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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 2024

GROUP RESULTS

The board (the “Board”) of directors (the “Director(s)”) of G-Resources Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
	NOTES	USD'000	USD'000
		(Unaudited)	(Unaudited)
Revenue			
Interest income	4	14,725	13,609
Dividend and distribution income	4	2,115	1,338
Fee and commission income	4	587	568
Rental income	4	727	725
		<u>18,154</u>	<u>16,240</u>
Other income		14,433	12,249
Share of profit of associates		174	–
Administrative expenses		(3,347)	(4,321)
Fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss (“FVTPL”)		12,741	(32,524)
Net (loss)/gain on disposal of investments in debt instruments measured at amortised cost		(3)	134
Reversal of/(provision for) expected credit losses on financial assets, net		18	(2,322)
Other (loss)/gain		(1,822)	5,207
		<u>40,348</u>	<u>(5,337)</u>
Profit/(loss) before taxation		40,348	(5,337)
Taxation	5	–	–
Profit/(loss) for the period	6	<u>40,348</u>	<u>(5,337)</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		40,349	(5,344)
Non-controlling interests		(1)	7
		<u>40,348</u>	<u>(5,337)</u>
Profit/(loss) per share			
– Basic and diluted (US cent)	8	<u>8.95</u>	<u>(1.19)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	<i>USD'000</i>	<i>USD'000</i>
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	40,348	(5,337)
Other comprehensive income/(expenses):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation from functional currency to presentation currency	1,038	(6,888)
Changes in fair value of investments in perpetual notes designated as at fair value through other comprehensive income ("FVTOCI")	34	196
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	535	1,649
Other comprehensive income/(expenses) for the period	<u>1,607</u>	<u>(5,043)</u>
Total comprehensive income/(expenses) for the period	<u><u>41,955</u></u>	<u><u>(10,380)</u></u>
Total comprehensive income/(expenses) for the period attributable to:		
Owners of the Company	41,956	(10,387)
Non-controlling interests	<u>(1)</u>	<u>7</u>
	<u><u>41,955</u></u>	<u><u>(10,380)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024	31 December 2023
	NOTES	USD'000 (Unaudited)	USD'000 (Audited)
NON-CURRENT ASSETS			
Long-term time deposits		220,000	200,000
Property, plant and equipment		28,432	28,753
Investment properties		63,562	63,514
Financial assets at FVTPL	9	403,033	324,361
Investments in associates		174	–
Investments in debt instruments measured at amortised cost	9	59,307	82,972
Investments in perpetual notes at FVTPL	9	21,830	21,637
Investments in perpetual notes designated as at FVTOCI	9	3,051	3,017
Other receivables and deposits	10	629	545
Intangible assets		1,746	1,746
Goodwill		17,029	17,029
		<u>818,793</u>	<u>743,574</u>
CURRENT ASSETS			
Accounts and other receivables	10	24,403	39,888
Loans receivable		4,500	5,000
Investments in debt instruments measured at amortised cost	9	35,062	26,119
Financial assets at FVTPL	9	21,081	27,838
Time deposits with original maturities over three months		599,742	567,231
Bank trust accounts balances		33,501	28,285
Cash and cash equivalents		80,321	130,308
		<u>798,610</u>	<u>824,669</u>
CURRENT LIABILITIES			
Accounts and other payables	11	38,148	30,949
Dividend payable		6,928	–
		<u>45,076</u>	<u>30,949</u>
NET CURRENT ASSETS			
		<u>753,534</u>	<u>793,720</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,572,327</u>	<u>1,537,294</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		288	288
Accrued expenses	11	38	42
		<u>326</u>	<u>330</u>
		<u>1,572,001</u>	<u>1,536,964</u>
CAPITAL AND RESERVES			
Share capital	12	598	598
Reserves		1,571,235	1,536,197
Equity attributable to owners of the Company		1,571,833	1,536,795
Non-controlling interests		168	169
TOTAL EQUITY		<u>1,572,001</u>	<u>1,536,964</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 USD'000 (Unaudited)	2023 USD'000 (Unaudited)
OPERATING ACTIVITIES		
Cash (used in)/generated from operations	(3,464)	2,357
Interest received	9,870	9,617
Dividend received	39	262
Net cash generated from Operating Activities	6,445	12,236
INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	(66,753)	(41,795)
Purchase of investments in debt instruments measured at amortised cost	–	(46,017)
Proceeds from disposal and redemption of investments in debt instruments measured at amortised cost	16,466	13,689
Proceeds from disposal and redemption of investments in perpetual notes at FVTPL	–	970
Proceeds from disposal of an unlisted equity investment	–	74
Proceeds from redemption of unlisted hedge funds	25,559	27,952
Proceeds from return of capital of financial assets at FVTPL	1,730	269
Interest received	17,184	11,655
Net placement of time deposits with original maturities over three months and long-term time deposits	(52,511)	(353,532)
Net cash used in Investing Activities	(58,325)	(386,735)
FINANCING ACTIVITIES		
Acquisition of non-controlling interests	–	(1,200)
Net cash used in Financing Activities	–	(1,200)
Net decrease in cash and cash equivalents	(51,880)	(375,699)
Cash and cash equivalents at beginning of the period	130,308	854,253
Effect of foreign exchange rate changes	1,893	(4,040)
Cash and cash equivalents at end of the period	80,321	474,514

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 2023.

