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G-Resources Group Limited

國際資源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1051)

FINAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “Board”) of G-Resources Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	NOTES	2023 USD'000	2022 USD'000
Revenue			
Interest income	3	29,939	13,930
Dividend and distribution income	3	56,711	10,107
Fee and commission income	3	957	1,388
Rental income	3	1,452	1,448
		89,059	26,873
Other income		25,055	9,086
Administrative expenses		(7,533)	(10,878)
Gain/(loss) on disposal of investments in debt instruments measured at amortised cost		6	(1,289)
Impairment loss on goodwill		–	(943)
Fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss (“FVTPL”)		(100,528)	(106,724)
Provision for expected credit losses on financial assets, net		(2,126)	(2,643)
Decrease in fair value of investment properties		(728)	(281)
Other gain/(loss)		3,882	(2,632)
Finance costs		–	(3)
Profit/(loss) before taxation		7,087	(89,434)
Taxation	4	–	–
Profit/(loss) for the year	5	7,087	(89,434)
Profit/(loss) for the year attributable to:			
Owners of the Company		7,107	(89,927)
Non-controlling interests		(20)	493
		7,087	(89,434)
Earnings/(loss) per share			
– Basic and diluted (US cent)	7	1.58	(19.95)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 USD'000	2022 USD'000
Profit/(loss) for the year	7,087	(89,434)
Other comprehensive (expenses)/income:		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	(2,910)	(147)
Gain on disposal of investments in perpetual notes designated as at fair value through other comprehensive income ("FVTOCI")	–	8
Changes in fair value of investments in perpetual notes designated as at FVTOCI	196	(179)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	561	121
Other comprehensive expenses for the year	(2,153)	(197)
Total comprehensive income/(expenses) for the year	<u>4,934</u>	<u>(89,631)</u>
Total comprehensive income/(expenses) for the year attributable to:		
Owners of the Company	4,954	(90,124)
Non-controlling interests	(20)	493
	<u>4,934</u>	<u>(89,631)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>NOTES</i>	2023 USD'000	2022 USD'000
NON-CURRENT ASSETS			
Long-term time deposits		200,000	–
Property, plant and equipment		28,753	29,572
Investment properties		63,514	64,381
Financial assets at FVTPL	8	324,361	418,585
Investments in associates		–	–
Investments in debt instruments measured at amortised cost	8	82,972	36,396
Investments in perpetual notes at FVTPL	8	21,637	22,586
Investments in perpetual notes designated as at FVTOCI	8	3,017	2,821
Other receivables and deposits	9	545	564
Intangible assets		1,746	1,746
Goodwill		17,029	17,029
		<u>743,574</u>	<u>593,680</u>
CURRENT ASSETS			
Accounts and other receivables	9	39,888	14,807
Loans receivable		5,000	–
Investments in debt instruments measured at amortised cost	8	26,119	20,111
Financial assets at FVTPL	8	27,838	39,383
Time deposits with original maturities over three months		567,231	30,000
Bank trust accounts balances		28,285	48,037
Cash and cash equivalents		130,308	854,253
		<u>824,669</u>	<u>1,006,591</u>
CURRENT LIABILITIES			
Accounts and other payables	10	30,949	59,786
		<u>793,720</u>	<u>946,805</u>
NET CURRENT ASSETS			
		<u>1,537,294</u>	<u>1,540,485</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities		288	288
Accrued expenses	10	42	66
		<u>330</u>	<u>354</u>
		<u>1,536,964</u>	<u>1,540,131</u>
CAPITAL AND RESERVES			
Share capital	11	598	598
Reserves		1,536,197	1,537,599
Equity attributable to owners of the Company		1,536,795	1,538,197
Non-controlling interests		169	1,934
TOTAL EQUITY		<u>1,536,964</u>	<u>1,540,131</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 USD'000	2022 USD'000
OPERATING ACTIVITIES		
Profit/(loss) before taxation	7,087	(89,434)
Adjustments for:		
Interest income	(53,476)	(21,892)
Dividend income	(626)	(3,026)
Depreciation of property, plant and equipment	753	770
Depreciation of right-of-use assets	–	60
Impairment loss on goodwill	–	943
Fair value changes of financial assets and investments in perpetual notes at FVTPL	100,528	106,724
(Gain)/loss on disposal of investments in debt instruments measured at amortised cost	(6)	1,289
Loss on disposal of property, plant and equipment	2	–
Gain on disposal of interests in a subsidiary	(134)	(120)
Provision for expected credit losses on financial assets, net	2,126	2,643
Finance costs	–	3
Decrease in fair value of investment properties	728	281
Operating cash flows before movements in working capital	56,982	(1,759)
(Increase)/decrease in accounts and other receivables and deposits	(1,038)	16,337
Loans advanced to money lender customer	(5,000)	–
Decrease/(increase) in financial assets at FVTPL	1,725	(2,852)
Decrease/(increase) in bank trust accounts balances	19,751	(8,639)
(Decrease)/increase in accounts and other payables	(21,617)	7,276
Cash generated from operations	50,803	10,363
Interest received	19,678	5,830
Dividend received	634	3,018
Net cash from Operating Activities	71,115	19,211
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1)	(55)
Purchase of financial assets at FVTPL	(62,340)	(47,419)
Purchase of investments in debt instruments measured at amortised cost	(82,446)	(42,127)
Purchase of investments in perpetual notes designated as at FVTOCI	–	(3,992)
Proceeds from disposal and redemption of investments in debt instruments measured at amortised cost	31,863	42,360
Proceeds from disposal and redemption of investment in perpetual notes at FVTPL	1,900	3,390
Proceeds from disposal and redemption of investment in perpetual notes designated as at FVTOCI	–	1,000
Proceeds from disposal of an unlisted equity investments	272	–
Proceeds from redemption of unlisted hedge funds	39,265	–
Proceeds from return of capital of financial assets at FVTPL	10,493	4,910
Proceeds on disposal of interests in subsidiaries	396	148
Repayment of other payables	(7,200)	–
Interest received	19,921	11,700
Net placement of time deposits with original maturities over three months and long-term time deposits	(737,231)	(30,000)
Net cash used in Investing Activities	(785,108)	(60,085)
FINANCING ACTIVITIES		
Acquisition of non-controlling interests	(1,200)	(1,112)
Dividend paid to shareholders	(6,901)	(6,913)
Repayments of leases liabilities	–	(60)
Interest expense paid	–	(3)
Net cash used in Financing Activities	(8,101)	(8,088)
Net decrease in cash and cash equivalents	(722,094)	(48,962)
Cash and cash equivalents at beginning of the year	854,253	900,845
Effect of foreign exchange rate changes	(1,851)	2,370
Cash and cash equivalents at end of the year	130,308	854,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICY

Amendments to Hong Kong Financial Reporting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to Hong Kong Accounting Standards (“HKAS”s) and Hong Kong Financial Reporting Standards (“HKFRS”s) (hereinafter collectively referred to as “New and Amended HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements.

