G-RESOURCES
國際資源

G-Resources Group Limited
國際資源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1051)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

GROUP RESULTS

The board (the "Board") of directors (the "Directors") of G-Resources Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		For the six months ended 30 June	
	NOTES	**2023** *USD'000* **(Unaudited)**	2022 *USD'000* (Unaudited)
Revenue			
Interest income	*4*	**13,609**	3,991
Dividend and distribution income	*4*	**1,338**	5,030
Fee and commission income	*4*	**568**	885
Rental income	*4*	**725**	725
		16,240	10,631
Other income		**12,249**	1,596
Administrative expenses		**(4,321)**	(6,787)
Fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss ("FVTPL")		**(32,524)**	(70,726)
Net gain/(loss) on disposal of investments in debt instruments measured at amortised cost		**134**	(678)
Provision for expected credit losses on financial assets, net		**(2,322)**	(411)
Other gain		**5,207**	1,785
Finance cost		**—**	(3)
Loss before taxation		**(5,337)**	(64,593)
Taxation	*5*	**—**	—
Loss for the period	*6*	**(5,337)**	(64,593)
Loss for the period attributable to:			
Owners of the Company		**(5,344)**	(64,790)
Non-controlling interests		**7**	197
		(5,337)	(64,593)
Loss per share			
– Basic and diluted (US cent)	*8*	**(1.19)**	(14.37)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(5,337)**	(64,593)
Other comprehensive (expenses)/income:		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(6,888)**	(8,783)
Changes in fair value of investments in perpetual notes designated as at fair value through other comprehensive income ("FVTOCI")	**196**	(16)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**1,649**	2,289
Other comprehensive expenses for the period	**(5,043)**	(6,510)
Total comprehensive expenses for the period	**(10,380)**	(71,103)
Total comprehensive (expenses)/income for the period attributable to:		
Owners of the Company	**(10,387)**	(71,300)
Non-controlling interests	**7**	197
	(10,380)	(71,103)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	NOTES	30 June 2023 USD'000 (Unaudited)	31 December 2022 USD'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**29,044**	29,572
Investment properties		**64,063**	64,381
Financial assets at FVTPL	*9*	**401,964**	418,585
Investments in debt instruments measured at amortised cost	*9*	**63,891**	36,396
Investments in perpetual notes at FVTPL	*9*	**21,846**	22,586
Investments in perpetual notes designated as at FVTOCI	*9*	**3,017**	2,821
Other receivables and deposits	*10*	**600**	564
Intangible assets		**1,746**	1,746
Goodwill		**17,029**	17,029
		603,200	593,680
CURRENT ASSETS			
Accounts and other receivables	*10*	**8,351**	14,807
Loans receivable		**5,000**	—
Investments in debt instruments measured at amortised cost	*9*	**24,267**	20,111
Financial assets at FVTPL	*9*	**38,592**	39,383
Time deposits with original maturities over three months		**383,532**	30,000
Bank trust accounts balances		**30,142**	48,037
Cash and cash equivalents		**474,514**	854,253
		964,398	1,006,591
CURRENT LIABILITIES			
Accounts and other payables	*11*	**38,756**	59,852
Dividend payable		**6,904**	—
		45,660	59,852
NET CURRENT ASSETS		**918,738**	946,739
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,521,938**	1,540,419
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**288**	288
		288	288
		1,521,650	1,540,131
CAPITAL AND RESERVES			
Share capital	*12*	**598**	598
Reserves		**1,520,856**	1,537,599
Equity attributable to owners of the Company		**1,521,454**	1,538,197
Non-controlling interests		**196**	1,934
TOTAL EQUITY		**1,521,650**	1,540,131

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	**2,357**	11,984
Interest received	**9,617**	1,582
Dividend received	**262**	417
Net cash from Operating Activities	**12,236**	13,983
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**—**	(6)
Purchase of financial assets at FVTPL	**(41,795)**	(25,504)
Purchase of investments in perpetual notes designated as at FVTOCI	**—**	(992)
Purchase of investments in debt instruments measured at amortised cost	**(46,017)**	(9,649)
Proceeds from disposal of investments in debt instruments measured at amortised cost	**13,689**	14,639
Proceeds from disposal of investments in perpetual notes at FVTPL	**970**	2,500
Proceeds from disposal of an unlisted equity investment	**74**	—
Proceeds from redemption of unlisted hedge funds	**27,952**	—
Proceeds from return of capital of financial assets at FVTPL	**269**	861
Interest received	**11,655**	2,666
Placement of time deposits with original maturities over three months	**(353,532)**	(30,000)
Net cash used in Investing Activities	**(386,735)**	(45,485)
FINANCING ACTIVITIES		
Acquisition of non-controlling interests	**(1,200)**	—
Repayments of leases liabilities	**—**	(51)
Interest expenses paid	**—**	(3)
Proceeds on disposal of partial interests in a subsidiary without losing control	**—**	74
Net cash (used in)/from Financing Activities	**(1,200)**	20
Net decrease in cash and cash equivalents	**(375,699)**	(31,482)
Cash and cash equivalents at beginning of the period	**854,253**	900,845
Effect of foreign exchange rate changes	**(4,040)**	(3,849)
Cash and cash equivalents at end of the period	**474,514**	865,514

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Other than additional/changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Return — Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("LSP") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("MPF") scheme (also known as the "offsetting mechanism"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time the interim result announcement is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the nature of their operations and types of products and services provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The Group has three (six months ended 30 June 2022: three) operating business units which represent three (six months ended 30 June 2022: three) operating segments, namely:

- financial services business — engaging in securities trading and brokerage, margin financing, money lending, and asset management;
- principal investment business — managing a portfolio of investments in listed shares, listed senior notes, listed perpetual notes, unlisted investment funds, unlisted equity investments, unlisted hedge funds and convertible notes; and
- real property business — leasing of office units and car parks.

(a) Segment revenue and results

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

For the six months ended 30 June 2023 (Unaudited)

	Financial services business *USD'000*	Principal investment business *USD'000*	Real property business *USD'000*	Eliminations *USD'000*	Total *USD'000*
External revenue					
Interest income	301	13,308	—	—	13,609
Dividend and distribution income	—	1,338	—	—	1,338
Fee and commission income	568	—	—	—	568
Rental income	—	—	725	—	725
	869	14,646	725	—	16,240
Inter-segment revenue	175	—	—	(175)	—
Segment revenue	1,044	14,646	725	(175)	16,240
Segment profit/(loss)	4,600	(12,404)	742	—	(7,062)
Unallocated other income					2,638
Unallocated corporate expenses					(2,746)
Unallocated exchange gain					1,833
Loss before taxation					(5,337)

For the six months ended 30 June 2022 (Unaudited)

	Financial services business *USD'000*	Principal investment business *USD'000*	Real property business *USD'000*	Eliminations *USD'000*	Total *USD'000*
External revenue					
Interest income	535	3,456	—	—	3,991
Dividend and distribution income	—	5,030	—	—	5,030
Fee and commission income	885	—	—	—	885
Rental income	—	—	725	—	725
	1,420	8,486	725	—	10,631
Inter-segment revenue	194	—	—	(194)	—
Segment revenue	1,614	8,486	725	(194)	10,631
Segment (loss)/profit	(779)	(65,857)	740	—	(65,896)
Unallocated other income					53
Unallocated corporate expenses					(2,522)
Unallocated exchange gain					3,772
Loss before taxation					(64,593)

Inter-segment sales are charged at prevailing market rates.