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 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current liabilities with covenants
Amendments to HKFRS 16	Lease liability in sale and leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

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 2023: three) operating business units which represent three (six months ended 30 June 2023: 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, and managing a portfolio of foreign investment properties.

(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 2024 (Unaudited)

	Financial services business <i>USD'000</i>	Principal investment business <i>USD'000</i>	Real property business <i>USD'000</i>	Eliminations <i>USD'000</i>	Total <i>USD'000</i>
External revenue					
Interest income	345	14,380	–	–	14,725
Dividend and distribution income	–	1,756	359	–	2,115
Fee and commission income	587	–	–	–	587
Rental income	–	–	727	–	727
Segment revenue from external parties	932	16,136	1,086	–	18,154
Inter-segment revenue	263	–	–	(263)	–
Segment revenue	1,195	16,136	1,086	(263)	18,154
Segment profit	6,664	35,451	554	–	42,669
Unallocated corporate expenses					(1,957)
Unallocated exchange loss					(364)
Profit before taxation					40,348

For the six months ended 30 June 2023 (Unaudited)

	Financial services business <i>USD'000</i>	Principal investment business <i>USD'000</i>	Real property business <i>USD'000</i>	Eliminations <i>USD'000</i>	Total <i>USD'000</i>
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
Segment revenue from external parties	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 gain					2,638
Unallocated corporate expenses					(2,746)
Unallocated exchange gain					1,833
Loss before taxation					(5,337)

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 2024 (Unaudited)

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Total USD'000
ASSETS				
Segment assets	<u>332,652</u>	<u>1,183,662</u>	<u>72,586</u>	<u>1,588,900</u>
Unallocated corporate assets				<u>28,503</u>
Total assets				<u><u>1,617,403</u></u>
LIABILITIES				
Segment liabilities	<u>37,875</u>	<u>107</u>	<u>365</u>	<u>38,347</u>
Unallocated corporate liabilities				<u>7,055</u>
Total liabilities				<u><u>45,402</u></u>

At 31 December 2023 (Audited)

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Total USD'000
ASSETS				
Segment assets	<u>319,556</u>	<u>1,147,167</u>	<u>72,697</u>	<u>1,539,420</u>
Unallocated corporate assets				<u>28,823</u>
Total assets				<u><u>1,568,243</u></u>
LIABILITIES				
Segment liabilities	<u>30,065</u>	<u>548</u>	<u>364</u>	<u>30,977</u>
Unallocated corporate liabilities				<u>302</u>
Total liabilities				<u><u>31,279</u></u>

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	
	2024	2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Interest income from financial products	4,510	3,691
Interest income from money lending business	302	237
Interest income from margin financing	43	64
Interest income from financial institutions' deposits	9,870	9,617
Interest income	<u>14,725</u>	<u>13,609</u>
Dividend and distribution income from financial products	2,115	1,338
Commission income and handling charges from financial services	539	512
Asset management fee income	48	56
Fee and commission income	<u>587</u>	<u>568</u>
Rental income	<u>727</u>	<u>725</u>
	<u><u>18,154</u></u>	<u><u>16,240</u></u>

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 2023: nil).

6. PROFIT/(LOSS) FOR THE PERIOD

	For the six months ended	
	30 June	
	2024	2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	344	381
Exchange loss/(gain), net, included in other (loss)/gain	1,822	(2,569)
Interest income from bank deposits, included in other income	(14,383)	(12,035)
Over-provision for liabilities arising from the disposal of mining business, included in other (loss)/gain	–	(2,638)

7. DIVIDEND

During the six months ended 30 June 2024, a final dividend of HKD0.12 per share for the year ended 31 December 2023 (six months ended 30 June 2023: a final dividend of HKD0.12 per share for the year ended 31 December 2022) 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 USD6,918,000 (equivalent to approximately HKD54,098,000) (six months ended 30 June 2023: USD6,901,000 (equivalent to approximately HKD54,098,000)).

8. EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30 June	
	2024	2023
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company, for the purposes of basic and diluted earnings/(loss) per share	40,349	(5,344)
	450,814,079	450,814,079
	450,814,079	450,814,079

No diluted earnings/(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	31 December 2023
	2024	
	USD'000	USD'000
	(Unaudited)	(Audited)
Investments in debt instruments measured at amortised cost		
Debt securities listed in Hong Kong		
Fixed Rate Senior Notes (<i>Notes a, b, c</i>)	4,017	4,535
Floating Rate Senior Notes (<i>Notes a, b, e</i>)	1,530	1,531
Debt securities listed outside Hong Kong		
Fixed Rate Senior Notes (<i>Notes a, b, c</i>)	78,176	92,437
Floating Rate Senior Notes (<i>Notes a, b, e</i>)	12,721	12,705
Less: Expected credit losses	(2,075)	(2,117)
	<u>94,369</u>	<u>109,091</u>
Less: Investments in debt instruments measured at amortised cost classified as current assets	(35,062)	(26,119)
Investments in debt instruments measured at amortised cost classified as non-current assets	<u>59,307</u>	<u>82,972</u>
Investments in perpetual notes at FVTPL		
Perpetual Notes, listed outside Hong Kong (<i>Note d</i>)	<u>21,830</u>	<u>21,637</u>
Investments in perpetual notes designated as at FVTOCI		
Perpetual Notes, listed outside Hong Kong (<i>Note d</i>)	<u>3,051</u>	<u>3,017</u>
Financial assets at FVTPL		
Unlisted investments		
Unlisted investment funds (<i>Note f</i>)	307,284	261,999
Unlisted equity investments (<i>Note g</i>)	52,941	53,398
Listed equity investments (<i>Note h</i>)		
Listed in Hong Kong	54,412	23,484
Listed outside Hong Kong	9,477	13,318
	<u>424,114</u>	<u>352,199</u>
Less: Financial assets at FVTPL classified as current assets	(21,081)	(27,838)
Financial assets at FVTPL classified as non-current assets	<u>403,033</u>	<u>324,361</u>

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 issuer with good credit history or capacity to repay, etc.).
- (b) During the six months ended 30 June 2024, seven of the Fixed Rate Senior Notes were matured, one of the Fixed Rate Senior Notes was partially sold, one of the Fixed Rate Senior Notes was partially sold and three of the Fixed Rate Senior Notes were being called. For the six months ended 30 June 2024, the net loss on disposal including redemption of investments in debt instruments measured at amortised cost was USD3,000. 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.

- (c) Senior Notes held by the Group bear a fixed coupon interest of ranging from 1.21% to 11.0% (31 December 2023: from 1.21% to 11.0%) per annum and with maturity dates from 11 July 2024 to 18 July 2029 (31 December 2023: 29 January 2024 to 18 July 2029). As at 30 June 2024, three of the Senior Notes carrying a gross amount of USD2,188,000 (31 December 2023: USD2,124,000) with original maturity dates ranging from July 2024 to January 2026 (31 December 2023: July 2024 to January 2026) occurred a provision of lifetime expected credit loss (“ECL”) of USD1,675,000 (31 December 2023: USD1,675,000). 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 2023: from 5.25% to 6.38%) per annum and are callable from 17 September 2024 to 16 May 2025 (31 December 2023: from 17 September 2024 to 16 May 2025). The interest rates are subject to change at reset day with reset rate ranging from 3.05% to 4.37% (31 December 2023: from 3.05% to 4.37%) 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 3 months to 5 years.

Perpetual Notes designated as at FVTOCI held by the Group as at 30 June 2024 bear a discretionary interest at the rate of 8.0% plus the prevailing yield for U.S. Treasury Securities per annum and are callable on 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% 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 1.81% to 7.33% (31 December 2023: from 1.81% to 7.33%) per annum and with maturity dates from 9 July 2024 to 15 March 2029 (31 December 2023: from 9 July 2024 to 15 March 2029). The interest rate is subject to change at reset day with reset rate ranging from 0.32% to 3.05% (31 December 2023: from 0.32% to 3.05%) plus 3 months secured overnight financing rate index or change in prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years.
- (f) As at 30 June 2024, the unlisted investment funds classified as financial assets at FVTPL include unlisted private equity funds and unlisted hedge funds with carrying value of USD307,284,000 and nil (31 December 2023: USD256,951,000 and USD5,048,000), 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 cost or latest financing price when adjustment is necessary, or to justify that cost or latest financing price is still a proper approximation of 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 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 2024, five (31 December 2023: four) out of these thirteen (31 December 2023: twelve) unlisted private equity funds accounted for approximately 77% (31 December 2023: approximately 74%) of the aggregate carrying value, with the investment portfolio focused on listed and unlisted equity investments in technology, media and telecommunications, healthcare, and environmental industry.

During the six months ended 30 June 2024, the Group redeemed the remaining hedge funds of USD5,048,000. 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 held by 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 held by these funds 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 2024, an increase in fair value of USD13,688,000 (a decrease in fair value for six months ended 30 June 2023: USD21,467,000) was recognised in the condensed consolidated statement of profit or loss. During the six months ended 30 June 2024, the Group received returns of capital of USD1,730,000 (six months ended 30 June 2023: USD269,000) plus distributions of USD801,000 (six months ended 30 June 2023: nil), and received funds from redemption of unlisted hedge funds of USD25,559,000 (six months ended 30 June 2023: USD27,952,000).