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

Except as described below, the application of the New and Amended HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or disclosures set out in the consolidated financial statements.

Impacts on application of Amendments to HKAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgments” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s material accounting policy information set out in Note 4 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

New and Revised Hong Kong Financial Reporting Standards in issue but not yet effective

The Group has not early applied the following New and Revised HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
HKAS 1 (Amendments)	Non-current Liabilities with Covenants ¹
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback ¹
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements ¹
HKAS 21 (Amendments)	Lack of Exchangeability ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all New and Revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Change in accounting policy on offsetting arrangement in long service payment scheme in HKSAR

In June 2022, the HKSAR Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which will be effective from 1 May 2025 (the “Transition Date”). Under the Amendment Ordinance, any accrued benefits attributable to the employer’s mandatory contributions under mandatory provident fund scheme (“MPF Benefits”) of an entity would no longer be eligible to offset against its obligations on long service payment (“LSP”) for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the “Practical expedient”) to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in HKSAR” (the “Guidance”) which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a “simple type of contributory plans” to which the Practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the Practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). The cumulative effect of recognising these adjustments as of 31 December 2022 or for the year ended was not material and hence no adjustment was made to the beginning retained earnings, or another component of equity.

2. 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 (2022: three) operating business units which represent three (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 as well as car parks, and managing a portfolio of foreign investment properties.

(a) Segment revenue and results

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

For the year ended 31 December 2023

	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	1,044	28,895	–	–	29,939
Dividend and distribution income	–	56,711	–	–	56,711
Fee and commission income	957	–	–	–	957
Rental income	–	–	1,452	–	1,452
Segment revenue from external parties	2,001	85,606	1,452	–	89,059
Inter-segment revenue	303	–	–	(303)	–
Segment revenue	<u>2,304</u>	<u>85,606</u>	<u>1,452</u>	<u>(303)</u>	<u>89,059</u>
Segment profit/(loss)	<u>11,025</u>	<u>(3,582)</u>	<u>1,488</u>	<u>–</u>	<u>8,931</u>
Unallocated other gain					2,643
Unallocated corporate expenses					(4,661)
Unallocated exchange gain					902
Decrease in fair value of investment properties					(728)
Profit before taxation					<u>7,087</u>

For the year ended 31 December 2022

	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	646	13,284	–	–	13,930
Dividend and distribution income	–	10,107	–	–	10,107
Fee and commission income	1,388	–	–	–	1,388
Rental income	–	–	1,448	–	1,448
Segment revenue from external parties	2,034	23,391	1,448	–	26,873
Inter-segment revenue	439	–	–	(439)	–
Segment revenue	<u>2,473</u>	<u>23,391</u>	<u>1,448</u>	<u>(439)</u>	<u>26,873</u>
Segment results before impairment					
loss on goodwill	1,764	(88,169)	1,485	–	(84,920)
Impairment loss on goodwill	(943)	–	–	–	(943)
Segment profit/(loss)	<u>821</u>	<u>(88,169)</u>	<u>1,485</u>	<u>–</u>	<u>(85,863)</u>
Unallocated other income					80
Unallocated corporate expenses					(4,762)
Unallocated exchange gain					1,392
Decrease in fair value of investment properties					(281)
Loss before taxation					<u>(89,434)</u>

Segment results represent the profit or loss earned, generated or incurred by each segment without allocation of central administration costs, unallocated other income and change in fair value of investment properties. This is the measure reported to the executive directors of the Company for the purposes of resources allocation and assessment of segment performance.

Inter-segment sales are charged at prevailing market rates.

(b) **Segment assets and liabilities**

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

At 31 December 2023

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

At 31 December 2022

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

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment and other receivables.
- all liabilities are allocated to operating segments other than certain other payables.

(c) **Other segment information**

For the year ended 31 December 2023

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	–	–	–	1	1
Additions to financial assets at FVTPL	–	62,340	–	–	62,340
Additions to investments in debt instruments measured at amortised cost	–	82,446	–	–	82,446
Depreciation of property, plant and equipment	(22)	–	–	(731)	(753)
Fair value changes of financial assets and investments in perpetual notes at FVTPL	–	(100,528)	–	–	(100,528)
Provision for expected credit losses on financial assets, net	(544)	(1,582)	–	–	(2,126)
Exchange gain included in other gain/(loss)	124	213	–	902	1,239
Gain on disposal of investments in debt instruments measured at amortised cost	–	6	–	–	6
Interest income from bank deposits, included in other income	11,574	13,007	–	–	24,581

For the year ended 31 December 2022

	Financial services business USD'000	Principal investment business USD'000	Real property business USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	52	–	–	3	55
Additions to financial assets at FVTPL	–	47,419	–	–	47,419
Additions to investments in debt instruments measured at amortised cost	–	42,127	–	–	42,127
Depreciation of property, plant and equipment	(36)	–	–	(734)	(770)
Depreciation of right-of-use assets	(60)	–	–	–	(60)
Finance costs	(3)	–	–	–	(3)
Fair value changes of financial assets and investments in perpetual notes at FVTPL	74	(106,798)	–	–	(106,724)
Provision for expected credit losses on financial assets, net	(739)	(1,904)	–	–	(2,643)
Exchange (loss)/gain included in other loss	(76)	(3,930)	–	1,392	(2,614)
Loss on disposal of investments in debt instruments measured at amortised cost	–	(1,289)	–	–	(1,289)
Interest income from bank deposits, included in other income	3,748	4,860	–	–	8,608

Note: Non-current assets excluded financial assets at FVTPL, investments in perpetual notes at FVTPL and designated as at FVTOCI, investments in debt instruments measured at amortised cost and other receivables and deposits.