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating and reportable segment is as follows:

At 30 June 2023 (Unaudited)

	Financial services business ***USD'000***	**Principal investment business** ***USD'000***	**Real property business** ***USD'000***	**Total** ***USD'000***
ASSETS				
Segment assets	**314,451**	**1,159,762**	**64,193**	**1,538,406**
Unallocated corporate assets				**29,192**
Total assets				**1,567,598**
LIABILITIES				
Segment liabilities	**31,137**	**106**	**358**	**31,601**
Liabilities relating to discontinued operation				**7,200**
Unallocated corporate liabilities				**7,147**
Total liabilities				**45,948**

At 31 December 2022 (Audited)

	Financial services business *USD'000*	Principal investment business *USD'000*	Real property business *USD'000*	Total *USD'000*
ASSETS				
Segment assets	329,767	1,176,273	64,517	1,570,557
Unallocated corporate assets				29,714
Total assets				1,600,271
LIABILITIES				
Segment liabilities	49,426	49	365	49,840
Liabilities relating to discontinued operation				9,839
Unallocated corporate liabilities				461
Total liabilities				60,140

4. REVENUE

The following is an analysis of the Group's revenue from its major products and services:

	For the six months ended 30 June	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Interest income from financial products	**3,691**	1,874
Interest income from money lending business	**237**	—
Interest income from margin financing	**64**	535
Interest income from financial institutions' deposits	**9,617**	1,582
Interest income	**13,609**	3,991
Dividend and distribution income from financial products	**1,338**	5,030
Commission income and handling charges from financial services	**512**	814
Asset management fee income	**56**	71
Fee and commission income	**568**	885
Rental income	**725**	725
	16,240	10,631

5. TAXATION

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Group has no estimated assessable profit for the period (six months ended 30 June 2022: nil).

6. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**381**	387
Depreciation of right-of-use assets	**—**	51
Exchange gain, net, included in other gain	**(2,569)**	(1,785)
Interest income from bank deposits, included in other income	**(12,035)**	(1,349)
Over-provision for liabilities arising from the disposal of mining business included in other gain	**(2,638)**	—

7. DIVIDEND

During the six months ended 30 June 2023, a final dividend of HKD0.12 per share for the year ended 31 December 2022 (six months ended 30 June 2022: a final dividend of HKD0.12 per share for the year ended 31 December 2021) was declared to be payable to the owners of the Company. The amount of the final dividend declared to be payable in the current interim period amounted to approximately USD6,901,000 (equivalent to approximately HKD54,098,000) (six months ended 30 June 2022: USD6,913,000 (equivalent to approximately HKD54,098,000)).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2023	2022
	USD'000	*USD'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company, for the purposes of basic and diluted loss per share	**(5,344)**	(64,790)

	Number of shares	
	2023	2022
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**450,814,079**	450,814,079

No diluted loss per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

9. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FVTPL/INVESTMENTS IN PERPETUAL NOTES AT FVTPL/INVESTMENTS IN PERPETUAL NOTES DESIGNATED AS AT FVTOCI

	30 June 2023 *USD'000* (Unaudited)	31 December 2022 *USD'000* (Audited)
Investments in debt instruments measured at amortised cost		
Debt securities listed in Hong Kong		
Fixed Rate Senior Notes *(Notes a, b, c)*	**9,581**	8,887
Floating Rate Senior Notes *(Notes a, b, e)*	**1,532**	—
Debt securities listed outside Hong Kong		
Fixed Rate Senior Notes *(Notes a, b, c)*	**71,339**	38,271
Floating Rate Senior Notes *(Notes a, b, e)*	**9,200**	11,110
Less: Expected credit losses	**(3,494)**	(1,761)
	88,158	56,507
Less: Investments in debt instruments measured at amortised cost classified as current assets	**(24,267)**	(20,111)
Investments in debt instruments measured at amortised cost classified as non-current assets	**63,891**	36,396
Investments in perpetual notes at FVTPL		
Perpetual Notes, listed outside Hong Kong *(Note d)*	**21,846**	22,586
Investments in perpetual notes designated as at FVTOCI		
Perpetual Notes, listed outside Hong Kong *(Note d)*	**3,017**	2,821
Financial assets at FVTPL		
Unlisted investments		
Unlisted investment funds *(Note f)*	**350,961**	350,768
Unlisted equity investments *(Note g)*	**53,174**	36,966
Convertible notes *(Note g)*	**—**	24,096
Listed equity investments *(Note h)*		
Listed in Hong Kong	**25,134**	37,646
Listed outside Hong Kong	**11,287**	8,492
	440,556	457,968
Less: Financial assets at FVTPL classified as current assets	**(38,592)**	(39,383)
Financial assets at FVTPL classified as non-current assets	**401,964**	418,585

Notes:

(a) The Group's investments in debt instruments measured at amortised cost mainly comprise instruments that have a low risk of default or the issuers have a strong capacity to repay (e.g. financial instruments that are of investment grade or issuers with good credit history or capacity to repay, etc.).

(b) During the six months ended 30 June 2023, two of the Fixed Rate Senior Notes were matured, three of the Fixed Rate Senior Notes were sold, four of the Fixed Rate Senior Notes were partially sold, one of the Floating Rate Senior Notes was partially sold and one of the Floating Rate Senior Notes was being called. For the six months ended 30 June 2023, the net gain on disposal including redemption of investments in debt instruments measured at amortised cost was USD134,000. During the six months ended 30 June 2022, four of the Fixed Rate Senior Notes were matured, six of the Fixed Rate Senior Notes were sold and one of the Floating Rate Senior Notes was being called. For the six months ended 30 June 2022, the net loss on disposal including redemption of investments in debt instruments measured at amortised cost was USD678,000.

(c) Senior Notes held by the Group bear a fixed coupon interest of ranging from 1.21% to 11.0% (31 December 2022: from 1.12% to 7.88%) per annum and with maturity dates from 2 July 2023 to 29 July 2026 (31 December 2022: 24 January 2023 to 9 February 2026). As at 30 June 2023, seven of the Senior Notes carrying a gross amount of USD7,807,000 with original maturity dates ranging from July 2023 to February 2026 occurred a provision of lifetime expected credit loss ("ECL") of USD3,196,000. The directors of the Company considered that the provision for ECL was sufficient.

(d) Perpetual Notes at FVTPL held by the Group bear discretionary interests at the rate of ranging from 5.25% to 6.38% (31 December 2022: from 5.25% to 6.57%) per annum and are callable from 17 September 2024 to 15 August 2027 (31 December 2022: from 19 July 2023 to 15 August 2027). The interest rates are subject to change at reset day with reset rate ranging from 2.76% to 4.37% (31 December 2022: from 2.76% to 4.98%) plus USD 5 years mid-swap rate or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or semi-annual USD 5 years mid-swap rate. The reset dates are ranging from 1 year to 2 years. During the six months ended 30 June 2023, one of the Perpetual Notes was sold.