- (g) The Group invested six (31 December 2023: six) unlisted equity investments with the carrying amount of USD52,941,000 (31 December 2023: USD53,398,000), which three of them engaged in financial technology, two engaged in information technology, and one engaged in the business of electric motor system innovations.

As at 30 June 2024, three (31 December 2023: three) unlisted equity investments are with the carrying amount of USD39,831,000 (31 December 2023: USD 39,974,000). 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 Option-Pricing Method ("OPM") to allocate the enterprise value among different classes of shares (31 December 2023: same). The significant unobservable inputs are enterprise multiple and price-to-sales multiples of 4.0x, 3.0x and 12.4x (31 December 2023: 3.9x, 2.4x and 15.0x), risk-free rate of 4.39%, 4.87% and 4.87% (31 December 2023: 4.25%, 4.86% and 4.86%), expected volatility of 40%, 120% and 95% (31 December 2023: 40%, 120% and 95%), expected initial public offering probability of 80%, nil and 95% (31 December 2023: 80%, nil and 95%), and expected redemption probability of 20%, nil and 5% (31 December 2023: 20%, nil and 5%), respectively.

As at 30 June 2024, three (31 December 2023: three) unlisted equity investments are with the carrying amount of USD13,110,000 (31 December 2023: USD13,424,000). 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 3.3x and 19.4x (31 December 2023: 4.3x and 18.5x), and price-to-book multiple of 14.1x (31 December 2023: 15.9x), respectively.

During the six months ended 30 June 2024, a decrease in fair value of unlisted equity investments of USD 369,000 was recognised in the condensed consolidated statement of profit or loss (six months ended 30 June 2023: USD1,718,000).

- (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 2024 USD'000 (Unaudited)	31 December 2023 USD'000 (Audited)
Accounts receivables from the business of dealing in securities:		
Clients (<i>Note b</i>)	2,531	1,200
Clearing house and brokers	128	925
Accounts receivables from the business of dealing in futures contracts:		
Clearing house and brokers	257	288
Accounts receivables (<i>Note a</i>)	2,916	2,413
Other receivables and deposits (<i>Note d</i>)	22,135	38,038
Less: Impairment allowance (<i>Note c</i>)	(19)	(18)
	25,032	40,433
Less: Other receivables and deposits classified as non-current assets	(629)	(545)
Accounts and other receivables classified as current assets	24,403	39,888

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 USD42,296,000 (31 December 2023: USD64,346,000). 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 3.8% to 9.5% (31 December 2023: 3.8% to 9.5%) per annum as at 30 June 2024. 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 USD42,296,000 (31 December 2023: USD64,346,000) at the end of the reporting period in respect of accounts receivables from clients. As at 30 June 2024, no impairment allowance has been made for accounts receivables from clients with an aggregate outstanding balance of USD2,422,000 (31 December 2023: USD1,072,000), while parts of accounts receivables from clients with an aggregate outstanding balance of USD108,000 (31 December 2023: USD128,000) occurred a provision of ECL of USD19,000 (31 December 2023: 18,000) 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 accrued interest, sundry deposits, and receivables from hedge funds for redemption amounting to USD15,440,000, USD786,000 and USD4,034,000 (31 December 2023: USD12,556,000, USD649,000 and USD24,524,000), respectively. During the six months ended 30 June 2024, the receivables from hedge funds for redemption were partially settled with receipts of USD25,559,000.

11. ACCOUNTS AND OTHER PAYABLES

	30 June 2024 USD'000	31 December 2023 USD'000
Accounts payables from the business of dealing in securities:		
Clients	36,198	29,115
Clearing house and brokers	689	25
Accounts payables from the business of dealing in futures contracts:		
Clients	498	447
Accounts payables (<i>Note a</i>)	37,385	29,587
Other payables and accrued expenses	802	1,404
	38,186	30,991
Less: Accrued expenses classified as non-current liabilities	(38)	(42)
Accounts and other payable classified as current liabilities	38,148	30,949

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.

12. SHARE CAPITAL

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2023 (Audited), 30 June 2023 (Unaudited), 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	1,000,000,000	1,282
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2023 (Audited), 30 June 2023 (Unaudited), 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	450,814,079	598

INTERIM DIVIDEND

The Board does not recommend the proposal and payment of an interim dividend for the six months ended 30 June 2024 (the six months ended 30 June 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

