G-RESOURCES

For the six months ended 30 June 2023
(Incorporated in Bermuda with limited liability)

Stock Code: 1051

2023
INTERIM FINANCIAL REPORT

CORPORATE PHILOSOPHY

OUR VALUES

We strive to be a GREAT company in all of our operations and dealings with people. The GREAT values are the foundation of our Company, and provide a core commitment to achieve the best we can for all of G-Resources' stakeholders.

GREAT VALUES

GROWTH in value for all our stakeholders

RESPECT for our people, our communities and all stakeholders

EXCELLENCE in everything we do

ACTION to deliver on our commitments

TRANSPARENCY openness, honesty and good governance

G-Resources is a company listed on the Hong Kong Stock Exchange focusing on financial services business, principal investment business, money lending business and real property business (HKEx: 1051).

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Director
Ms Li Zhongye, Cindy, *Chairperson*

Executive Directors
Mr Leung Oi Kin
Mr Leung Wai Yiu, Malcoln

Independent Non-Executive Directors
Mr Lo Wa Kei, Roy
Mr Chen Gong
Mr Martin Que Meideng

EXECUTIVE COMMITTEE
Mr Leung Oi Kin
Mr Leung Wai Yiu, Malcoln

AUDIT COMMITTEE
Mr Lo Wa Kei, Roy, *Chairman*
Mr Chen Gong
Mr Martin Que Meideng

REMUNERATION COMMITTEE
Mr Lo Wa Kei, Roy, *Chairman*
Mr Chen Gong
Mr Martin Que Meideng

NOMINATION COMMITTEE
Ms Li Zhongye, Cindy, *Chairperson*
Mr Chen Gong
Mr Martin Que Meideng

COMPANY SECRETARY
Mr Leung Oi Kin

AUDITOR
Moore Stephens CPA Limited
Registered Public Interest Entity Auditors

LEGAL ADVISORS
Hong Kong: Raymond Siu & Lawyers
Bermuda: Ocorian Law (Bermuda) Limited

PRINCIPAL BANKERS
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Pudong Development Bank Co., Ltd.
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Citibank, N.A.

SHARE REGISTRARS

Hong Kong
Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

Bermuda
MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House, 41 Cedar Avenue
Hamilton HM 12
Bermuda

REGISTERED OFFICE
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Room 1801, 18/F
Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong

WEBSITE
www.g-resources.com

NON-EXECUTIVE DIRECTOR

Li Zhongye, Cindy

Ms Li Zhongye, Cindy, aged 55, was appointed as a chairperson of the Company and non-executive director of the Company ("Director(s)") on 12 October 2018. Ms Li has twenty years of experience in finance and information technology industry and possesses extensive corporate management experience. She has been a board director of WeAreHAH since January 2019, and a director of ZHRH Corporation (a company listed on the OTC market of the United States) since March 2022. Ms Li also served as a director of Sunny Education Inc.. Ms Li obtained a medical degree in Capital Medical University, the People's Republic of China in 1992.

EXECUTIVE DIRECTORS

Leung Oi Kin

Mr Leung Oi Kin, aged 49, was appointed as an executive Director and company secretary of the Company on 8 November 2016 and 16 December 2016, respectively. Mr Leung is a director of various subsidiaries of the Company. He has more than twenty years of experience in accounting and financial management. He is a professional accountant and a fellow member of the CPA Australia. He is currently an independent non-executive director of Austar Lifesciences Limited (whose shares are listed on the Main Board of the Stock Exchange). Mr Leung also worked in PricewaterhouseCoopers audit and assurance services team. Mr Leung graduated from University of Adelaide, Australia in 1997 with a bachelor's degree in commerce and obtained the degree of master of business administration with honors from the University of Chicago Booth School of Business in the United States in 2022.