Perpetual Notes designated as at FVTOCI held by the Group as at 30 June 2023 bear a discretionary interest at the rate of 8.0% (31 December 2022: 8.0%) per annum and are callable on 26 October 2027 (31 December 2022: 26 October 2027). The distribution of perpetual notes is at the discretion of the issuers and the issuers have the right to defer the payments of the distribution. The redemption rights of the perpetual notes are at the option of the issuers. Management of the Group made an initial irrevocable election to designate the perpetual notes to be measured at FVTOCI because the perpetual notes are for long term investment purpose. The interest rates are subject to change at reset day with reset rate of 8.0% (31 December 2022: 8.0%) plus the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years.

(e) Senior Notes held by the Group bear a floating rate ranging from 4.79% to 7.33% (31 December 2022: from 3.89% to 6.33%) per annum and with maturity dates from 3 July 2023 to 15 March 2027 (31 December 2022: from 3 July 2023 to 18 October 2024). The interest rate is subject to change at reset day with reset rate ranging from 0.32% to 3.05% (31 December 2022: from 0.32% to 1.6%) plus 3 months secured overnight financing rate index.

(f) As at 30 June 2023, the unlisted investment funds classified as financial assets at FVTPL include unlisted private equity funds and unlisted hedge funds with carrying value of USD311,683,000 and USD39,278,000 (31 December 2022: USD290,247,000 and USD60,521,000), respectively.

In accounting for the fair value measurement of the investment in unlisted private equity funds, the management of the Group has determined that the reported net asset value of the unlisted private equity funds provided by the general partners represented the fair value of the unlisted private equity funds. The general partners used methodology based on relevant comparable data wherever possible to quantify the adjustment from the cost or the latest financing price when an adjustment is necessary, or to justify that the cost or the latest financing price is still a proper approximation of the fair value of the underlying investments held by the unlisted private equity funds in determining the net asset value. The factors to be considered in the general partners' assessment may require the exercise of judgment. For the unrestricted actively traded public equity and debt instruments in the unlisted private equity funds, the fair value is determined based on closing price or bid price as of measurement date.

As at 30 June 2023, three (31 December 2022: three) out of these eleven (31 December 2022: nine) unlisted private equity funds accounted for approximately 81% (31 December 2022: approximately 85%) of the aggregate carrying value, with the investment portfolio focused on listed and unlisted equity investments in technology, media and telecommunications and healthcare industry.

The Group invested in seven (31 December 2022: ten) unlisted hedge funds of USD39,278,000 (31 December 2022: USD60,521,000) which are managed by fund managers and invested in a variety of global financial securities across a range of strategies. The financial products include listed and unlisted equity shares, government bonds, corporate bonds, convertible bonds, options, futures, and swap contracts. As at 30 June 2023, the Group has redeemed three (31 December 2022: one) of the unlisted hedge funds of USD16,431,000 (31 December 2022: USD8,532,000) and partially redeemed two (31 December 2022: nil) of the unlisted hedge funds of USD3,435,000 (31 December 2022: nil), which two (31 December 2022: one) of them were included in other receivables amounting to USD446,000 as at 30 June 2023 (31 December 2022: USD8,532,000). During the six months ended 30 June 2023, an increase in fair value of the redeemed unlisted hedge funds of USD432,000 (six months ended 30 June 2022: nil) was recognised in the condensed consolidated statement of profit or loss.

In accounting for the fair value measurement of the investment in unlisted hedge funds, the management of the Group has determined that the reported net asset values of the unlisted hedge funds provided by fund managers represented the fair value of the unlisted hedge funds. Securities of these funds which are listed or quoted on a national or regional securities or commodities exchange or market, are valued at their last sales price on the day of determination. The fair values of securities which are not listed or quoted are valued at the price of any recent transaction in issue with adjustments or observable prices in the open market or measured using techniques in which significant inputs are based on observable market data. The fair value of government bonds, corporate bonds, and convertible bonds is generally based on quoted prices or last reported sales prices when traded in active/observable markets. The fair value of options, futures and swap contracts is generally based on the last settlement price or quoted market prices on the date of determination. The factors to be considered in fund managers' assessments may require the exercise of judgment.

During the six months ended 30 June 2023, a decrease in fair value of USD21,467,000 (a decrease in fair value for six months ended 30 June 2022: USD53,801,000) was recognised in the condensed consolidated statement of profit or loss. During the six months ended 30 June 2023, the Group received returns of capital of USD269,000 (six months ended 30 June 2022: USD861,000) and received funds from redemption of unlisted hedge funds of USD27,952,000 (six months ended 30 June 2022: nil).

(g) The Group invested six (31 December 2022: seven) unlisted equity investments with the carrying amount of USD53,174,000 (31 December 2022: USD36,966,000), which three of them engaged in financial technology, two engaged in information technology, and one engaged in the business of electric motor system innovations.

During the six months ended 30 June 2023, an unlisted equity investment was converted from convertible notes to equity investments. As at 30 June 2023, the carrying amount of the investment was USD23,762,000 (31 December 2022: USD24,096,000). The valuation method used was the Guideline Public Company Method under Market approach with Option-Pricing Method ("OPM") to allocate the enterprise value among different classes of shares (31 December 2022: Monte Carlo simulations). The significant unobservable inputs are enterprise multiple of 14.4x (31 December 2022: 10.3x), risk-free rate of 4.71% (31 December 2022: 4.69%), expected volatility of 90% (31 December 2022: 90%), expected initial public offering probability of 95% (31 December 2022: nil), and expected liquidation probability of 5% (31 December 2022: nil).

As at 30 June 2023, three (31 December 2022: three) unlisted equity investments are with the carrying amount of USD13,324,000 (31 December 2022: USD13,317,000). The valuation technique adopted is the market approach (i.e. comparable company approach). The valuation method used was the Guideline Public Company Method under Market approach. The significant unobservable inputs are price-to-sales multiple of 3.8x and 13.2x (31 December 2022: 4.0x and 18.6x), and price-to-book multiple of 12.6x (31 December 2022: 19.8x), respectively.

As at 30 June 2023, two (31 December 2022: two) unlisted equity investments are with the carrying amount of USD16,088,000 (31 December 2022: USD16,075,000). The valuation technique adopted is the market approach (i.e. comparable company approach). The valuation method used was the Guideline Public Company Method under Market approach with OPM to allocate the enterprise value among different classes of shares. The significant unobservable inputs are price-to-sales multiple of 3.3x (31 December 2022: 2.7x) and 19.6x (31 December 2022: 24.1x), risk-free rate of 5.15% and 5.48% (31 December 2022: 4.49% and 4.75%), expected volatility of 120% and 80% (31 December 2022: 120% and 75.5%), expected initial public offering probability of nil and 95% (31 December 2022: nil and 95%), and expected liquidation probability of nil and 5% (31 December 2022: nil and 5%), respectively.

During the six months ended on 30 June 2023, the Group acquired additional equity interests of a subsidiary that holds an unlisted investment from non-controlling shareholders. The acquisition was made at a cash consideration of USD1,200,000, based on the original costs. As a result of the acquisition, the subsidiary became wholly-owned by the Group. During the six months ended 30 June 2023, a decrease in fair value of unlisted equity investments of USD1,718,000 was recognised in the condensed consolidated statement of profit or loss (a decrease in fair value for six months ended 30 June 2022: USD8,953,000).