	For the six months ended	
	30 June	
	2024	2023
	USD'000	USD'000
Revenue	18,154	16,240
Other income	14,433	12,249
Administrative expenses	(3,347)	(4,321)
Fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss ("FVTPL")	12,741	(32,524)
Reversal of/(provision for) expected credit losses on financial assets, net	18	(2,322)
Other (loss)/gain	(1,822)	5,207
EBITDA	40,692	(4,956)
Profit/(loss) before taxation (<i>Note</i>)	40,348	(5,337)
Profit/(loss) for the period	40,348	(5,337)
Analysis of external revenue by operating segment:		
(i) Financial Services Business	932	869
(ii) Principal Investment Business	16,136	14,646
(iii) Real Property Business	1,086	725
Analysis of results by operating segment:		
(i) Financial Services Business	6,664	4,600
(ii) Principal Investment Business	35,451	(12,404)
(iii) Real Property Business	554	742

Note: The profit/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 2024, the Group had a net profit after taxation of USD40.3 million (the six months ended 30 June 2023: a net loss after taxation of USD5.3 million). The change from a loss for the six months ended 30 June 2023 (the “Corresponding Period”) to a profit for the six months ended 30 June 2024 was mainly attributable to (i) a significant increase in fair value gain of financial assets and investments in perpetual notes at FVTPL of USD45.3 million; (ii) an increase in revenue of USD2.0 million mainly due to an increase in dividend and distribution income from financial products and interest income of USD0.8 million and USD1.1 million, respectively; (iii) an increase in income generated from fixed income investments of USD2.4 million; and (iv) a decrease in administrative expenses of USD1.0 million.

Revenue was USD18.2 million (the six months ended 30 June 2023: USD16.2 million) for the six months ended 30 June 2024, 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 (i) an increase in interest income from deposit at financial institutions as well as interest income from financial products under principal investment business of the Group of USD1.1 million; and (ii) an increase in dividend and distribution income under principal investment business of the Group of USD0.4 million, which was mainly due to an increase in distribution income received from unlisted investments.

Other income was USD14.4 million (the six months ended 30 June 2023: USD12.2 million) for the six months ended 30 June 2024. This was mainly due to interest income generated from fixed income investments, which amounted to USD14.4 million (the six months ended 30 June 2023: USD12.0 million).

During the six months ended 30 June 2024, the increase in fair value of financial assets and investments in perpetual notes at FVTPL was due to a combination of (i) fair value gain or loss; and (ii) netting off the distributions of investments.

The fair value of the investment properties increased by USD0.1 million during the period. The prices of Hong Kong commercial properties remained relatively stable compared to the Corresponding Period.

Other loss was USD1.8 million (the six months ended 30 June 2023: a gain of USD5.2 million) for the six months ended 30 June 2024. The main reasons for the significant decrease were due to (i) a decrease in the exchange gain of USD4.4 million; and (ii) an over-provision for liabilities arising from the disposal of mining business of USD2.6 million for the Corresponding Period. The recognition of the exchange loss was mainly due to the difference in exchange rates for the period-end balance.

Administrative expenses was USD3.3 million for the six months ended 30 June 2024, representing a decrease of USD1.0 million as compared to USD4.3 million for the Corresponding Period. This significant decrease was attributable 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 adopts 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 various 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, which include deposits with financial institutions. This strategy is part of our on-going efforts to minimise the impact from market fluctuations commonly associated with 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. Funderstone Securities Holdings Limited is the corporate vehicle of the Group engaging in the provision of a wide range of licensed financial services. These services 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 2024, the global economy and trade activities had shown steady recovery following the reopening of borders worldwide. This contributed to a more favourable business and investment environment in both the global and Hong Kong markets. The Group adopted a prudent and conservative approach, focusing on existing product offerings while adapting our business strategies to the changing market conditions. The Group actively sought high-quality client bases as opportunities arose. The Group's experienced management team worked

diligently to enhance our margin financing, securities and brokerage services, and asset management business. By leveraging on our established securities trading infrastructure, strong client loyalty, and diverse sales channels, we carved a niche in the margin financing market, serving both corporate and retail clients in achieving their financial goals. We have built a reputation for delivering professional and personalised financial services. Moving forward, the Group will continue to pursue new business opportunities, diversify into additional business lines, and offer a comprehensive 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 money lending; and (iii) asset management fee income.

The profit before taxation for financial services business was USD6.7 million (the six months ended 30 June 2023: USD4.6 million), which was mainly due to the increase in other income for the six months ended 30 June 2024.

Commission income and handling charges

During the six months ended 30 June 2024, the commission income and handling charges from financial services were USD0.6 million (the six months ended 30 June 2023: USD0.6 million). The commission income and handling charges remained stable, primarily due to the consistent trading volume. This consistency was maintained despite the challenging conditions in the Hong Kong stock market during the period. This stability can be attributed to our strategic positioning and the adaptability of our trading operations.

Interest income from margin financing and money lending businesses

The interest income from margin financing was USD40,000 (the six months ended 30 June 2023: USD60,000). The net balance of accounts receivables from margin financing clients was USD1.0 million as at 30 June 2024 (as at 31 December 2023: USD1.2 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 USD4.5 million and the outstanding loan balance as at 30 June 2024 was USD4.5 million (as at 31 December 2023: USD5.0 million). The interest income from money lending business was USD0.3 million (the six months ended 30 June 2023: USD0.2 million).