Leung Wai Yiu, Malcoln

Mr Leung Wai Yiu, Malcoln, aged 41, was appointed as an executive Director on 16 April 2018. Mr Malcoln Leung currently serves as executive director, chief investment officer of the Company and is primarily responsible for the Group's investment, asset management and strategic planning, as well as formulating the Group's overall business and asset portfolio strategy. He is also responsible for the day-to-day operations and overall management of the Company's investment management team. He is a director of various subsidiaries of the Company. Mr Malcoln Leung has over twenty years of extensive experience in asset management, investment banking and technology industry, based in the United States, Singapore and Hong Kong. Prior to joining the Group in 2017, Mr Malcoln Leung held key positions in various multinational financial institutions and investment banks including Bank of America Merrill Lynch, Standard Chartered and HSBC, and he was responsible for leading global private equity investments and cross-border merger and acquisition transactions, covering different industries such as technology, real estate, financials, insurance and healthcare. Mr Malcoln Leung obtained a master's degree in business administration from the Massachusetts Institute of Technology in the United States in 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Wa Kei, Roy

Mr Lo Wa Kei, Roy, aged 52, was appointed as an independent non-executive Director on 17 July 2017. Mr Lo is a practicing accountant in Hong Kong and is a certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and a fellow of the Institute of Chartered Accountants in England and Wales. He serves as the managing partner of SHINEWING (HK) CPA Limited, which is a full service accounting and consulting firm engaged in the provision of, among other things, audit and business advisory services. He is also a member of the 14th Shanghai Committee of the Chinese People's Political Consultative Conference, the President of the Hong Kong Independent Non-Executive Director Association from 2021 to 2022 and the Divisional President 2019 — Greater China of CPA Australia. Mr Lo has over twenty-nine years of experience in auditing, accounting, risk management and finance and has been serving as an independent non-executive director of a number of companies listed on the Stock Exchange, including Quam Plus International Financial Limited (formerly known as China Tonghai International Financial Limited), Wan Kei Group Holdings Limited and China Oceanwide Holdings Limited. Mr Lo also acts as an independent director of New Hope Dairy Company Limited (a company listed on Shenzhen Stock Exchange). He also served as an independent non-executive director of a number of companies listed on the Stock Exchange, including Sun Hing Vision Group Holdings Limited, China Zhongwang Holdings Limited (which was delisted on 13 April 2023) and Xinming China Holdings Limited. Mr Lo received a bachelor's degree of business administration from The University of Hong Kong in 1993 and a master's degree of professional accounting from The Hong Kong Polytechnic University in 2000.

Chen Gong

Mr Chen Gong, aged 53, was appointed as an independent non-executive Director on 3 February 2017. Mr Chen has more than twenty years of extensive experience in finance management, mergers & acquisitions, financing, negotiation and restructuring in a cross-culture environment. Mr Chen has participated in cross-border merger & acquisition and financing transactions. Mr Chen is the founder and managing director of DoubleOcean Financial Group, a financial advisory company that facilitates the cross-border investments between North America and China. He had also been involved in the management of various public companies listed on the Toronto Stock Exchange, in the capacity of director and/or chief executive officer/chief financial officer. Mr Chen was a director and chief financial officer of Credent Capital Corp. (whose shares are listed on TSX Venture Exchange NEX), a director and chief financial officer of Nextraction Energy Corp. (whose shares are listed on TSX Venture Exchange NEX), an independent director of Newmac Resources Inc. (whose shares are listed on TSX Venture Exchange) and an independent director of Ord Mountain Resources Corp. (whose shares are listed on TSX Venture Exchange NEX). Mr Chen also worked in various financial management positions at two Fortune 100 companies in the United States for about eight years. Mr Chen received a bachelor's degree in International Economics from Peking (Beijing) University in 1992 and a master of business administration (MBA) from the University of Arizona in 1997. He is a Certified Public Accountant (CPA) in the United States.