(h) The fair value is determined based on the closing price per share quoted on the relevant stock exchanges and quoted market bid price as at the end of the respective reporting periods apart from the shares which the listing of the shares had been cancelled by the Hong Kong Stock Exchange, the fair value remained of which is considered by the management as nil.

10. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS

	30 June 2023	31 December 2022
	USD'000	*USD'000*
	(Unaudited)	(Audited)
Accounts receivables from the business of dealing in securities:		
Clients *(Note b)*	**2,644**	2,418
Clearing house and brokers	**429**	279
Accounts receivables from the business of dealing in futures contracts:		
Clearing house and brokers	**248**	316
Accounts receivables *(Note a)*	**3,321**	3,013
Other receivables and deposits *(Note d)*	**7,042**	13,255
Less: Impairment allowance *(Note c)*	**(1,412)**	(897)
	8,951	15,371
Less: Other receivables and deposits classified as non-current assets	**(600)**	(564)
Accounts and other receivables classified as current assets	**8,351**	14,807

Notes:

(a) Accounts receivables from clearing house and certain clients from the business of dealing in securities is repayable on the settlement date, which is two business days after trade date, except for the remaining accounts receivables from the business of dealing in securities and futures contracts are repayable on demand. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of these businesses.

(b) The majority of the accounts receivables from clients are secured by clients' securities as collaterals with fair value of USD6,131,000 (31 December 2022: USD24,453,000). A significant portion of the collaterals are listed equity securities in Hong Kong. These receivables are mainly repayable on demand subsequent to settlement date and carry interest typically at 3% to 15% (31 December 2022: 3.63% to 18%) per annum as at 30 June 2023. The collaterals held can be sold at the Group's discretion to settle any outstanding amounts owed by customers when the amounts become past due. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of the business.

(c) Impairment assessment on accounts and other receivables with ECL model

As part of the Group's credit risk management, the Group applied internal credit rating for its customers and considered the fair value of its collaterals. The Group assessed the ECL for accounts receivables from clients individually.

The Group held collateral of listed equity securities with an aggregate fair value of USD6,131,000 (31 December 2022: USD24,453,000) at the end of the reporting period in respect of accounts receivables from clients. As at 30 June 2023, no impairment allowance has been made for accounts receivables from clients with an aggregate outstanding balance of USD1,142,000 (31 December 2022: USD1,030,000), while parts of accounts receivables from clients with an aggregate outstanding balance of USD1,502,000 (31 December 2022: USD1,388,000) occurred a provision of ECL of USD1,412,000 (31 December 2022: USD897,000) based on the Group's impairment assessment with ECL model. The directors of the Company considered that the provision for ECL was sufficient.

(d) Included in other receivables and deposits are interest receivables, sundry deposits, and receivables from hedge funds for redemption amounting to USD5,359,000, USD729,000 and USD446,000 (31 December 2022: USD3,700,000, USD773,000 and USD8,532,000), respectively.

11. ACCOUNTS AND OTHER PAYABLES

	30 June 2023 *USD'000* **(Unaudited)**	31 December 2022 *USD'000* (Audited)
Accounts payables from the business of dealing in securities:		
Clients	**30,177**	47,702
Clearing house and brokers	**—**	88
Accounts payables from the business of dealing in futures contracts:		
Clients	**475**	1,010
Accounts payables *(Note a)*	**30,652**	48,800
Other payables *(Note b)*	**8,104**	11,052
	38,756	59,852

Notes:

(a) Accounts payables to clients mainly include money held in banks and brokers on behalf of customers from the business of dealing in securities and futures contracts. The majority of the accounts payables from the business of dealing in securities and futures contracts are repayable on demand except for certain accounts payables from the business of dealing in securities are repayable on settlement date, which is two business days after trade date. No ageing analysis is disclosed for the accounts payables from the business of dealing in securities and futures contracts as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of these businesses.

(b) As at 30 June 2023, included in other payables are USD7,200,000 (31 December 2022: USD9,839,000) relating to the liabilities arising from the disposal of mining business during the year ended 31 December 2016. The Group settled its other payable for USD7,200,000 in August 2023.

12. SHARE CAPITAL

	Number of shares	**Value**
		USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2022 (Audited), 30 June 2022 (Unaudited), 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	1,000,000,000	1,282
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2022 (Audited), 30 June 2022 (Unaudited), 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	450,814,079	598

13. OTHER COMMITMENTS

At the end of the reporting period, the Group had the following other commitments:

	At 30 June 2023	At 31 December 2022
	USD'000	*USD'000*
	(Unaudited)	(Audited)
Other commitments contracted for but not provided for in the condensed consolidated financial statements in respect of capital contribution in unlisted investments which will be recognised as financial assets at FVTPL	**114,899**	94,278

INTERIM DIVIDEND

The Board does not recommend the proposal and payment of an interim dividend for the six months ended 30 June 2023 (the six months ended 30 June 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

	For the six months ended 30 June	
	2023	2022
	USD'000	*USD'000*
Revenue	**16,240**	10,631
Other income	**12,249**	1,596
Administrative expenses	**(4,321)**	(6,787)
Fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss	**(32,524)**	(70,726)
Provision for expected credit losses on financial assets, net	**(2,322)**	(411)
Other gain	**5,207**	1,785
EBITDA	**(4,956)**	(64,152)
Loss before taxation *(Note)*	**(5,337)**	(64,593)
Loss for the period	**(5,337)**	(64,593)
Analysis of external revenue by operating segment:		
(i) Financial Services Business	**869**	1,420
(ii) Principal Investment Business	**14,646**	8,486
(iii) Real Property Business	**725**	725
Analysis of results by operating segment:		
(i) Financial Services Business	**4,600**	(779)
(ii) Principal Investment Business	**(12,404)**	(65,857)
(iii) Real Property Business	**742**	740

Note: The loss before taxation included segment results, unallocated other income, unallocated corporate expenses and fair value changes of investment properties.

For the six months ended 30 June 2023, the Group had a net loss after taxation of USD5.3 million (the six months ended 30 June 2022: USD64.6 million). The main reason for the significant decrease in loss after taxation by USD59.3 million as compared to the six months ended 30 June 2022 (the "Corresponding Period") was mainly due to (i) a substantial reduction in fair value losses of financial assets and investments in perpetual notes at fair value through profit or loss ("FVTPL") held by the Group recognised of USD32.5 million as compared to fair value losses of USD70.7 million in the Corresponding Period; and (ii) an increase in income generated from fixed income investments by USD18.7 million.

Revenue was USD16.2 million (the six months ended 30 June 2022: USD10.6 million), which was mainly generated by the dividend and distribution income as well as interest income from financial products; interest income from financial institutions and margin financing; commission income and handling charges from financial services; as well as rental income. The increase in revenue was mainly due to increase in interest income from financial institutions' deposit as well as interest income from financial products under principal investment business of the Group by USD9.6 million. However, the effect was partially offset by a decrease in dividend and distribution income under principal investment business of the Group by USD3.7 million, which was mainly due to decrease in distribution income received from unlisted investments.

Other income was USD12.2 million (the six months ended 30 June 2022: USD1.6 million) for the period and mainly comprises interest income generated from fixed income investment which amounted to USD12.0 million (the six months ended 30 June 2022: USD1.3 million).