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 2024, the Group invested USD66.8 million in unlisted financial assets, which were mainly payments for capital commitments of the unlisted investment funds and acquisition of a listed equity investment. During the six months ended 30 June 2024, the Group partially disposed of listed bonds or having the same being redeemed or reaching maturity in the aggregate value of USD16.5 million, and had a decrease in the aggregate market value of listed shares of USD0.8 million. Other than the aforementioned reasons, the net increase of USD57.4 million in the fair value of non-cash financial assets was primarily attributed to the acquisition of unlisted investment funds and a listed equity investment. 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 changes in the listed shares, listed bonds and unlisted investments primarily acquired in previous years.

The principal investment business segment recorded a profit of USD35.5 million for the six months ended 30 June 2024 (the six months ended 30 June 2023: a loss of USD12.4 million), primarily driven by a fair value gain of financial assets and investments in perpetual notes at FVTPL of USD12.7 million and an increase in dividend and distribution income from the financial assets and interest income,

amounting to USD16.1 million. The increase in dividend and distribution income was mainly attributed to an increase in distribution income from unlisted investments during the six months ended 30 June 2024.

As at 30 June 2024, the Group held non-cash financial assets of USD543.4 million, as follows:

	30 June 2024	31 December 2023
	<i>USD'000</i>	<i>USD'000</i>
Listed shares	63,889	36,802
Listed bonds	119,250	133,745
Unlisted investment funds	307,284	261,999
Unlisted equity investments	52,941	53,398
Total	543,364	485,944

Significant Investments

There was no single investment (e.g. 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 2024.

(iii) Real Property Business

The Group's primary real property business involves the leasing of commercial office premises and car parking spaces in Hong Kong, as well as an unlisted investment fund that holds a commercial property in Canada. During the six months ended 30 June 2024, the profit before taxation for the real property business was USD0.6 million (the six months ended 30 June 2023: USD0.7 million), which comprises rental income, distribution income, and fair value changes of the unlisted investment fund.

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 profits from commercial office were USD0.7 million and USD0.7 million (the six months ended 30 June 2023: USD0.7 million and USD0.7 million) for the six months ended 30 June 2024, respectively. These figures were relatively stable when compared to the Corresponding Period.

In 2023, the Group made an investment in a quality commercial property in Canada through an unlisted investment fund. The Canada commercial property mainly comprised a retail shopping centre, namely, Garden City Shopping Centre, located municipally at 2305 & 2315 McPhillips Street, Winnipeg, Manitoba, Canada. The distribution income generated from the unlisted investment fund was USD0.4 million (the six months ended 30 June 2023: nil) during the period.

The Group has been actively pursuing investment opportunities in high-quality, upscale commercial properties, along with other types of real properties. Since 2023, the Group has been exploring both local and overseas real property investments in regions such as Hong Kong, the Greater Bay Area, North America and Europe. These markets are anticipated to provide stable income and long-term capital growth. This diversification of the Group's real property portfolio across geographical regions is expected to contribute to the overall strength and resilience of its real property holdings.

Review of Group Financial Position

	30 June 2024 USD'000	31 December 2023 USD'000
Current Assets		
Cash and cash equivalents	80,321	130,308
Time deposits with original maturities over three months	599,742	567,231
Financial assets at FVTPL	21,081	27,838
Investments in debt instruments measured at amortised cost	35,062	26,119
Accounts and other receivables	24,403	39,888
Others	38,001	33,285
Non-current Assets		
Long-term time deposits	220,000	200,000
Financial assets at FVTPL	403,033	324,361
Investments in debt instruments measured at amortised cost	59,307	82,972
Investments in perpetual notes at FVTPL	21,830	21,637
Investment properties	63,562	63,514
Others	51,061	51,090
Total Assets	1,617,403	1,568,243
Other Liabilities	(45,402)	(31,279)
Net Assets	1,572,001	1,536,964

Non-current assets as at 30 June 2024 were USD818.8 million (31 December 2023: USD743.6 million), representing an increase of USD75.2 million. It was mainly due to an increase in long-term time deposits by USD20.0 million and a net increase in investment in financial assets at FVTPL amounting to USD78.7 million. It was partially offset by a decrease in investments in debt instruments measured at amortised cost of USD23.7 million. Current assets as at 30 June 2024 were USD798.6 million (31 December 2023: USD824.7 million), representing a decrease of USD26.1 million. This decrease was primarily attributed to: (i) a net decrease in cash and cash equivalents of USD50.0 million; (ii) an increase in time deposits with original maturities of over three months of USD32.5 million; (iii) a decrease in loans receivable of USD0.5 million; and (iv) a decrease in accounts and other receivables of USD15.5 million. However, this impact was partially offset by an increase in investments in debt instruments measured at amortised cost of USD8.9 million, and an increase in bank trust accounts balances of USD5.2 million.