(d) **Geographical information**

The following table sets out (i) information about the geographical location of the Group's revenue from external customers, determined based on the location of financial products, the location of financial services business operated and location of properties in the case of rental income and (ii) information of the non-current assets by the geographical area in which the assets are located are detailed below:

	Segment revenue		Non-current assets excluding financial instruments	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
Singapore	2,884	2,162	–	–
Hong Kong	24,234	14,832	111,042	112,728
People's Republic of China	54,211	3,188	–	–
United States of America	589	2,888	–	–
Europe	6,445	2,663	–	–
Others	696	1,140	–	–
	<u>89,059</u>	<u>26,873</u>	<u>111,042</u>	<u>112,728</u>

Note: Non-current assets excluded long-term time deposits, financial assets at FVTPL, investments in perpetual notes at FVTPL and designated as at FVTOCI, investments in debt instruments measured at amortised cost, and other receivables and deposits.

(e) **Information about major customers**

For the year ended 31 December 2023, one counterparty from principal investment business segment (2022: nil) contributed over 10% of the total revenue.

3. REVENUE

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

	2023 USD'000	2022 USD'000
Interest income from financial products	9,217	5,021
Interest income from money lending business	565	–
Interest income from margin financing	479	646
Interest income from financial institutions' deposits	19,678	8,263
Interest income	<u>29,939</u>	<u>13,930</u>
Dividend and distribution income from financial products (Note)	56,711	10,107
Commission income and handling charges from financial services	852	1,263
Asset management fee income	105	125
Fee and commission income	<u>957</u>	<u>1,388</u>
Rental income	1,452	1,448
	<u>89,059</u>	<u>26,873</u>

Note: Included in dividend and distribution income from financial products is distribution of investments in unlisted investment funds classified as FVTPL which amounted to USD54,398,000 (2022: USD5,446,000) for the year ended 31 December 2023.

The Group's performance obligations in contracts with customers in accordance with HKFRS 15 are set out below:

Fee and commission income

The Group provides financial services to customers which mainly include securities trading, underwriting and placing services. Such service income is recognised at a point in time when the performance obligation is satisfied.

Asset management services to customers are recognised over time, the fee income is recognised as a performance obligation satisfied over time.

4. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no estimated assessable profit for the year ended 31 December 2023 (for the year ended 31 December 2022: nil).

5. PROFIT/(LOSS) FOR THE YEAR

	2023 USD'000	2022 USD'000
Profit/(loss) for the year has been arrived at after charging/(crediting):		
Staff costs		
– Directors' emoluments	1,101	1,024
– Other staff costs (Note (a))	3,609	4,572
– Contributions to retirement benefits schemes, excluding directors	68	120
Total staff costs	<u>4,778</u>	<u>5,716</u>
Auditors' remuneration	134	158
Depreciation of property, plant and equipment	753	770
Depreciation of right-of-use assets	–	60
Exchange (gain)/loss, net, included in other gain/(loss)	(1,239)	2,614
Interest income from bank deposits, included in other income	(24,581)	(8,608)
Over-provision for liabilities arising from the disposal of mining business, included in other gain/(loss) (Note 10(b))	(2,639)	–
Government grants, included in other income (Note (b))	–	(216)

Notes:

- (a) Other staff costs comprise salaries and other emoluments, discretionary bonus and commission paid to accounts executives of the brokerage business (included in the financial service segment).
- (b) During the year ended 31 December 2022, the Group recognised government grants of USD216,000. In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the grants.

6. DIVIDEND

During the year ended 31 December 2023, a final dividend of HKD0.12 per share in respect of the year ended 31 December 2022 which amounted to approximately USD6,901,000 (equivalent to approximately HKD54,098,000) was paid to the owners of the Company. Subsequent to 31 December 2023, a final dividend in respect of the year ended 31 December 2023 of HKD0.12 (2022: HKD0.12) per share, totaling approximately HKD54,098,000 (2022: HKD54,098,000) has been proposed by the Board and is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting.

7. EARNINGS/(LOSS) PER SHARE

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

	2023 USD'000	2022 USD'000
Profit/(loss) for the year attributable to owners of the Company, for the purposes of basic and diluted earnings/(loss) per share	<u>7,107</u>	<u>(89,927)</u>
	Number of shares	
	2023	2022
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u>450,814,079</u>	<u>450,814,079</u>

No adjustment is made in arriving at diluted earnings/(loss) per share for both 2023 and 2022 as there were no potential ordinary shares in issue for both 2023 and 2022.

8. 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

	2023 USD'000	2022 USD'000
Investments in debt instruments measured at amortised cost		
Debt securities listed in Hong Kong		
Fixed Rate Senior Notes (Notes a, b, c)	4,535	8,887
Floating Rate Senior Notes (Notes a, b, e)	1,531	–
Debt securities listed outside Hong Kong		
Fixed Rate Senior Notes (Notes a, b, c)	92,437	38,271
Floating Rate Senior Notes (Notes a, b, e)	12,705	11,110
Less: Expected credit losses	(2,117)	(1,761)
	<u>109,091</u>	<u>56,507</u>
Less: Investments in debt instruments measured at amortised cost classified as current assets	(26,119)	(20,111)
Investments in debt instruments measured at amortised cost classified as non-current assets	<u>82,972</u>	<u>36,396</u>
Investments in perpetual notes at FVTPL		
Perpetual Notes, listed outside Hong Kong (Note d)	<u>21,637</u>	<u>22,586</u>
Investments in perpetual notes designated as at FVTOCI		
Perpetual Notes, listed outside Hong Kong (Note d)	<u>3,017</u>	<u>2,821</u>
Financial assets at FVTPL		
Unlisted investments		
Unlisted investment funds (Note f)	261,999	350,768
Unlisted equity investments (Note g)	53,398	36,966
Convertible notes (Note g)	–	24,096
Listed equity investments (Note h)		
Listed in Hong Kong	23,484	37,646
Listed outside Hong Kong	13,318	8,492
	<u>352,199</u>	<u>457,968</u>
Less: Financial assets at FVTPL classified as current assets	(27,838)	(39,833)
Financial assets at FVTPL classified as non-current assets	<u>324,361</u>	<u>418,585</u>

Notes:

- (a) The Group's investments in debt instruments measured at amortised cost mainly comprise instruments that have a low risk of default or the issuers have a strong capacity to repay (e.g. financial instruments that are of investment grade or issuer with good credit history and capacity to repay etc.).
- (b) During the year ended 31 December 2023, thirteen of the Fixed Rate Senior Notes were matured, two of the Fixed Rate Senior Notes were partially sold, eleven of the Fixed Rate Senior Notes were sold, five of the Floating Rate Senior Notes were being called, and three of the Floating Rate Senior Notes were being matured. For the year ended 31 December 2023, the gain on disposal including early redemption of investments in debt instruments measured at amortised cost was USD6,000. During the year ended 31 December 2022, seven of the Fixed Rate Senior Notes were matured, five of the Fixed Rate Senior Notes were partially sold, nine of the Fixed Rate Senior Notes were sold, two of the Fixed Rate Senior Notes were being called and four of the Floating Rate Senior Notes were being called. For the year ended 31 December 2022, the loss on disposal including early redemption of investments in debt instruments measured at amortised cost was USD1,289,000.
- (c) Senior Notes held by the Group bear fixed coupon interest at rates ranging from 1.21% to 11.0% (2022: from 1.12% to 7.88%) per annum and with maturity dates from 29 January 2024 to 18 July 2029 (2022: from 24 January 2023 to 9 February 2026). As at 31 December 2023, three (2022: three) of the Senior Notes carrying a gross amount of USD2,124,000 (2022: USD2,519,000) with original maturity dates ranging from July 2024 to January 2026 (2022: July 2023 to May 2024) have a provision of lifetime ECL of USD1,675,000 (2022: USD1,414,000). 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 rates ranging from 5.25% to 6.38% (2022: from 5.25% to 6.57%) per annum and are callable from 17 September 2024 to 16 May 2025 (2022: from 19 July 2023 to 15 August 2027). The interest rates are subject to change at reset day with reset rate ranging from 3.05% to 4.37% (2022: from 2.76% to 4.98%) plus USD5 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 USD5 years mid-swap rate. The rest dates are ranging from 3 months to 5 years. During the year ended 31 December 2023, one of the Perpetual Notes was being called and one of the Perpetual Notes was sold.
- Perpetual Notes designated as at FVTOCI held by the Group as at 31 December 2023 bear a discretionary interest at the rate of 8.0% plus the prevailing yield for U.S. Treasury Securities per annum and are callable on 26 October 2027. The distribution of perpetual notes is at the discretion of the issuer and the issuer has 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 equity instruments of the issues and are held by the Group for long term investment purpose. The interest rates are subject to change at reset day with reset rate of 8.0% plus the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years.
- (e) Senior Notes held by the Group bear a floating rates ranging from 1.81% to 7.33% (2022: from 3.89% to 6.33%) per annum as at 31 December 2023 and with maturity dates from 9 July 2024 to 15 March 2029 (2022: from 3 July 2023 to 18 October 2024). The interest rates are subject to change at reset day with reset rate ranging from 0.32% to 3.05% (2022: from 0.32% to 1.6%) plus 3 months secured overnight financing rate index or change in prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years.
- (f) As at 31 December 2023, the unlisted investment funds classified as FVTPL include unlisted private equity funds and unlisted hedge funds with carrying values of USD256,951,000 and USD5,048,000 (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 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 held in the unlisted private equity funds, the fair value is determined based on closing price or bid price as of measurement date.

As at 31 December 2023, four (2022: three) out of these twelve (2022: nine) unlisted private equity funds accounted for 74% (2022: 85%) of the aggregate carrying value, with the investment portfolio of these three funds being focused in listed and unlisted equity investments in technology, media and telecommunications, commercial property, and healthcare industry. During the year ended 31 December 2023, the Group acquired certain shareholdings from an entity and served as a general partner for an unlisted private equity fund.

The Group invested in three (2022: ten) unlisted hedge funds of carrying amount of USD5,048,000 (2022: USD60,521,000) as at 31 December 2023 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 31 December 2023, the Group has redeemed fully seven and partially redeemed three of the unlisted hedge funds, of which USD24,524,000 was included in other receivables as at 31 December 2023. During the year ended 31 December 2023, a decrease in fair value of the redeemed unlisted hedge funds of USD217,000 (an increase in fair value for the year ended 31 December 2022: USD549,000) was recognised in consolidated 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 held by these funds which are listed or quoted on a national or regional securities or commodities exchange or market, are valued at their last sales price on the day of determination. The fair values of securities held by these funds which are not listed or quoted are valued at the price of any recent transaction in issue with adjustments or observable prices in the open market or measured using techniques in which significant inputs are based on observable market data. The fair value of government bonds, corporate bonds, and convertible bonds is generally based on quoted prices or last reported sales prices when traded in active/observable markets. The fair value of options, futures and swap contracts is generally based on the last settlement price or quoted market prices on the date of determination. The factors to be considered in fund managers' assessments may require the exercise of judgment.

During the year ended 31 December 2023, a decrease in fair value of unlisted investment funds of USD82,208,000 (2022: USD86,523,000) was recognised in consolidated profit or loss. During the year ended 31 December 2023, the Group received returns of capital of USD10,493,000 (2022: USD4,910,000) plus distributions of USD54,398,000 (2022: USD5,446,000) from two (2022: four) of its unlisted investment funds, and redemption of unlisted hedge funds of USD39,265,000.

- (g) The Group invested in six (2022: seven) unlisted equity investments with the carrying amount of USD53,398,000 (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 year ended 31 December 2023, an unlisted equity investment was converted from convertible notes to equity investments. As at 31 December 2023, the carrying amount of the investment was USD22,920,000 (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 (2022: Monte Carlo Simulations) among different classes of shares. The significant unobservable inputs are enterprise multiple of 3.9x (2022: 10.3x), risk-free rate of 4.25% (2022: 4.69%), expected volatility of 40% (2022: 90%), expected initial public offering probability of 80% (2022: nil), and expected liquidation probability of 20% (2022: nil).

As at 31 December 2023, three (2022: three) unlisted equity investments are with the carrying amount of USD13,424,000 (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 4.3x and 18.5x (2022: 4.0x and 18.6x), and price-to-book multiple of 15.9x (2022: 19.8x), respectively.

As at 31 December 2023, two (2022: two) unlisted equity investments are with the carrying amount of USD17,054,000 (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 2.4x and 15.0x (2022: 2.7x and 24.1x), risk-free rate of 4.86% and 4.86% (2022: 4.49% and 4.75%), expected volatility of 120% and 95% (2022: 120.0% and 75.5%), expected initial public offering probability of nil and 95% (2022: nil and 95%), and expected liquidation probability of nil and 5% (2022: nil and 5%), respectively.

During the year ended 31 December 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 year ended 31 December 2023, a decrease in fair value of unlisted equity investments of USD4,216,000 (2022: an increase in fair value of USD6,296,000) was recognised in consolidated statement of profit or loss.

- (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.

9. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS

	2023 USD'000	2022 USD'000
Accounts receivables from the business of dealing in securities:		
Clients (Note b)	1,200	2,418
Clearing house and brokers	925	279
Accounts receivables from the business of dealing in futures contracts:		
Clearing house and brokers	288	316
Accounts receivables (Note a)	2,413	3,013
Other receivables and deposits (Note d)	38,038	13,255
Less: Impairment allowance (Note c)	(18)	(897)
	<u>40,433</u>	<u>15,371</u>
Less: Other receivables and deposits classified as non-current assets	(545)	(564)
Accounts and other receivables classified as current assets	<u><u>39,888</u></u>	<u><u>14,807</u></u>

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 USD64,346,000 (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 3.8% to 9.5% (2022: 3.7% to 18%) per annum as at 31 December 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 considers the fair value of its collateral. The Group assessed the ECL for accounts receivables from clients individually.

The Group held collateral of listed equity securities with a fair value of USD64,346,000 (2022: USD24,453,000) at the end of the reporting period in respect of accounts receivables from clients. No impairment allowance has been made for accounts receivables from clients with an aggregate outstanding balance of USD1,072,000 (2022: USD1,030,000), while parts of accounts receivables from clients with an aggregate outstanding balance of USD128,000 (2022: USD1,388,000) have a provision of ECL of USD18,000 (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 accrued interest, sundry deposits, and receivables from hedge funds for redemption amounting to USD12,556,000, USD649,000 and USD24,524,000 (2022: USD3,700,000, USD773,000 and USD8,532,000), respectively. Subsequent to the end of the reporting period the receivables from hedge funds for redemption are partially settled with receipts of USD22,790,000 up to 27 March 2024.

10. ACCOUNTS AND OTHER PAYABLES

	2023 USD'000	2022 USD'000
Accounts payables from the business of dealing in securities:		
Clients	29,115	47,702
Clearing house and brokers	25	88
Accounts payables from the business of dealing in futures contracts:		
Clients	447	1,010
Accounts payables (Note a)	<u>29,587</u>	48,800
Other payables (Note b)	<u>1,404</u>	11,052
	<u>30,991</u>	59,852
Less: Accrued expenses classified as non-current liabilities	<u>(42)</u>	(66)
Accounts and other payables classified as current liabilities	<u><u>30,949</u></u>	<u><u>59,786</u></u>

Notes:

- (a) Accounts payables to clients mainly include money held in banks, brokers and clearing house 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, which 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, the ageing analysis does not give additional value in view of the nature of these businesses.
- (b) As at 31 December 2022, included in other payables are USD9,839,000 relating to the liabilities arising from the disposal of mining business during the year ended 31 December 2016. During the year ended 31 December 2023, the Group settled these other payables for an amount of USD7,200,000.

11. SHARE CAPITAL

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>1,000,000,000</u>	<u>1,282</u>
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>450,814,079</u>	<u>598</u>

12. OTHER COMMITMENTS

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

	2023 USD'000	2022 USD'000
Other commitments contracted for but not provided for in the consolidated financial statements in respect of capital contribution in unlisted investments which will be recognised as financial assets at FVTPL	<u>107,699</u>	<u>94,278</u>

DIVIDENDS

The Board has proposed a final dividend of HKD0.12 (2022: HKD0.12) per share for the financial year ended 31 December 2023 (the “Year”). Subject to the approval of the shareholders of the Company (“Shareholders”) at the forthcoming annual general meeting (“AGM”), the proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company on 10 July 2024 (Wednesday).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining Shareholders’ right to attend and vote at the AGM:

Latest time to lodge transfers	4:00 p.m. on 24 June 2024 (Monday)
Closure dates of register of members (both days inclusive)	25 June 2024 (Tuesday) to 28 June 2024 (Friday)
Record date	28 June 2024 (Friday)
AGM	28 June 2024 (Friday)

For ascertaining Shareholders’ entitlement to the proposed final dividend[#]:

Latest time to lodge transfers	4:00 p.m. on 5 July 2024 (Friday)
Closure dates of register of members (both days inclusive)	8 July 2024 (Monday) to 10 July 2024 (Wednesday)
Record date	10 July 2024 (Wednesday)
Proposed final dividend payment date	18 July 2024 (Thursday)

([#]subject to Shareholders’ approval at the AGM)

During the periods of the closure of register of members, no share transfers will be registered. For registration, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong before the relevant latest time to lodge transfers.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

	2023	2022
	USD'000	USD'000
Revenue	89,059	26,873
Other income	25,055	9,086
Administrative expenses	(7,533)	(10,878)
Fair value changes of financial assets and investments in perpetual notes at fair value through profit or loss	(100,528)	(106,724)
Provision for expected credit losses on financial assets, net	(2,126)	(2,643)
Decrease in fair value of investment properties	(728)	(281)
Other gain/(loss)	3,882	(2,632)
EBITDA	7,839	(88,601)
Profit/(loss) before taxation (<i>Note</i>)	7,087	(89,434)
Profit/(loss) for the year	7,087	(89,434)

Analysis of external revenue by operating segment:

(i) Financial Services Business	2,001	2,034
(ii) Principal Investment Business	85,606	23,391
(iii) Real Property Business	1,452	1,448

Analysis of results by operating segment:

(i) Financial Services Business	11,025	1,764
(ii) Principal Investment Business	(3,582)	(88,169)
(iii) Real Property Business	1,488	1,485

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

The Group had a profit for the Year of USD7.1 million (2022: loss for the year of USD89.4 million). The change from a loss in the last year to a profit for the Year was mainly attributable to (i) a significant increase in revenue of USD62.2 million; (ii) an increase in income generated from fixed income investments of USD15.4 million; (iii) a decrease in fair value losses of financial assets and investments in perpetual notes at fair value through profit or loss (“FVTPL”) of USD6.1 million; (iv) an increase in other gains of USD6.5 million; and (v) a decrease in administrative expenses of USD3.4 million.

Revenue was USD89.1 million (2022: USD26.9 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 attributed to (i) a significant increase in dividend and distribution income of the Group's principal investment business, amounting to USD46.6 million. The increase was primarily due to a significant increase in distribution income received from our unlisted investments; and (ii) a significant increase in interest income from financial institutions' deposit, as well as interest income from financial products under the Group's principal investment business amounting to USD15.6 million.

Other income for the Year was USD25.1 million (2022: USD9.1 million) and mainly comprises interest income generated from fixed income investment which amounted to USD24.6 million (2022: USD8.6 million).