During the six months ended 30 June 2023, the decrease in fair value changes of financial assets and investments in perpetual notes at FVTPL was due to a combination of (i) fair value gain or loss; (ii) payment for the commitments; and (iii) netting off the distributions of investments.

The fair value of the investment properties has decreased by USD0.3 million due to relatively stable prices of Hong Kong residential and commercial properties during the period as compared to those of the Corresponding Period. The recognition of exchange loss of USD0.3 million was mainly due to the exchange rate difference for the period end balance.

The other gain was USD5.2 million (the six months ended 30 June 2022: USD1.8 million) for the six months ended 30 June 2023, primarily attributed to an exchange gain of USD2.6 million and over-provision for liabilities arising from the disposal of mining business of USD2.6 million. The recognition of the exchange gain was mainly due to the difference in exchange rate for the period-end balance.

Administrative expenses were USD4.3 million for the six months ended 30 June 2023, representing a decrease of USD2.5 million as compared to USD6.8 million in the Corresponding Period. This significant decrease can be attributed to the effective cost control measures implemented by the Group during the period.

General description on the Group's investment strategies

The Group has been continuously reviewing its business and investment strategies, especially for its principal investment business pursuant to the Group's financial needs and change of market circumstances. The Group generates profit from interest income, dividend income and distribution income from financial assets held by the Group in its principal investment business. The Group takes a prudent approach in allocating its financial assets. Apart from equity investments which are usually accompanied by higher market risks, the Group has been exploring different fixed income investment portfolios as part of its asset allocation plan, including the selection of fixed income assets and the vehicles the Group uses to access them.

Since 2018, considering the trend of interest rates, risk tolerance, capital preservation, liquidity and yield, the Group constructed its fixed income investment portfolios by pairing its bond investment with cash investment. The Group believes that a strong fixed income component serves as a safety net for the Group's overall investment portfolios.

The Group has allocated approximately 40% of its financial assets to fixed income investment, divided equally between bond investment and cash investment (including, inter alia, deposits with financial institutions), as part of its on-going investment strategies to minimise the impact from market fluctuations that are typical in equity investment.

Segment analysis

(i) Financial Services Business

The Group focuses on four key financial services business areas mainly in the Hong Kong market, which are (i) securities trading and brokerage; (ii) margin financing; (iii) money lending; and (iv) asset management. Enhanced Financial Services Group Limited and Funderstone Securities Holdings Limited are the two corporate vehicles of the Group involved in the provision of a wide range of licensed financial services, which mainly include underwriting, securities and futures brokerage, corporate finance, investment advisory, and other related financial services in Hong Kong and other countries.

In the first half of 2023, the reopening of the China-Hong Kong border led to improvements in the global and Hong Kong business and investment environment. The Group maintained a prudent and conservative approach, focusing on existing product offerings while adjusting its business strategies to adapt to market changes in a flexible and timely manner. The Group also identified new high-quality client bases whenever opportunity arose. The Group's experienced management team dedicated significant efforts to our margin financing, securities and brokerage services, and asset management business. We leveraged our well-established securities trading infrastructure, strong client loyalty, and multiple sales channels. The Group believes it has developed and maintained a niche in the margin financing market, serving both corporate and retail clients in achieving their corporate goals and personal financial needs. We have built a renowned reputation for delivering professional and personalised financial services. Moving forward, the Group will actively seek out business opportunities, diversify into more business lines, and offer a wide range of financial services to our customers.

Revenue generated from the financial services business mainly consists of (i) commission income and handling charges from financial services; (ii) interest income from margin financing; and (iii) asset management fee income.

The profit before taxation for financial services business was USD4.6 million (the six months ended 30 June 2022: loss USD0.8 million), which was mainly due to the increase in other income for the six months ended 30 June 2023.

Commission income and handling charges

During the six months ended 30 June 2023, the commission income and handling charges from financial services were USD0.5 million (the six months ended 30 June 2022: USD0.8 million). The decrease in commission income and handling charges was primarily due to the decrease in trading volume, which mainly resulted from the adverse conditions in the Hong Kong stock market during the period.

Interest income from margin financing and money lending businesses

The interest income from margin financing was USD0.1 million (the six months ended 30 June 2022: USD0.5 million). The net balance of accounts receivables from margin financing clients were USD1.2 million as at 30 June 2023 (as at 31 December 2022: USD1.5 million). Such decreases were due to the adverse Hong Kong initial public offering ("IPO") market environment, which in turn affected our margin financing business. During the period, the Group's loan advanced for money lending business was USD5.0 million and the outstanding loan balance as at 30 June 2023 was USD5.0 million (as at 31 December 2022: nil). The interest income from money lending business was USD0.2 million (the six months ended 30 June 2022: nil).

Adhering to the transformation plan, the Group ceased to provide unsecured loan which is considered to be of higher credit risk, and accentuated our secured and mortgaged loans business since the second quarter of 2019 which are backed by collaterals with a comparatively lower credit risk.

The Group has established a more stringent risk control and management system, including optimised loan approval and monitoring procedures, as well as adjusted interest rate and loan-to-value ratio, which allows the Group to be better structured to serve existing and new clients and minimise the Group's risk exposure.

In addition, the Group consistently implemented cautious and prudent internal control measures in its margin financing and money lending businesses, including but not limited to:

- periodic review of collateral value and quality;
- stress testing on borrowers' repayment ability and collateral value;
- on-going loan portfolio monitoring and management;
- watch list mechanism;
- overdue loan collection management; and
- loan impairment provision.

The Group has assessed the clients' risk profiles according to its internal credit control procedures and remains prudent in minimising the credit risk that they are exposed to and has been consistent in following its approach in developing the money lending business to achieve a risk-gain balance. Despite the difficulties and challenges ahead, the Group will continue to leverage our professionalism and solid experience in money lending business.

The Group had no bad debts during the period.

(ii) Principal Investment Business

During the six months ended 30 June 2023, the Group invested USD41.8 million in unlisted financial assets, which was mainly payment for capital commitments of the unlisted investment funds and unlisted equity investments. During the six months ended 30 June 2023, the Group (i) invested USD46.0 million in listed bonds; (ii) disposed of listed bonds or having the same being redeemed or reaching maturity in the aggregate value of USD13.7 million; and (iii) had a decrease in the aggregate market value of listed shares of USD9.7 million. Other than the aforementioned reasons, the net increase of USD13.7 million in the fair value of non-cash financial assets was primarily attributed to the purchase of listed bonds. However, this effect was partially offset by the net effect of return of capital from the unlisted investments, as well as the net realised and unrealised fair value losses on the listed shares, listed bonds and unlisted investments primarily acquired in previous years.

The segment results of the principal investment business had a loss of USD12.4 million for the six months ended 30 June 2023 (the six months ended 30 June 2022: loss USD65.9 million), primarily driven by a fair value loss of financial assets and investments in perpetual notes at FVTPL of USD32.5 million. This loss was partially offset by interest income and dividend and distribution income from the financial assets, amounting to USD14.6 million. The decrease in dividend and distribution income was mainly attributed to a significant decrease in distribution income from unlisted investments during the six months ended 30 June 2023.