Net Assets Value

As at 30 June 2024, the Group's net assets amounted to USD1,572.0 million, representing an increase of USD35.0 million as compared to USD1,537.0 million as at 31 December 2023. The increase in net assets was mainly due to the profit for the period of USD40.3 million, which was partially offset by the recognition of dividend payable of USD6.9 million.

Cash Flow, Liquidity and Financial Resources

Cash Flow Summary

	For the six months ended	
	30 June	
	2024	2023
	USD'000	USD'000
Net cash generated from Operating Activities	6,445	12,236
Net cash used in Investing Activities	(58,325)	(386,735)
Net cash used in Financing Activities	–	(1,200)
Net decrease in cash and cash equivalents	(51,880)	(375,699)
Cash and cash equivalents at beginning of the period	130,308	854,253
Effect of foreign exchange rate changes	1,893	(4,040)
Cash and cash equivalents at end of the period	80,321	474,514

The Group's cash balance as at 30 June 2024 was USD80.3 million (31 December 2023: USD130.3 million). The net cash generated from operating activities for the six months ended 30 June 2024 amounted to USD6.4 million. This amount was primarily resulted from a profit of USD40.3 million for the six months ended 30 June 2024, adjusted for non-cash and non-operating items of USD41.4 million, movements in working capitals of USD2.5 million, and interest received of USD9.9 million. Net cash used in investing activities was USD58.3 million, which mainly included net cash outflows for investments of USD23.0 million and placing of bank deposits of USD52.5 million. This was partially offset by USD17.2 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 2024 and 31 December 2023. The Group had no outstanding bank borrowings as at 30 June 2024.

Capital Structure of the Group

As at 30 June 2024, the equity attributable to owners of the Company was USD1,571.8 million. There was no material change in the capital structure of the Group since 31 December 2023, being the end of the reporting period of the Group's latest annual report.

Contingent Liability

As at 30 June 2024, the Group did not have contingent liability.

Material Acquisitions and Disposals

On 28 March 2024, Total Smart Global Limited, an indirect wholly-owned subsidiary of the Company, ECC Partners GP Limited ("ECC Partners GP") (being the general partner) and ECC Partners L.P. (the "ECC Fund") entered into the subscription agreement to subscribe for the limited partner interest in the ECC Fund as a limited partner for a capital commitment of USD25.0 million (equivalent to approximately HKD195.5 million). The ECC Fund was formed as an exempted limited partnership under the laws of the Cayman Islands on 24 October 2019. The ECC 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 investments, directly or indirectly, in the environmental industry globally to achieve long-term capital appreciation. ECC Partners GP is an exempted company incorporated in the Cayman Islands with limited liability and it shall be responsible for the management and day-to-day operations of the ECC Fund. ECC Partners GP is owned by Mr. Shen Zheqing ("Mr. Shen"). Mr. Shen is the sole member of ECC Partners GP. Mr. Shen and his team of investment professionals have extensive experience in the global environmental industry and capital markets, with a special area of expertise and network in China. 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. As at 30 June 2024, the ECC Fund has not made any investment.

During the period from 4 August 2023 to 19 April 2024, Ravi Global Limited, an indirect wholly-owned subsidiary of the Company, acquired an aggregate of 23,497,000 H Shares issued by HENGTOU SECURITIES (the “Acquired Share(s)”) on the open market through The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at an aggregate consideration of approximately USD7.06 million (equivalent to approximately HKD55.27 million) (excluding stamp duty and related expenses) (the “Acquisitions”). The average price of each Acquired Share is approximately USD0.30 (equivalent to approximately HKD2.36). The aggregate consideration of the Acquisitions represented the prevailing market price of the Acquired Shares at the time of the Acquisitions. According to public information, HENGTOU SECURITIES is a joint stock company incorporated in the People’s Republic of China with limited liability under the Chinese corporate name “恒泰證券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English), the H Shares (overseas listed foreign ordinary share(s) with a nominal value of RMB1.00 each in the share capital of HENGTOU SECURITIES) of which are listed on the Main Board of the Stock Exchange (Stock Code: 1476). HENGTOU SECURITIES and its subsidiaries are principally engaged in the securities brokerage business. As at 30 June 2024, Ravi Global Limited held 123,206,000 H Shares issued by HENGTOU SECURITIES, representing approximately 27.33% of the total number of H Shares of HENGTOU SECURITIES in issue.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024 and up to the date of publication of the Company’s interim results announcement.

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 2024, no assets of the Group had been pledged.

Business Outlook

By effectively managing our strong capital base, we actively optimise the allocation of resources and maintain a prudent and diligent investment approach. We firmly believe this strategy allows us to navigate through the complexities and challenges of the current economic environment cautiously, whilst maximising the Group's business and financial performance in the second part of 2024, thereby yielding greater return and value.