Martin Que Meideng

Mr Martin Que Meideng, aged 62, was appointed as an independent non-executive Director on 3 February 2017. Mr Que has over twenty-six years of extensive experience of North American financial investment and management, and as a Certified Financial Planner in North America, covering tax planning, investment and risk management. Mr Que is a president and owner of Allvista Financial and Planning Services Inc., British Columbia, Canada; a vice-president of Marketing of Citistar Financial, British Columbia, Canada; and a chief financial officer of Blue-O Technology Inc., British Columbia, Canada, a fuel cell technology company. He is also a member of the Million Dollar Round Table (MDRT) of The Premier Association of Financial Professionals®, a Certified Financial Planner of the Financial Planning Standards Council and a Chartered Life Underwriter of The American College of Financial Services. Mr Que received a bachelor of engineering from Wuhan College of Geology in 1983 and a master of science from China University of Geosciences in 1986.

SENIOR MANAGEMENT

Chan Chun Fung

Mr Chan Chun Fung, aged 39, is a director and general manager of Funderstone Securities Limited ("FSL") and Funderstone Futures Limited ("FFL"). Mr Chan has over ten years of experience in the financial services industry. Since 2012, he has been licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as a responsible officer for type 1, type 2, type 4 and type 5 regulated activities, and licensed responsible officer for FSL and FFL in 2019. With extensive financial industry experience in Chinese capital companies such as Dongxing Securities (Hong Kong) Financial Holdings Limited, iFAST Financial (HK) Limited, Ping An of China Securities (Hong Kong) Company Limited, Huatai Financial Holdings (Hong Kong) Limited, Huarong International Securities Limited and Bright Smart Securities & Commodities Group Limited (whose shares are listed on the Main Board of the Stock Exchange), Mr Chan has built his strongest expertise in middle to back office operations, information technology, client services and business development. Mr Chan obtained his bachelor's degree in commerce from Curtin University of Technology, Australia in 2007.

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 explore 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 of 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 offer 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 of 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 unrealised 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 explore 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 **USD'000**	2022 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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 as at the date of this interim report.

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 this interim report.

DIRECTORS AND EXECUTIVE OFFICERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, none of the Directors and executive officers of the Company (the "Executive Officers") or their respective associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") required to be disclosed in accordance with Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OTHER THAN DIRECTORS AND EXECUTIVE OFFICERS

As at 30 June 2023, so far as known to the Directors or Executive Officers, the following persons/entities are the shareholders (other than the Directors or Executive Officers) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares/ underlying shares (Note 1)	Approximate % of the issued share capital of the Company	Notes
Elvin Alan Ortiz Espinosa	Interest of a controlled corporation	127,939,100 (L)	28.38%	2
Sprout Wings Limited	Interest of a controlled corporation	127,939,100 (L)	28.38%	2
PX Capital Partners L.P.	Beneficial owner	127,939,100 (L)	28.38%	2
John Paul Buckley	Interest of a controlled corporation	81,774,809 (L)	18.14%	3
Zhang Zheng	Interest of a controlled corporation	81,774,809 (L)	18.14%	3
19 Growth Capital Fund GP, Inc.	Interest of a controlled corporation	81,774,809 (L)	18.14%	3
19 Growth Equity Fund, LP	Beneficial owner	81,774,809 (L)	18.14%	3

Notes:

1. "L" denotes long position.
2. Sprout Wings Limited is wholly-owned by Mr Elvin Alan Ortiz Espinosa. PX Capital Partners L.P. is wholly-owned by Sprout Wings Limited. Under Part XV of the SFO, Mr Elvin Alan Ortiz Espinosa and Sprout Wings Limited are deemed to have interest in the shares of the Company held by PX Capital Partners L.P..
3. Mr John Paul Buckley and Mr Zhang Zheng indirectly own 60% and 40% equity interests of 19 Growth Capital Fund GP, Inc., respectively. 19 Growth Equity Fund, LP is wholly-owned by 19 Growth Capital Fund GP, Inc.. Under Part XV of the SFO, Mr John Paul Buckley, Mr Zhang Zheng and 19 Growth Capital Fund GP, Inc. are deemed to have interest in the shares of the Company held by 19 Growth Equity Fund, LP.

Save as disclosed above, the Company has not been notified by any person (other than the Directors or Executive Officers) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 30 June 2023.