A decrease in fair value changes of financial assets and investments in perpetual notes at FVTPL for the Year was due to a combination of (i) netting off the distributions of investments; (ii) fair value gain or loss; and (iii) payment for the commitments.

The fair value of the investment properties has decreased by USD0.7 million due to a slight decline in the prices of commercial properties located in Wanchai in 2023.

The other gain for the Year amounted to USD3.9 million (2022: loss of USD2.6 million). This gain was primarily attributed to an exchange gain of USD1.2 million, which resulted from a change in the exchange rate for the year-end balance. Additionally, there was an over-provision for liabilities arising from the disposal of mining business, amounting to USD2.6 million.

Administrative expenses for the Year were USD7.5 million, representing a significant decrease of USD3.4 million as compared to USD10.9 million for the corresponding year. This significant decrease can be attributed to the effective and stringent cost control measures implemented by the Group during the Year.

General description on the Group's investment strategies

The Group has been continuously reviewing its business and investment strategies, especially for its principal investment business pursuant to the Group's financial needs and change of market circumstances. The Group generates profit from interest income, dividend income and distribution income from financial assets held by the Group in its principal investment business. The Group adopts a prudent approach in allocating its financial assets. Apart from equity investments which are usually subject to 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 deposits with financial institutions), as part of its on-going investment strategies to eliminate 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. Funderstone Securities Holdings Limited is the corporate vehicle of the Group engaging in the provision of a wide range of licensed financial services. These services mainly include underwriting, securities and futures brokerage, corporate finance, investment advisory, and other related financial services in Hong Kong and other countries.

2023 has been a demanding year for Hong Kong financial services industry as we continued to face various challenges both globally and regionally. Despite reopening of the China-Hong Kong border, signs of recovery remained slow. The Group continued to uphold its prudent and conservative approach, adapting its business strategies to effectively cater to market changes. The Group's focus remained on optimising existing product offerings while actively identifying new opportunities to expand its high-quality client base. The Group's experienced management team dedicated significant efforts to our margin financing, securities and brokerage services, and asset management business, leveraging its well-established securities trading infrastructure, strong client loyalty, and diverse sales channels. The Group believes it has maintained its niche in the margin financing market, serving both corporate and retail clients in achieving their financial needs. The Group's commitment to delivering professional and personalised financial services has contributed to its renowned reputation. Moving forward, the Group will remain committed to seeking out new business opportunities and diversifying into new lines of business. Its goal is to offer a wide range of financial services to cater to the evolving needs of its customers.

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

The segment results was USD11.0 million (2022: USD1.8 million), which was mainly contributed by other income for the Year.

Commission income and handling charges

During the Year, the commission income and handling charges from financial services were USD0.9 million (2022: USD1.3 million). The decrease in the commission income and handling charges was primarily due to a decrease in trading volume, which was mainly resulted from the adverse Hong Kong stock market conditions during the Year.

Interest income from margin financing and money lending businesses

The interest income from margin financing was USD0.5 million (2022: USD0.6 million). The accounts receivables from clients were USD1.2 million as at 31 December 2023 (as at 31 December 2022: USD2.4 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 Year, the Group’s loan advanced for money lending business was USD5.0 million and the outstanding loan balance as at 31 December 2023 was USD5.0 million (as at 31 December 2022: nil). The interest income from money lending business was USD0.6 million (2022: nil).

Adhering to the transformation plan, the Group has 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 Year.

(ii) Principal Investment Business

During the Year, the Group invested USD62.3 million in unlisted financial assets, which mainly comprised payment for capital commitments of the unlisted investment funds and unlisted equity investments. Additionally, the Group (i) invested USD82.4 million in listed bonds; (ii) disposed of listed bonds or having the same being redeemed or reaching maturity in the aggregate value of USD33.8 million; and (iii) had a decrease in the aggregate market value of listed shares of USD9.3 million. Other than the abovementioned reasons, the net decrease of USD53.9 million in non-cash financial assets was primarily due to the net effect of return of capital from the unlisted investments, and the net realised and unrealised fair value loss on the listed shares, listed bonds and unlisted investments mainly acquired in previous years.

The segment results of principal investment business had a loss of USD3.6 million for the Year, primarily driven by a fair value loss of financial assets and investments in perpetual notes at FVTPL of USD100.5 million. This loss was partially offset by interest income and dividend and distribution income from the financial assets, amounting to USD85.6 million and increase in other income amounting to USD13.0 million. The significant increase in dividend and distribution income was mainly attributed to a significant increase in distribution income from unlisted investments during the Year.

As at 31 December 2023, the Group held non-cash financial assets of USD485.9 million, as follows:

	2023	2022
	USD'000	USD'000
Listed shares	36,802	46,138
Listed bonds	133,745	81,914
Unlisted investment funds	261,999	350,768
Unlisted equity investments	53,398	36,966
Convertible notes	–	24,096
Total	<u>485,944</u>	<u>539,882</u>

Significant Investments

There was no 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 31 December 2023.

(iii) Real Property Business

The Group owns three floors of commercial office premises (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 USD1.4 million and USD1.5 million for the Year, respectively (2022: USD1.4 million and USD1.5 million). 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. Since the lifting of restrictive travel measures and the reopening of the China-Hong Kong border in 2023, the Group was active in exploring quality and upscale real property investment opportunities in Hong Kong and other countries and regions, including the Greater Bay Area, North America and Europe. The Group grasped an attractive opportunity during the Year to invest in a quality commercial property in Canada which is expected to generate stable income and long-term capital appreciation through operational enhancement. This investment would also help to diversify the Group's property portfolio geographically.

