#">License and Service Agreement dated as of October 12, 2023, by and between the Company and AI Lab Martech Sdn. Bhd.</a>
10.3****	<a href="#">Letter Agreement dated November 28, 2023 from Yorkville Advisors Global, L.P. to Treasure Global Inc</a>
10.4*****	<a href="#">Software Development Agreement dated as of December 19, 2023, by and between the Company and VT Smart Venture Sdn Bhd</a>
31.1+	<a href="#">Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2+	<a href="#">Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1++	<a href="#">Certifications of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2++	<a href="#">Certifications of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS+	Inline XBRL Instance Document
101.SCH+	Inline XBRL Schema Document
101.CAL+	Inline XBRL Calculation Linkbase Document
101.DEF+	Inline XBRL Definition Linkbase Document
101.LAB+	Inline XBRL Label Linkbase Document
101.PRE+	Inline XBRL Presentation Linkbase Document
104+	Cover Page Interactive Data File (embedded within the Inline XBRL document filed as Exhibit 101)

\* Incorporated by reference to the Company’s Current Report on Form 8-K (File No. 001-41476), filed on December 1, 2023.

\*\* Incorporated by reference to the Company’s Current Report on Form 8-K (File No. 001-41476), filed on October 12, 2023.

\*\*\* Incorporated by reference to the Company’s Current Report on Form 8-K (File No. 001-41476), filed on October 18, 2023.

\*\*\*\* Incorporated by reference to the Company’s Current Report on Form 8-K (File No. 001-41476), filed on December 4, 2023.

\*\*\*\*\* Incorporated by reference to the Company’s Current Report on Form 8-K (File No. 001-41476), filed on December 21, 2023.

+ Filed herewith.

++ Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.

**SIGNATURES**

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

Dated: February 14, 2024

**TREASURE GLOBAL INC**

*/s/ Chong Chan "Sam" Teo*

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Chong Chan "Sam" Teo  
Chief Executive Officer and Director  
(Principal Executive Officer)

Dated: February 14, 2024

*/s/ Michael Chan Meng Chun*

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Michael Chan Meng Chun  
Chief Financial Officer  
(Principal Financial and Accounting Officer)



**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chong Chan “Sam” Teo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Treasure Global Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter 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 control 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: February 14, 2024

/s/ Chong Chan “Sam” Teo

Name: Chong Chan “Sam” Teo

Title: Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Chan Meng Chun, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Treasure Global Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 control 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: February 14, 2024

/s/ Michael Chan Meng Chun

Name: Michael Chan Meng Chun

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Chong Chan “Sam” Teo, the Chief Executive Officer of Treasure Global Inc (the “Company”), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended December 31, 2023 (the “Report”) of the Company fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2024

*/s/ Chong Chan “Sam” Teo*

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Name: Chong Chan “Sam” Teo  
Title: Chief Executive Officer  
(Principal Executive Officer)

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Michael Chan Meng Chun, the Chief Financial Officer of Treasure Global Inc (the "Company"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended December 31, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a)/15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2024

*/s/ Michael Chan Meng Chun*

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Name: Michael Chan Meng Chun  
Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)