OTHER INFORMATION

SHARE OPTION

Share Option Scheme

In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a share option scheme pursuant to a resolution passed by the shareholders of the Company on 18 June 2014, of which the general scheme limit has been revised pursuant to a resolution passed by the shareholders of the Company on 15 June 2018 (the "2014 Share Option Scheme") which will remain in force for ten years from the date becoming effective. The total number of shares of the Company issuable pursuant to the 2014 Share Option Scheme (taking into account the revision in 2018 and the share consolidation in 2021) was 22,540,703.

An offer of the grant of an option may be accepted by an eligible participant within 28 days from the date upon which it is made. A consideration of HKD1 is payable on acceptance of the offer of grant of an option. The period within which the options must be exercised will commence from the date of acceptance of the offer for the grant of options but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions of early termination thereof. The subscription price shall be determined by the Board, but shall not be lower than the highest of (i) the closing price of shares at the date of grant which must be a business day; (ii) the average closing price of shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share. Unless the Board otherwise determined and stated in the offer of the grant of options to an eligible participant, there is neither any performance targets that needs to be achieved by the grantee before any options can be exercised nor any minimum period for which the option must be held before it can be exercised.

As at 1 January 2023 and 30 June 2023, (i) the total number of options available for grant and the total number of shares of the Company issuable pursuant to the 2014 Share Option Scheme was 22,540,703 shares of the Company, representing 5.0% of the issued share capital of the Company as at the date of this interim report; (ii) there was no outstanding options; and (iii) there was no share option granted, exercised, cancelled or lapsed under the 2014 Share Option Scheme during the six months ended 30 June 2023.

Further particulars of the 2014 Share Option Scheme are set out in note 16 to the financial statements contained in this interim report.

Save and except the 2014 Share Option Scheme, the Company has not adopted any other share scheme.

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.

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).

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 Listing Rules for the six months ended 30 June 2023.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 of the Company (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 has been reviewed by the Audit Committee.

By Order of the Board
Li Zhongye, Cindy
Chairperson
Hong Kong, 30 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	NOTES	For the six months ended 30 June 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	9	29,044	29,572
Investment properties	10	64,063	64,381
Financial assets at FVTPL	11	401,964	418,585
Investments in debt instruments measured at amortised cost	11	63,891	36,396
Investments in perpetual notes at FVTPL	11	21,846	22,586
Investments in perpetual notes designated as at FVTOCI	11	3,017	2,821
Other receivables and deposits	12	600	564
Intangible assets		1,746	1,746
Goodwill		17,029	17,029
		603,200	593,680
CURRENT ASSETS			
Accounts and other receivables	12	8,351	14,807
Loans receivable		5,000	—
Investments in debt instruments measured at amortised cost	11	24,267	20,111
Financial assets at FVTPL	11	38,592	39,383
Time deposits with original maturities over three months		383,532	30,000
Bank trust accounts balances	13	30,142	48,037
Cash and cash equivalents		474,514	854,253
		964,398	1,006,591
CURRENT LIABILITIES			
Accounts and other payables	14	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	15	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

The condensed consolidated financial statements on pages 18 to 40 were approved and authorised for issue by the Board of Directors on 30 August 2023 and are signed on its behalf by:

Leung Oi Kin
Director

Leung Wai Yiu, Malcoln
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital USD'000	Share premium USD'000	Capital redemption reserve USD'000	Contributed surplus USD'000	Exchange reserve USD'000	Other reserves USD'000	Financial asset designated as at FVTOCI reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total USD'000
(Unaudited)											
At 1 January 2022	598	1,023,183	212	45,931	(4,265)	—	—	569,575	1,635,234	2,553	1,637,787
(Loss)/profit for the period	—	—	—	—	—	—	—	(64,790)	(64,790)	197	(64,593)
Exchange difference arising on translation	—	—	—	—	(6,494)	—	—	—	(6,494)	—	(6,494)
Changes in fair value of investments in perpetual notes designated as at FVTOCI	—	—	—	—	—	—	(16)	—	(16)	—	(16)
Total comprehensive (expense)/income for the period	—	—	—	—	(6,494)	—	(16)	(64,790)	(71,300)	197	(71,103)
Partial disposal of interests in a subsidiary to non-controlling shareholders	—	—	—	—	—	64	—	—	64	10	74
Final 2021 dividend declared	—	—	—	—	—	—	—	(6,913)	(6,913)	—	(6,913)
At 30 June 2022	598	1,023,183	212	45,931	(10,759)	64	(16)	497,872	1,557,085	2,760	1,559,845
(Unaudited)											
At 31 December 2022 and 1 January 2023	598	1,023,183	212	45,931	(4,291)	—	(171)	472,735	1,538,197	1,934	1,540,131
(Loss)/profit for the period	—	—	—	—	—	—	—	(5,344)	(5,344)	7	(5,337)
Exchange difference arising on translation	—	—	—	—	(5,239)	—	—	—	(5,239)	—	(5,239)
Changes in fair value of investments in perpetual notes designated as at FVTOCI	—	—	—	—	—	—	196	—	196	—	196
Total comprehensive (expense)/income for the period	—	—	—	—	(5,239)	—	196	(5,344)	(10,387)	7	(10,380)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	545	545	(1,745)	(1,200)
Final 2022 dividend declared	—	—	—	—	—	—	—	(6,901)	(6,901)	—	(6,901)
At 30 June 2023	598	1,023,183	212	45,931	(9,530)	—	25	461,035	1,521,454	196	1,521,650

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 Reform — 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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 financial report 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.

3. SEGMENT INFORMATION (continued)

(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 gain					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.

3. SEGMENT INFORMATION (continued)

(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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired furniture, fixture and equipment at a total cost of nil (the six months ended 30 June 2022: USD6,000).

10. INVESTMENT PROPERTIES

	USD'000
At fair value	
At 1 January 2022 (Audited)	64,669
Fair value change during the year	(281)
Exchange realignments	(7)
At 31 December 2022 and 1 January 2023 (Audited)	64,381
Exchange realignments	(318)
At 30 June 2023 (Unaudited)	64,063

The investment properties comprise commercial office units and car park spaces situated in a commercial building in Hong Kong on leasehold land under a Government Lease for a term of 99 years commencing on 14 April 1928 (i.e. 2027). Under the Government Lease, it is renewable for another 99 years upon the end of lease term.

The fair value of the Group's investment properties at 30 June 2023 and 31 December 2022 has been arrived at on the basis of a valuation carried out by Roma Appraisals Limited, independent qualified professional valuers not connected to the Group.

Roma Appraisals Limited has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on direct comparison method that reflects recent transaction prices for similar properties, adjusted for differences in nature, timing, location and condition of the properties under review.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

11. 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.

11. 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 (continued)

Notes: (continued)

(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 cost or 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 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.

11. 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 (continued)

Notes: (continued)

(f) (continued)

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.

11. 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 (continued)

Notes: (continued)

(g) (continued)

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: 120.0% 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 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.

12. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS

	30 June 2023 USD'000 (Unaudited)	31 December 2022 USD'000 (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

12. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS (continued)

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.

13. BANK TRUST ACCOUNTS BALANCES

The Group maintains segregated trust accounts with licensed financial institutions to hold clients' monies arising from the business of dealing in securities and futures contracts. The Group has classified the clients' monies as cash held on behalf of customers under the current assets of the condensed consolidated statement of financial position and recognised the corresponding accounts payables to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own liabilities.

14. 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 the 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 of USD7,200,000 in August 2023.

15. 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

16. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme was adopted pursuant to a resolution passed by the shareholders of the Company on 18 June 2014 (the "2014 Scheme") which expires on 17 June 2024, for the purpose of providing incentives or rewards to directors, employees, customers, suppliers, providers of research, development or technical support, shareholders and holders of securities of the Group and its invested entities, in which the Group holds not less than 10% equity interest ("Eligible Participants"). Under the 2014 Scheme, the Board of Directors may grant options to Eligible Participants to subscribe for shares in the Company.