Financial services business. The Group will remain focused on its key financial services, including securities trading and brokerage, margin financing, asset management and corporate finance advisory. Leveraging our competitive commission rates, high-quality and efficient services, solid financial resources, and reliable trading infrastructure, we are well positioned to maintain strong client loyalty and drive sustained growth in our client base.

In the latter half of 2024, the Group is well-positioned to capitalise on the increasingly favourable business and investment environment. The global economy and trade activities have shown steady recovery. The Chinese Government have been implementing various measures and policies to stimulate the economy. This includes a reduction in the reserve requirement ratio by the People's Bank of China, which aims to revitalise the liquidity of capital in the market. Moreover, the anticipated interest rate cuts in the United States, coupled with a gradual recovery in economic activity, contribute to an overall stable outlook.

The Hong Kong IPO market, which experienced a sluggish performance in 2023, is anticipated to gradually improve throughout 2024. This anticipated revival can be attributed to the Hong Kong Special Administrative Region Government's proactive implementation of various supportive measures. These include introducing tax incentives, regulatory reforms, and launching initiatives to attract more international companies to list on the Stock Exchange. These efforts are aimed at strengthening the securities market and promoting IPO activities in Hong Kong.

As the IPO market revitalises, the Group is well-positioned to seize this opportunity and actively promotes its IPO margin financing business. The Group will leverage its existing client base, expand working relations with brokerage firms, and utilise its network of account executives to drive growth in this segment. Furthermore, the Group will benefit from interest income and related handling charges generated from IPO-related margin financing and also from non-IPO transactions.

In line with its prudent and balanced approach, the Group will continuously adapt its business strategies to effectively navigate market changes in a timely manner. The Group will focus on strengthening its margin financing business and expanding its securities trading and brokerage client coverage through a multi-pronged approach. This approach will involve leveraging advertising, marketing campaigns, brand-building initiatives, and targeted incentive measures to enhance the Group's reputation and attractiveness among both existing and potential clients. By closely monitoring the securities market landscape, the Group will actively review its implemented strategies to maximise benefits and capitalise on emerging opportunities.

For our money lending business, the Group is committed to minimising credit risk and maintaining a favourable risk-gain balance. As the global economy gradually recovers and consumer spending rises, the Group aims to explore new business opportunities for growth in this sector. We will conduct thorough internal credit assessments and closely monitor market trends to ensure decisions are appropriately made. To further expand our money lending business, the Group intends to diversify its offerings, including business financing, and specialised lending solutions tailored to different industries. By implementing these strategies, the Group seeks to capitalise on the evolving financial landscape while ensuring responsible lending practices are at the forefront of our operations.

The Group will also focus on expanding its high-quality client base while strengthening relationships with major institutional clients by offering more comprehensive range of tailor-made financial products and services. This includes general corporate financial advisory for IPOs, share placements, rights issues, corporate restructuring, and mergers and acquisitions. Additionally, the Group will actively seek opportunities to provide underwriting and related services as they arise.

For our asset management business, the Group will enhance its offerings by delivering customised discretionary investment management services specifically designed for high-net-worth clients. We will also focus on increasing brand awareness and enhancing our market reputation to better position ourselves in the competitive landscape.

Principal investment business. The Group's investment portfolio comprises a combination of diversified investment in funds, bonds and both listed and unlisted equity investments. The Group will conduct periodic reviews of its investment portfolio. If the investment team identifies suitable opportunities that could enhance profitability and overall returns, the Group may consider investing in these investment products.

Real property business. The Group will actively seek investment opportunities in high-quality, upscale commercial properties, along with other types of real properties. Since 2023, the Group has been exploring both local and international real property investments that offer high yields and strong potential for future capital appreciation. In 2023, the Group made an investment in a quality commercial property in Canada through an unlisted investment fund, which is anticipated to provide stable income and long-term capital growth through operational enhancements. The Group will continue to diversify its property portfolio geographically and will conduct thorough assessments for any new properties or property investments under consideration.

Looking-forward. The global economy is expected to sustain its recovery momentum following the reopening of borders worldwide. As Hong Kong gradually returns to normalcy, the Group intends to capitalise on improving global markets by adopting a balanced and prudent approach to asset allocation. The Group will actively pursue all available opportunities to drive further development and expansion of our businesses.

Human Resources

As at 30 June 2024, the Group had 44 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 and performance bonus.

Subsequent Events

The Board is not aware of any significant events that have occurred subsequent to 30 June 2024 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 2024, 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 has complied with all the applicable code provisions of the Corporate Governance Code (the "Corporate Governance Code") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2024.

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 C3 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 2024.

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 2024. 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 2024 (the "2024 Interim Report") has been reviewed by the Audit Committee.

INTERIM REPORT

The 2024 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 2024.

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

Hong Kong, 29 August 2024

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, Malcolm 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*