As at 30 June 2023, the Group held non-cash financial assets of USD553.6 million, as follows:

	30 June 2023 *USD'000*	31 December 2022 *USD'000*
Listed shares	**36,421**	46,138
Listed bonds	**113,021**	81,914
Unlisted investment funds	**350,961**	350,768
Unlisted equity investments	**53,174**	36,966
Convertible notes	**–**	24,096
Total	**553,577**	539,882

Significant Investments

Genesis Capital I LP ("Genesis Fund I")

The Group held limited partner interest of Genesis Fund I as an unlisted investment fund since April 2017. The diversified investment portfolio of Genesis Fund I operates in the form of a limited partnership, focusing on underlying investment opportunities in China which aligns with the theme of "Information Technology Improves Efficiency". Based on this idea, Genesis Fund I's investment profile yields returns from investing in a wide range of equity and equity-related securities of growth and late-stage technology entities or business-to-business and business-to-consumer commerce such as software-as-a-service companies and e-commerce platforms. The Group's capital commitment to Genesis Fund I accounts for 17.8% of the total partners' capital commitment as at 30 June 2023. The fair value of the investment as at 30 June 2023 was USD140.0 million, which accounted for 8.9% of the total assets of the Group as at 30 June 2023. The investment cost of Genesis Fund I was USD75.9 million (31 December 2022: USD75.9 million). There was no capital call or distribution during the six months ended 30 June 2023.

Genesis Fund I has achieved income generation and capital appreciation since our investment in April 2017, providing a positive cumulative return to the Group as at 30 June 2023. Despite this, the investment has seen an unrealized loss of USD10.9 million for the six months ended 30 June 2023. Moving forward, the Group is optimistic about the potential of this investment. China's economy has seen signs of stabilisation and recovery in the first half of 2023. It is expected that more policies will be implemented to support the economy and the capital market, creating favorable environment for the growth of the technology and consumption sector, thus benefiting the performance of the portfolio companies under Genesis Fund I. Based on the proven track record, and by leveraging on the strategic and extensive resources available and extensive experience in investment and fund operation in the technology, media and telecommunications industry possessed by Genesis Fund I's management team, the investment is expected to maintain a satisfactory cumulative return to the Group.

Except for the investment disclosed above, there was no other single investment (for example, financial assets at FVTPL and investments in debt instruments measured at amortised cost) in the Group's diversified investment portfolio that was considered a significant investment, given that none of the investments had a carrying amount accounting for more than 5% of the Group's total assets as at 30 June 2023.

(iii) Real Property Business

The Group owns three floors of commercial office (including 17th, 18th and 19th floor) and ten car parking spaces located at Capital Centre, No. 151 Gloucester Road, Wanchai, Hong Kong. The Group utilises a portion of the commercial offices as its head office, while the remaining portion has been leased to third parties for office use under leases not exceeding three years. The rental income generated and the segment results of the real property business were USD0.7 million and USD0.7 million (the six months ended 30 June 2022: USD0.7 million and USD0.7 million) for the six months ended 30 June 2023, respectively. These figures were relatively stable when compared to the Corresponding Period.

The Group continued to seek investment opportunities for quality and upscale commercial properties, as well as other types of properties, both in Hong Kong and other countries. With the lifting of restrictive travel measures and the reopening of the China-Hong Kong border in 2023, the Group started to exploring properties and real property investments locally and internationally. However, Hong Kong's office leasing market is still sluggish and need time to slowly recover from the bottom in 2022. As a result, the Group did not identify any properties that were suitable for our value-add or opportunistic investment strategies during the period.

Review of Group Financial Position

	30 June 2023 *USD'000*	31 December 2022 *USD'000*
Current Assets		
Cash and cash equivalents	**474,514**	854,253
Time deposits with original maturities over three months	**383,532**	30,000
Financial assets at FVTPL	**38,592**	39,383
Investments in debt instruments measured at amortised cost	**24,267**	20,111
Accounts and other receivables	**8,351**	14,807
Others	**35,142**	48,037
Non-current Assets		
Financial assets at FVTPL	**401,964**	418,585
Investments in debt instruments measured at amortised cost	**63,891**	36,396
Investments in perpetual notes at FVTPL	**21,846**	22,586
Investment properties	**64,063**	64,381
Others	**51,436**	51,732
Total Assets	**1,567,598**	1,600,271
Other Liabilities	**(45,948)**	(60,140)
Net Assets	**1,521,650**	1,540,131

Non-current assets were USD603.2 million (31 December 2022: USD593.7 million), representing an increase of USD9.5 million. It was mainly due to an increase in investments in debt instruments measured at amortised cost of USD27.5 million. It was partially offset by a net decrease in investment in financial assets at FVTPL amounting to USD16.6 million, as well as a decrease in investments in perpetual notes at FVTPL of USD0.7 million. Current assets were USD964.4 million (31 December 2022: USD1,006.6 million), representing a decrease of USD42.2 million. This decrease was primarily attributed to: i) a net decrease in cash and cash equivalents of USD379.7 million; ii) an increase in time deposits with original maturities of over three months of USD353.5 million; iii) a decrease in bank trust accounts balances of USD17.9 million; and iv) a decrease in accounts and other receivables of USD6.5 million. However, this impact was partially offset by an increase in investments in debt instruments measured at amortised cost of USD4.2 million and an increase in loans receivable of USD5 million.

Net Assets Value

As at 30 June 2023, the Group's net assets amounted to USD1,521.7 million, representing a decrease of USD18.4 million as compared to USD1,540.1 million as at 31 December 2022. The decrease in net assets was mainly due to the loss for the period of USD5.3 million and recognition of dividend payable of USD6.9 million.

Cash Flow, Liquidity and Financial Resources

Cash Flow Summary

	For the six months ended 30 June	
	2023	2022
	USD'000	*USD'000*
Net cash from Operating Activities	**12,236**	13,983
Net cash used in Investing Activities	**(386,735)**	(45,485)
Net cash (used in)/from Financing Activities	**(1,200)**	20
Net decrease in cash and cash equivalents	**(375,699)**	(31,482)
Cash and cash equivalents at the beginning of the period	**854,253**	900,845
Effect of foreign exchange rate changes	**(4,040)**	(3,849)
Cash and cash equivalents at the end of the period	**474,514**	865,514

The Group's cash balance as at 30 June 2023 was USD474.5 million (31 December 2022: USD854.3 million). The net cash from operating activities for the six months ended 30 June 2023 amounted to USD12.2 million. This amount was primarily resulted from a loss of USD5.3 million for the six months ended 30 June 2023, adjusted for non-cash and non-operating items of USD9.2 million, movements in working capitals of USD1.6 million, interest received of USD9.6 million, and dividend received of USD0.3 million. Net cash used in investing activities was USD386.7 million, which mainly included net cash outflows for investments of USD44.9 million and placing of bank deposits of USD353.5 million. This was partially offset by USD11.7 million from interest received.

The Group's gearing ratio, being the percentage of the Group's total borrowings over shareholders' equity, was nil as at 30 June 2023 and 31 December 2022. The Group had no outstanding bank borrowings as at 30 June 2023.

Capital Structure of the Group

As at 30 June 2023, the equity attributable to owners of the Company was USD1,521.5 million. There was no material change in the capital structure of the Group since 31 December 2022, being the end of the reporting period of the Group's annual report.

Contingent Liability

As at 30 June 2023, the Group did not have contingent liability.