Share-based payment was recognised over the vesting period based on the management's estimation of the timing when the vesting conditions are met. No share option was granted under the 2014 Scheme during the six months ended 30 June 2023 and 30 June 2022.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial assets is measured at fair value on a recurring basis:

- the fair value of listed equity investments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; except for the shares which the listing of the shares had been cancelled by the Hong Kong Stock Exchange, the management considered that the fair value was remained as nil, more details are stated in note 11;

- the fair value of variable rate Perpetual Notes is determined based on the quoted price from the financial institution supported by observable inputs; and

- the fair value of unlisted investments are based on fair value of quoted prices in the open market or observable prices or using valuation techniques, more details are stated in note 11.

The fair value of financial assets and financial liabilities are not measured at fair value on a recurring basis:

- the fair value of other financial assets and financial liabilities (excluding financial assets at FVTPL and designated as at FVTOCI) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the input to the fair value measurements are observable and the significance of the inputs to the fair value measurement:

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
At 30 June 2023 (Unaudited)				
Financial assets				
Unlisted investments (classified as financial assets at FVTPL) (Note a)	—	—	404,135	404,135
Listed equity investments (classified as financial assets at FVTPL) (Note b)	36,421	—	—	36,421
Perpetual Notes (classified as investments in perpetual notes at FVTPL) (Note c)	—	21,846	—	21,846
Perpetual Notes (classified as investments in perpetual notes designated as at FVTOCI) (Note c)	—	3,017	—	3,017
Sub-total	36,421	24,863	404,135	465,419
At 31 December 2022 (Audited)				
Financial assets				
Unlisted investments (classified as financial assets at FVTPL) (Note a)	—	—	411,830	411,830
Listed equity investments (classified as financial assets at FVTPL) (Note b)	46,138	—	—	46,138
Perpetual Notes (classified as investments in perpetual notes at FVTPL) (Note c)	—	22,586	—	22,586
Perpetual Notes (classified as investments in perpetual notes designated as at FVTOCI) (Note c)	—	2,821	—	2,821
Sub-total	46,138	25,407	411,830	483,375

Notes:

(a) As at 30 June 2023, the unlisted investment funds classified as financial assets at FVTPL include unlisted private equity funds, unlisted hedge funds and unlisted equity investments (31 December 2022: unlisted private equity funds, unlisted hedge funds, unlisted equity investments and convertible notes).

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 unlisted private equity funds provided by the general partners represent the fair value of the unlisted private equity funds. The general partners used methodology based on relevant comparable data whether possible to quantify the adjustment from cost or latest equity 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 general partners' assessment may require the exercise of the judgment. The underlying investments of USD311,683,000 (31 December 2022: USD290,247,000) held by the private equity funds were valued using cost or latest equity financing price without adjustment, except for eight (31 December 2022: six) of the underlying investments of approximately USD42.2 million (31 December 2022: USD35.5 million) which were valued under market approach (i.e. comparable companies approach) by the general partners.

For the underlying investments valued using cost or latest equity financing price without adjustment, there is no significant unobservable input. The higher the reported net assets values of the unlisted private equity funds are, the higher the fair value of the unlisted private equity funds is.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Notes: (continued)

(a) (continued)

As at 30 June 2023, for the eight (31 December 2022: six) underlying investments of the unlisted private equity funds using the market approach, the general partner adopts methodologies with judgment in considering assumptions those marketplace participants would utilise in their estimate of fair value. The significant unobservable inputs involved in the valuation of two underlying investments of the unlisted investment funds using the market approach are the revenue multiples or gross merchandise value multiples and discount of lack of marketability. The valuation of seven out of eight (31 December 2022: five out of six) underlying investment of the unlisted private equity fund adopted the revenue multiples of ranging from 2.5x to 8.7x (31 December 2022: 2.2x to 8.7x), and one underlying investment of the unlisted private equity fund adopted the gross merchandise value multiples of 0.7x (31 December 2022:0.7x) and discount of lack of marketability of ranging from 15% to 36.4% (31 December 2022: 15% to 29.1%) respectively. The higher the revenue multiples or gross merchandise value multiples and the lower the discount of lack of marketability are, the higher the fair value of the unlisted private equity funds is. The sensitivity analysis has been determined based on the exposure to significant unobservable inputs of revenue multiples or gross merchandise value multiples and discount of lack of marketability. If the revenue multiples or gross merchandise value multiples have been 1% higher/lower, the fair value would increase/decrease by approximately USD399,000 (31 December 2022: USD337,000); if the discount of lack of marketability has been 100 basis points higher/lower, the fair value would decrease/increase by approximately USD549,000 (31 December 2022: USD435,000).