Review of Group Financial Position

	2023	2022
	USD'000	USD'000
Current Assets		
Cash and cash equivalents	130,308	854,253
Time deposits with original maturities over three months	567,231	30,000
Financial assets at FVTPL	27,838	39,383
Investments in debt instruments measured at amortised cost	26,119	20,111
Accounts and other receivables	39,888	14,807
Others	33,285	48,037
Non-current Assets		
Long-term time deposits	200,000	–
Financial assets at FVTPL	324,361	418,585
Investments in debt instruments measured at amortised cost	82,972	36,396
Investments in perpetual notes at FVTPL	21,637	22,586
Investment properties	63,514	64,381
Others	51,090	51,732
Total Assets	1,568,243	1,600,271
Other Liabilities	(31,279)	(60,140)
Net Assets	1,536,964	1,540,131

As at 31 December 2023, the non-current assets were USD743.6 million (2022: USD593.7 million), representing an increase of USD149.9 million. This increase was primarily due to the growth in long-term time deposits, which amounted to USD200.0 million. Additionally, there was an increase in investments in debt instruments measured at amortised cost, totaling USD46.6 million. However, these increases were partially offset by a net decrease in investment in financial assets at FVTPL, amounting to USD94.2 million, as well as a decrease in investments in perpetual notes at FVTPL, which amounted to USD1.0 million. Current assets amounted to USD824.7 million (2022: USD1,006.6 million), representing a decrease of USD181.9 million. This decrease can be attributed to a net decrease in cash and cash equivalents, totaling USD723.9 million. There was an increase in the time deposits with original maturities over three months, amounting to USD537.2 million, an increase in investments in debt instruments measured at amortised cost, totaling USD6.0 million, an increase in accounts and other receivables and loans receivable, amounting to USD30.1 million. However, there was a decrease in bank trust account balances of USD19.8 million and a decrease in financial assets at FVTPL, totaling USD11.6 million.

Net Assets Value

As at 31 December 2023, the Group's net assets amounted to USD1,537.0 million, representing a decrease of USD3.1 million as compared to USD1,540.1 million as at 31 December 2022. The decrease in net assets was primarily driven by the payment of dividends totaling USD6.9 million.

Cash Flow, Liquidity and Financial Resources

Cash Flow Summary

	2023	2022
	USD'000	USD'000
Net cash from Operating Activities	71,115	19,211
Net cash used in Investing Activities	(785,108)	(60,085)
Net cash used in Financing Activities	(8,101)	(8,088)
Net decrease in cash and cash equivalents	(722,094)	(48,962)
Cash and cash equivalents at the beginning of the year	854,253	900,845
Effect of foreign exchange rate changes	(1,851)	2,370
Cash and cash equivalents at the end of the year	<u>130,308</u>	<u>854,253</u>

The Group's cash balance as at 31 December 2023 was USD130.3 million (2022: USD854.3 million). The net cash from operating activities for the Year of USD71.1 million. This amount was primarily resulted from a profit for the Year of USD7.1 million, adjusted for non-cash and non-operating items of USD49.9 million, movements in working capitals of USD6.2 million, interest received of USD19.7 million, and dividend received of USD0.6 million. Net cash used in investing activities was USD785.1 million, which mainly included net cash outflows for investments of USD68.0 million and net placing of bank deposits of USD737.2 million. However, this was partially offset by USD19.9 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 31 December 2023 and 31 December 2022. The Group had no outstanding bank borrowings as at 31 December 2023.

Capital Structure of the Group

As at 31 December 2023, the equity attributable to owners of the Company was USD1,536.8 million. There was no material change in the capital structure of the Group since 30 June 2023, being the end of the reporting period of the Group's interim report.

Contingent Liability

As at 31 December 2023, the Group did not have contingent liability.

Material Acquisitions and Disposals

On 20 January 2023, True Colour Group Limited (“True Colour”), 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 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 the 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 31 December 2023, the Range 22 Fund has made one investment into an international commercial biotechnology company focused on the treatment and diagnosis of allergic disorders.

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 was 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 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 and Dazzling Youth Limited ceased to hold any shares in Ski Time Fund and Pinpoint Fund, respectively.

On 19 May 2023, Resilient Global Group Limited, an indirect wholly-owned subsidiary of the Company, and Sixty Degree Capital Fund III GP Inc. (“Sixty Degree GP”) (being the general partner) entered into the subscription agreement to subscribe for 30,000,000 units in Sixty Degree Capital Fund III L.P. (“Sixty Degree Fund”) as a limited partner for a capital commitment of USD30 million (equivalent to approximately HKD234.3 million). Sixty Degree Fund was formed as a limited partnership under the laws of Ontario, Canada on 6 May 2022. Sixty Degree Fund will conduct its affairs in a manner consistent with the primary purpose of achieving superior returns for its investors, principally through long-term capital appreciation, by making, holding and disposing of equity and equity-related investments in companies in the healthcare and technology sectors and originating principally in Canada and the United States and, from time to time, in Europe or Asia. Sixty Degree GP is a company incorporated in Canada with limited liability and it

shall be responsible for the management and day-to-day operations of Sixty Degree Fund. Sixty Degree GP is owned by Mr. Guo Jian (“Mr. Guo”) and Ms. Zu Feng (“Ms. Zu”). Sixty Degree GP has the full unrestricted power and exclusive authority to represent Sixty Degree Fund and to carry on its business and to do and to perform all things necessary for, incidental to or connected with carrying on the business of Sixty Degree Fund. Mr. Guo and Ms. Zu are also the directors of Sixty Degree GP and lead the investment team of Sixty Degree Fund. Mr. Guo is a seasoned and insightful venture capital/private equity investor with over 20 years of experience investing in the healthcare and technology sectors. He is a business leader, having served at the executive level as an advisor to and on the board of various international public and private companies. Mr. Guo has obtained a degree of master of business administration from the Schulich School of Business at York University, Toronto, Canada. Ms. Zu is the secretary of Sixty Degree GP and is involved in the activities of Sixty Degree GP. Ms. Zu has obtained an engineering degree from York University, Toronto, Canada and postgraduate certificate in International Business Management. For further details, please refer to the announcement of the Company dated 19 May 2023. As at 31 December 2023, Sixty Degree Fund had invested in ten portfolio companies, including i) a cloud native cybersecurity company; ii) a fast growing cybersecurity company; iii) a network security company; iv) a data privacy service provider; v) software platform company; vi) a cloud-based document editing software company; vii) cloud-native Kubernetes management solution provider; viii) a kidney care service provider; ix) an online travel and expense management company; and x) a company focusing on research and development on new drug for cancer.

On 21 July 2023, Smart League (Canada) Investments Limited, 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 CAD12.0 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. As at 31 December 2023, Garden City Fund has completed the acquisition of the Garden City Shopping Centre as mentioned in the announcement of the Company dated 21 July 2023.