Material Acquisitions and Disposals

On 20 January 2023, True Colour Group Limited, an indirect wholly-owned subsidiary of the Company, has served a request for redemption of 8,000 class A1 shares in Shaolin Capital Partners International Fund, Ltd. (the "Shaolin Fund") at an estimated aggregate redemption proceeds of approximately USD7.7 million. The Shaolin Fund is an exempted company incorporated in the Cayman Islands and an opportunistic and cross-asset value strategy hedge fund that uses a top-down thematic framework to capitalise on market inefficiencies. After completion of the redemption, True Colour Group Limited ceased to hold any shares in the Shaolin Fund.

On 20 January 2023, Max Strength Holdings Limited, an indirect wholly-owned subsidiary of the Company, ZQ Capital Services Limited ("ZQ Capital") (being the general partner) and Ms. Wang Jue ("Ms. Wang") (being the initial limited partner) entered into the limited partnership agreement to subscribe for the limited partner interest in Range 22 Investors L.P. (the "Range 22 Fund") for a capital commitment of USD32.0 million (equivalent to approximately HKD250.6 million). The Range 22 Fund is an exempted limited partnership established in accordance with the Exempted Limited Partnership Act (2021 Revision) of the Cayman Islands on 12 December 2022. The primary focus of the Range 22 Fund is to make investments, directly or indirectly, in the securities of mature businesses in the global healthcare industry to achieve long term capital appreciation. ZQ Capital is an exempted company incorporated in the Cayman Islands and it shall be responsible for the management and day-to-day operations of the Range 22 Fund. ZQ Capital is wholly-owned by Mr. Shen Zheqing ("Mr. Shen"). Mr. Shen is the founding member of ZQ Capital. He has extensive experience in the healthcare industry and Asia capital markets, with a special area of expertise and network in China. Prior to founding ZQ Capital in 2017, Mr. Shen was the managing director and head of the China Financial Institutions Business at Barclays PLC from 2011 to 2015. From 2004 to 2010, he worked with The Goldman Sachs Group, Inc. ("Goldman Sachs") as an investment banker in its New York and Hong Kong offices. Mr. Shen has worked with many corporations in Asia. He also worked with a number of corporations in the United States during the early stages of his career at Goldman Sachs and Lehman Brothers Holdings Inc. in New York. Mr. Shen obtained a Bachelor of Arts in Mathematics and Economics from Wesleyan University. Ms. Wang is a merchant. Upon execution of the limited partnership agreement, Ms. Wang has withdrawn from the Range 22 Fund and has ceased to be a limited partner. For further details, please refer to the announcement of the Company dated 20 January 2023. As at 30 June 2023, the Range 22 Fund has not made any investment.

During the period from 13 April 2023 to 14 April 2023, GC HCM (BVI) Limited, an indirect wholly-owned subsidiary of the Company, disposed of an aggregate of 2,162,290 shares of USD0.00001 each in the share capital of Beisen Holding Limited ("Beisen Shares"), on the open market through the Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately USD6.4 million (equivalent to approximately HKD50.2 million) (excluding stamp duty and related expenses). The average selling price of each Beisen Share is approximately USD3.0 (equivalent to approximately HKD23.2). The aggregate consideration of the disposal represented the prevailing market price of the Beisen Shares at the time of the disposal. Beisen Holding Limited is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9669), providing cloud-based human capital management solutions in China through its subsidiaries.

On 19 May 2023, (i) True Colour Group Limited, an indirect wholly-owned subsidiary of the Company, has served a request for redemption of 58,309.62 class I shares in Ski Time Square Limited ("Ski Time Fund") at an estimated aggregate redemption proceeds of approximately USD7.0 million; and (ii) Dazzling Youth Limited, an indirect wholly-owned subsidiary of the Company, has served a request for redemption of 24,340.239064 class B unrestricted — series 0621 shares in Pinpoint Multi-Strategy Offshore Feeder Fund ("Pinpoint Fund") at an estimated aggregate redemption proceeds of approximately USD7.9 million. Both Ski Time Fund and Pinpoint Fund are exempted companies incorporated under the laws of the Cayman Islands with limited liability. Ski Time Fund is focused on the management of discounted cash flow, mortgage-backed and other securities and derivatives with investment goal to produce both high absolute and risk-adjusted returns. Ski Time Fund also invests in long or short positions in derivative and equity instruments for hedging and speculative purposes. Pinpoint Fund is a multi-manager platform hedge fund that focuses on alpha generation as well as capital preservation. Pinpoint Fund invests in a basket of less correlated, Asia equity-centric strategies, including equity long/short, convertible bond and quantitative strategies. After the completion of redemption in Ski Time Fund and Pinpoint Fund, True Colour Group Limited and Dazzling Youth Limited ceased to hold any shares in Ski Time Fund and Pinpoint Fund, respectively.

On 19 May 2023, Resilient Global Group Limited, an indirect wholly-owned subsidiary of the Company, and Sixty Degree Capital Fund III GP Inc. ("Sixty Degree GP") (being the general partner) entered into the subscription agreement to subscribe for 30,000,000 units in Sixty Degree Capital Fund III L.P. ("Sixty Degree Fund") as a limited partner for a capital commitment of USD30 million (equivalent to approximately HKD234.3 million). Sixty Degree Fund was formed as a limited partnership under the laws of Ontario, Canada on 6 May 2022. Sixty Degree Fund will conduct its affairs in a manner consistent with the primary purpose of achieving superior returns for its investors, principally through long-term capital appreciation, by making, holding and disposing of equity and equity-related investments in companies in the healthcare and technology sectors and originating principally in Canada and the United States and, from time to time, in Europe or Asia. Sixty Degree GP is a company incorporated in Canada with limited liability and it shall be responsible for the management and day-to-day operations of Sixty Degree Fund. Sixty Degree GP is owned by Mr. Guo Jian ("Mr. Guo") and Ms. Zu Feng ("Ms. Zu"). Sixty Degree GP has the full unrestricted power and exclusive authority to represent Sixty Degree Fund and to carry on its business and to do and to perform all things necessary for, incidental to or connected with carrying on the business of Sixty Degree Fund. Mr. Guo and Ms. Zu are also the directors of Sixty Degree GP and lead the investment team of Sixty Degree Fund. Mr. Guo is a seasoned and insightful venture capital/private equity investor with over 20 years of experience investing in the healthcare and technology sectors. He is a business leader, having served at the executive level as an advisor to and on the board of various international public and private companies. Mr. Guo has obtained a degree of master of business administration from the Schulich School of Business at York University, Toronto, Canada. Ms. Zu is the secretary of Sixty Degree GP and is involved in the activities of Sixty Degree GP. Ms. Zu has obtained an engineering degree from York University, Toronto, Canada and post graduate certificate in International Business Management. For further details, please refer to the announcement of the Company dated 19 May 2023. As at 30 June 2023, Sixty Degree Fund had invested in five portfolio companies, including i) a data encryption company; ii) a fast growing cybersecurity company; iii) an AI and deep learning modelling company; iv) document editing software-as-a-service company; and v) a kidney care service provider.