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 the by financial institutions represented the fair value of the unlisted hedge funds. The factors to be considered in financial institutions' assessment may require the exercise of judgment. The higher the reported net assets values of the unlisted hedge funds are, the higher the fair value of the unlisted hedge funds is.

As at 30 June 2023, for the fair value measurement of the investment in six (31 December 2022: six) unlisted equity investments was determined by market approach with a combination of observable and unobservable inputs and arrived at a valuation conducted by an independent professional valuer not connected to the Group. For the three (31 December 2022: three) unlisted equity investment with carrying value of approximately USD39,850,000 (31 December 2022: USD23,575,000) measured under Guideline Public Company Method under Market Approach and the OPM. If the price-to-sales multiple and price-to book multiple, respectively, have been 100 basis point higher/lower, holding other inputs as constant, the fair value would increase/decrease by approximately USD415,000 or USD392,000 (31 December 2022: USD212,000 or USD200,000). If the expected volatility has been 300 basis point higher/lower, holding other inputs as constant, the fair value would decrease/increase by approximately USD8,000 or USD18,000 (31 December 2022: USD6,000 or USD11,000). If the expected initial public offering probability has been 100 basis point higher/lower and it would result in decrease/increase in the same 100 basis point in expected liquidation probability, holding other inputs as constant, the fair value would increase/decrease by approximately USD233,000 (31 December 2022: USD35,000).

For the remaining three (31 December 2022: three) unlisted equity investments with carrying value of approximately USD13,324,000 (31 December 2022: USD13,317,000) measured under Guideline Public Company Method under Market Approach. If the price-to-sales multiple and price-to book multiple, respectively, have been 100 basis points higher/lower, the fair value would increase/decrease by approximately USD787,000 (31 December 2022: USD139,000).

(b) The fair value of listed equity investments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; except for the shares which the listing of the shares had been cancelled by the Hong Kong Stock Exchange, the management considered that the fair value was remained as nil.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Notes: (continued)

(c) The fair value of variable rate Perpetual Notes included in investments in perpetual notes at FVTPL and designated as at FVTOCI is determined based on the quoted price from the financial institutions supported by observable inputs.

Reconciliation of Level 3 fair value measurements of financial assets

Unlisted investments (classified as financial assets at FVTPL)

	USD'000
At 1 January 2022 (Audited)	469,177
Purchases	47,419
Redemption	(8,532)
Return on capital	(4,910)
Loss recognised in profit or loss	(91,324)
At 31 December 2022 and 1 January 2023 (Audited)	411,830
Purchases	41,795
Redemption	(19,866)
Disposal	(74)
Transfer to level 1	(7,500)
Return on capital	(269)
Loss recognised in profit or loss	(21,781)
At 30 June 2023 (Unaudited)	404,135

18. OPERATING LEASES

The Group as a lessor

Undiscounted lease payments receivable on leases are as follows:

	At 30 June 2023 USD'000 (Unaudited)	At 31 December 2022 USD'000 (Audited)
Not later than one year	**1,441**	1,448
Later than one year and not later than five years	**331**	1,057
	1,772	2,505

19. OTHER COMMITMENTS

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

	At 30 June 2023 USD'000 (Unaudited)	At 31 December 2022 USD'000 (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

20. RELATED PARTY DISCLOSURES

Key management personnel compensation

	For the six months ended 30 June	
	2023 USD'000 (Unaudited)	2022 USD'000 (Unaudited)
Short-term benefits	587	663
Post-employment benefits	2	2
	589	665