On 27 October 2023, (i) Blaise Castle Limited ("Blaise Castle"), an indirect wholly-owned subsidiary of the Company, has served a request for redemption of class 2RE redeemable shares in Boothbay Diversified Alpha Fund Ltd ("Boothbay Fund") at an estimated total amount of proceeds of approximately USD5.4 million; (ii) Cheer Spirit Investments Limited ("Cheer Spirit"), an indirect wholly-owned subsidiary of the Company, has served a request for redemption of class B interests in Schonfeld Fundamental Equity Offshore Fund Ltd. ("Schonfeld Fund") at an estimated total amount of proceeds of approximately USD8.6 million; and (iii) Joyful Moments Limited ("Joyful Moments"), an indirect wholly-owned subsidiary of the Company, has served a request for redemption of class C shares in SEG Partners Offshore, Ltd. ("SEG Fund") at an estimated total amount of proceeds of approximately USD7.8 million. Blaise Castle, Cheer Spirit and Joyful Moments are exempted company incorporated with limited liability under the laws of the Cayman Islands. Boothbay Fund is a multi-strategy multi-manager fund that aims to combine non-correlated positive expectancy strategies into a cohesive portfolio, which is further enhanced by operational and structural alphas. Boothbay Fund seeks to generate absolute returns with low volatility and low correlations to traditional asset classes through all market conditions and it employs a range of investment strategies with broad industry, sector, style and geographic diversification. Schonfeld Fund is a multi-strategy multi-manager fund that seeks to achieve capital appreciation at superior risk-adjusted rates of return through a fundamental equity strategy with low net and low beta. SEG Fund invests in companies across the market cap spectrum with long/short equity strategies. SEG Fund can invest globally, but generally over 80% of the investments are in US-domiciled companies. After the completion of redemption in Boothbay Fund, Schonfeld Fund and SEG Fund, Blaise Castle, Cheer Spirit and Joyful Moments ceased to hold any shares in Boothbay Fund, Schonfeld Fund and SEG Fund, respectively.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the Year and up to the date of this announcement.

Exposure to Fluctuations in Exchange Rates and Hedging 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 31 December 2023, no assets of the Group had been pledged.

Business Outlook

Leveraging on our existing solid capital base, we actively optimise the allocation of resources and uphold our prudent and diligent investment approach. We strongly believe that this strategy enables us to remain cautious in view of the complexities and challenges in the current economic landscape, while maximising the Group’s business and financial performance in 2024, thereby yielding greater return and value.

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 rates, quality and efficient services, strong financial resources, and reliable trading system shall enable our financial services business to maintain strong client loyalty and sustain stable growth in our client base.

Looking ahead to 2024, the Group anticipates a positive business and investment environment following the recovery of the global economy and trade activities from the impact of the COVID-19 pandemic, along with the reopening of the China – Hong Kong border in 2023. With expectations of an interest rate cut in the United States and the gradual recovery of economic activities, the outlook remains stable. Although the IPO market in Hong Kong remained sluggish in 2023, it is expected to gradually improve in 2024 as the Hong Kong Special Administrative Region Government is implementing various measures, including tax incentives, regulatory reforms, and initiatives to attract more international companies to list in Hong Kong to support the securities market and promote IPO activities. When the IPO market revitalises, the Group will seize the opportunity to promote and expand its IPO margin financing business through various channels, including existing clients, brokerage firms and its network of account executives. The Group will also benefit from interest income and related handling charges derived from margin financing for both IPO and non-IPO transactions.

In line with its prudent and balanced approach, the Group will continuously adjust its business strategies to effectively respond to market changes in a flexible and timely manner. Efforts will be made to strengthen the margin financing business and expand client coverage in securities trading and brokerage. This will be achieved through multiple channels, such as advertisements, marketing campaigns, brand building and brand awareness activities, and incentive measures. The Group will closely monitor the securities market and actively review the implemented strategies to maximise benefits.

For our money lending business, the Group will continue to minimise credit risk to a low exposure level and maintain a risk-gain balance. With the global economy gradually recovering and increasing consumption activities, the Group aims to explore new business opportunities while conducting prudent internal credit assessments and closely monitoring the market.

The Group will also focus on expanding its quality client base and strengthening relationships with major institutional clients by offering comprehensive and tailor-made financial products and services. This includes providing general corporate financial advisory services for IPOs, share placings, rights issues, corporate restructuring, and mergers and acquisitions. The Group will actively provide underwriting services and other related services when suitable opportunities arise.

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

Principal investment business. The Group's investment portfolio comprises a combination of diversified investment in funds, bonds and equity investments, both listed or unlisted. The Group will periodically review its investment portfolio. If the investment team identifies suitable opportunities that can benefit the Group and improve its overall profitability and returns, the Group may consider investing in such investment products.

Real property business. The Group will continue to seek investment opportunities for quality and upscale commercial properties, as well as other types of real properties. Since the lifting of restrictive travel measures and the reopening of the China-Hong Kong border in 2023, the Group has been active in exploring real property investment opportunities locally and internationally that can provide a higher yield as well as good potential for capital appreciation in the future. In 2023, the Group invested in a quality commercial property in Canada which is expected to generate stable income and long-term capital appreciation through operational enhancement. The Group will continue to diversify its property portfolio geographically and will conduct all necessary and proper assessments if it intends to acquire any new properties or property investments.

Looking-forward. The global economy is expected to continue its recovery as all borders, including those of Mainland China and Hong Kong, have reopened in 2023. Hong Kong is gradually returning to normalcy. Capitalising on the improving global markets, the Group will uphold a balanced and prudent approach to asset allocation and will actively seize all possible opportunities to foster the further development and expansion of our businesses.

Human Resources

As at 31 December 2023, the Group had 42 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 31 December 2023 and up to the date of this announcement.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company has made specific enquiry of all directors of the Company regarding any non-compliance with the Model Code during the Year, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

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 as set out in Appendix C1 to the Listing Rules for the Year.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee of the Company comprises Mr. Lo Wa Kei, Roy, Mr. Chen Gong and Mr. Martin Que Meideng. All of them are independent non-executive directors of the Company. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee with the management of the Company and the Company's independent auditors, and recommended its adoption by the Board.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in the preliminary announcement have been audited by the Group's auditor, Moore CPA Limited (formerly known as Moore Stephens CPA Limited). The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement.

ANNUAL REPORT

The annual report of the Company for the Year will be despatched to the shareholders and made available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.g-resources.com) on or before 30 April 2024.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of the Company's shareholders and dedication of all our staff over the past year.

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

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises:

- (i) Ms. Li Zhongye, Cindy as non-executive director of the Company;*
- (ii) Mr. Leung Oi Kin and Mr. Leung Wai Yiu, Malcolm as executive directors of the Company; and*
- (iii) Mr. Lo Wa Kei, Roy, Mr. Chen Gong and Mr. Martin Que Meideng as independent non-executive directors of the Company.*

* *For identification purpose only*