On 21 July 2023, Smart League (Canada) Investments Limited ("Smart League (Canada)"), an indirect wholly-owned subsidiary of the Company, and Garden City (WPG) GP Inc. ("Garden City GP") (being the general partner) entered into the limited partnership agreement to subscribe for 48 class A units in Garden City (WPG) Limited Partnership ("Garden City Fund") as a limited partner at the capital commitment of CAD12 million (equivalent to approximately HKD71.2 million). Garden City Fund was formed as a limited partnership under the laws of the province of Ontario, Canada on 9 May 2023. Garden City Fund will engage in the retail shopping centre project, which involves the acquisition, ownership, operation and leasing and otherwise dealing with the Garden City Shopping Centre located at Winnipeg, Manitoba, Canada, including without limitation, the management of and possible enhancement, development, expansion or redevelopment of the same. Garden City GP is a company incorporated in Canada with limited liability and it shall be responsible for the management and day-to-day operations of Garden City Fund. Garden City GP is wholly-owned by Mr. Gu Renting ("Mr. Gu"). Mr. Gu is an accomplished entrepreneur and real estate investor, serving as the Chairman of Unisync Group (TSX: UNI.TO), one of Canada's largest uniform companies. His leadership and strategic vision contribute greatly to Unisync's stature in the industry. Simultaneously, Mr. Gu is the president of E. Star International Inc., an extensive domestic and import apparel manufacturing company. His acumen extends beyond apparel into a diverse range of investments including the educational sector, with ownership in Willowood School. Mr. Gu's profound expertise in real estate shines through his role as principal owner of Smart Investment Ltd. As an active real estate investment and management firm, the company has a proven track record of success, with a team of experienced professionals adept in acquisition, development, property management, and leasing. They are committed to delivering exceptional value and results for their clients, forging long-term relationships built on trust and integrity. With a master of business administration degree from the Rotman School, University of Toronto, and over two decades of diverse business experience, Mr. Gu offers exceptional strategic investment insights. His multi-sector involvement and robust portfolio make him a highly respected figure in Canada's business landscape. For further details, please refer to the announcement of the Company dated 21 July 2023.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2023 and up to the date of publication of the Company's interim results announcement for the said period.

Exposure to Fluctuations in Exchange Rates and Hedge Policies

The Group conducted most of its business in United States dollars ("USD") and Hong Kong dollars ("HKD"). The foreign currency exposure of HKD to USD is minimal as HKD is pegged to USD.

The management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

Pledge of Assets

As at 30 June 2023, no assets of the Group had been pledged.

Business Outlook

Leveraging on our existing solid capital base, we actively optimised resources allocation and maintained our conservative and diligent investment philosophy. We believe that this strategy enables us to remain cautious in view of the difficulties and challenges under the current economic environment, whilst maximising return and value on the Group's business and financial performance in 2023.

Financial services business. The Group will continue to focus on our key financial services business areas, including securities trading and brokerage and margin financing, asset management and corporate finance advisory services. Our competitive commission rate, quality and efficient service, strong financial resources, and reliable trading system shall enable our financial services business to maintain a strong client loyalty and sustain stable growth in our client base.

In 2023, the reopening of the border between Hong Kong and Mainland China led to improvements in the global and Hong Kong business and investment environment. There were expectations of a slower pace of US monetary policy tightening and the gradual return of economic activities. The Hong Kong IPO market still remained sluggish in the first half of 2023 but is expected to pick up gradually in the later part of the year. When the IPO market revives, the Group will tap into the IPO margin financing business and will continue to place great efforts in promoting and expanding such business through various channels, including existing clients, brokerage firms and its network of account executives and the Group's interest income and related handling charge deriving from margin financing for both IPO and non-IPO transactions.

The Group will continue to adopt a prudent and balanced approach and adjust its business strategies to respond to market changes in a flexible and timely manner. The Group will continue to build on its existing promotion strategies through the use of its multiple channels, including advertisements and marketing campaigns, as well as other brand building and brand awareness activities, and incentive measures to further strengthen its margin financing business and to enhance our client coverage on the securities trading and brokerage business. The Group will closely monitor the securities market and actively review all its implemented strategies to maximise benefits arising from such market.

For our money lending business, the management of the Group has been prudent in minimising credit risk exposure and has been following its approach in developing the money lending business to achieve a risk-gain balance. With the global economy gradually recovering and consumption activities on the rise, the Group now aims to actively explore new business opportunities while continue to conduct prudent internal credit assessment and closely monitor the market.

The Group will also continue to explore other possibilities in expanding our quality client base and strengthen our relationship with major institutional clients by offering more comprehensive and tailor-made financial products and services. The Group will provide general corporate financial advisory services in relation to IPO, share placings, rights issues, corporate restructuring and mergers and acquisitions. The Group will also continue to participate in underwriting services as well as other related services when suitable opportunities arise.

For our asset management business, the Group will continue to enhance our services and provide customised discretionary investment management services to high-net-worth clients and to further enhance brand awareness and market reputation.

Principal investment business. The Group's investment portfolio consists of a combination of diversified investment in funds, bonds and equity investments (including listed or unlisted). The Group will continue to review its investment portfolio from time to time. When its investment team considers that suitable opportunities arise which are beneficial to the Group and can enhance the Group's overall profitability and returns, the Group may consider investing in such investment products.

Real property business. The Group continued to seek investment opportunities for quality and upscale commercial properties, as well as other types of properties. With the lifting of restrictive travel measures and the reopening of the China-Hong Kong border in 2023, the Group is now actively exploring properties and also real property investments locally and internationally that can provide a higher return as well as good potential capital appreciation in the future. The Group will take all necessary and proper assessments if we intend to acquire any new properties or property investments.

Looking-forward. The global economy will continue to recover after the reopening of all borders, including Mainland China and Hong Kong earlier in the year, and Hong Kong is gradually returning to normal. As the global markets recover, the Group will maintain a balanced and prudent approach to asset allocation while seizing all possible opportunities to further develop and expand our businesses.

Human Resources

As at 30 June 2023, the Group had 49 employees in Hong Kong. Employees are remunerated at a competitive level and rewarded according to their performance. The Group's remuneration packages include salary, medical scheme, group insurance, mandatory provident fund, performance bonus and share options for our employees.

Subsequent Events

The Board is not aware of any significant events that have occurred subsequent to 30 June 2023 and up to the date of publication of the Company's interim results announcement which require disclosure herein.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and complied with all the applicable code provisions of the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Enquiry has been made of all Directors, and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2023.

AUDIT COMMITTEE

The Audit Committee, with terms of reference in compliance with the provisions set out in the Corporate Governance Code, comprises three members who were all independent non-executive Directors for the six months ended 30 June 2023. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters. The interim report for the six months ended 30 June 2023 (the "2023 Interim Report") has been reviewed by the Audit Committee.

INTERIM REPORT

The 2023 Interim Report will be despatched to the shareholders and made available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.g-resources.com) on or before 30 September 2023.

By Order of the Board
G-Resources Group Limited
Leung Oi Kin
Executive Director and Company Secretary

Hong Kong, 30 August 2023

As at the date of this announcement, the Board comprises:
(i) Ms. Li Zhongye, Cindy as non-executive Director;
(ii) Mr. Leung Oi Kin and Mr. Leung Wai Yiu, Malcoln as executive Directors; and
(iii) Mr. Lo Wa Kei, Roy, Mr. Chen Gong and Mr. Martin Que Meideng as independent non-executive Directors.

* *For identification purpose only*