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## **GOLDSTONE INVESTMENT GROUP LIMITED**

**金石投資集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 901)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Goldstone Investment Group Limited (“**Goldstone**” or the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 (the “**Year**”), together with the comparative figures for the year ended 31 December 2019 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2020*

	<i>Notes</i>	<b>2020</b> <b>HK\$</b>	2019 <i>HK\$</i>
Revenue	(4)	–	–
Net loss on financial assets at fair value through profit or loss	(6)	<b>(5,794,542)</b>	(4,767,488)
Net other income, gains and losses	(4)	<b>1,151,798</b>	210,587
Administrative and other operating expenses		<u><b>(21,757,565)</b></u>	<u>(24,601,594)</u>
Loss from operations	(7)	<b>(26,400,309)</b>	(29,158,495)
Finance costs	(8)	<u><b>(9,901,282)</b></u>	<u>(14,515,341)</u>
Loss before tax		<b>(36,301,591)</b>	(43,673,836)
Income tax expense	(9)	<u>–</u>	<u>–</u>
Loss for the year and total comprehensive expenses attributable to owners of the Company		<u><b>(36,301,591)</b></u>	<u>(43,673,836)</u>
Loss per share			
Basic and diluted	(11)	<u><b>(0.020)</b></u>	<u>(0.024)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 31 DECEMBER 2020

		<b>2020</b>	2019
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Non-current assets</b>			
Furniture, fixtures and equipment		–	–
Financial assets at fair value through profit or loss	(12)	<b>4,535,340</b>	10,906,777
Rental deposit	(13)	<b>60,693</b>	944,859
Right-of-use assets		–	8,788,249
		<u><b>4,596,033</b></u>	<u>20,639,885</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	(12)	<b>448,000</b>	–
Other receivables, deposits and prepayments	(13)	<b>87,711</b>	417,053
Cash and bank balances		<b>168,180</b>	160,039
		<u><b>703,891</b></u>	<u>577,092</u>
<b>Current liabilities</b>			
Creditors and accrued expenses		<b>11,704,868</b>	8,078,346
Unsecured borrowings	(14)	<b>37,706,111</b>	27,480,024
Corporate bonds	(15)	<b>6,970,152</b>	12,313,303
Lease liabilities		<b>8,188,237</b>	3,646,789
		<u><b>64,569,368</b></u>	<u>51,518,462</u>
<b>Net current liabilities</b>		<u><b>(63,865,477)</b></u>	<u>(50,941,370)</u>
<b>Total assets less current liabilities</b>		<u><b>(59,269,444)</b></u>	<u><b>(30,301,485)</b></u>

	<i>Notes</i>	<b>2020</b> <b>HK\$</b>	2019 <i>HK\$</i>
<b>Non-current liabilities</b>			
Unsecured borrowings	(14)	–	3,083,743
Corporate bonds	(15)	<b>69,086,340</b>	57,777,109
Lease liabilities		<b>1,193,245</b>	5,205,101
		<u><b>70,279,585</b></u>	<u>66,065,953</u>
<b>NET LIABILITIES</b>		<u><b>(129,549,029)</b></u>	<u>(96,367,438)</u>
<b>Capital and reserves</b>			
Share capital	(16)	<b>22,544,485</b>	22,544,485
Reserves		<b>(152,093,514)</b>	(118,911,923)
<b>CAPITAL DEFICIENCY</b>		<u><b>(129,549,029)</b></u>	<u>(96,367,438)</u>
<b>Net liability value per share</b>	(17)	<u><b>(0.0718)</b></u>	<u>(0.0534)</u>

*NOTES:*

**1. GENERAL INFORMATION**

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and its ultimate holding company is APAC Investment Holdings Limited (“**APAC**”) (incorporated in Samoa). Its ultimate controlling party is Mr. Hu Haisong (“**The Ultimate Controlling Party**”), who is a non-executive director of the Company during the year and resigned on 18 August 2020. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Sing Ho Finance Building, 166–168 Gloucester Road, Wan Chai, Hong Kong.

Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting on 23 October 2020 and approved by the Cayman Islands Registry of Companies on 23 October 2020, the Company’s English name has been changed from “Eagle Ride Investment Holdings Limited” to “Goldstone Investment Group Limited” and the Company’s Chinese name has changed from “鷹力投資控股有限公司” to “金石投資集團有限公司” with effect from 23 October 2020.

The Group is principally engaged in investment holdings and trading of financial assets at fair value through profit or loss (“**FVTPL**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company. It is authorised for issue by the Board of Directors on 31 March 2021.

**2. BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

**Going Concern**

For the year ended 31 December 2020, the Group incurred a net loss of approximately HK\$36,302,000 and as at that date, the Group recorded net current liabilities of approximately HK\$63,865,000 and net liabilities of approximately HK\$129,549,000 while its cash and cash equivalents amounted to approximately HK\$168,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to repay the outstanding borrowings and be able to finance its future working capital and finance requirements. Certain measures have been taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

- (i) In January 2021, the Company placed 90,140,000 new ordinary shares at a price of HK\$0.28 per share to independent third parties with net proceeds approximately HK\$24,400,000. Details are disclosed in the announcement of the Company dated 4 January 2021 in relation to the completion of subscription of new shares under general mandate;

- (ii) In January 2021, the Company issued 1-year, 8% coupon unsecured non-redeemable convertible bonds of an aggregate principal amount of approximately HK\$50,010,000 to independent third parties to subscribe for 166,700,000 conversion shares at the initial conversion price of HK\$0.30 per share. Details are disclosed in the announcement of the Company dated 22 January 2021 in relation to the completion of placing of convertible bonds under special mandate;
- (iii) In February 2021, the Company allotted a total of 270,520,000 new shares under general mandate, representing approximately 12.50% of the total issued share capital of the Company as enlarged by the issue of new shares at HK\$0.33 per share to an independent third party, Dragon Synergy Holdings Limited which is wholly owned by Ms. Liu Yutong, with net proceeds approximately HK\$88,400,000. Immediately after completion of the placing, Dragon Synergy Holdings Limited has become a substantial shareholder of the Company. The net proceeds raised will be used for general working capital of the Group. Details are disclosed in the announcement of the Company dated 25 February 2021 in relation to the completion of subscription of new shares under general mandate;
- (iv) In March 2021, the Group and one of the Group's bondholder entered into a letter of intent whereby the bondholder expressed intention to subscribe for, and the Company intended to issue and allot preference shares to replace the corporate bond due to the bondholder in the amount of approximately HK\$10,000,000; and
- (iv) The Group will seek to obtain additional new financial support including but not limited to borrow loans, issuing additional equity or debt securities.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the reporting date taking into account the impact of the above measures. The directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, the consolidated financial statements for the year ended 31 December 2020 have been prepared on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

### **3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## New and Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 4. REVENUE AND NET OTHER INCOME, GAINS AND LOSSES

An analysis of revenue and net other income, gains and losses is as follows

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Revenue	–	–
<b>Other income, gains and losses:</b>		
Income from office sharing	67,500	240,000
Exchange loss, net	(128,887)	(867,970)
Interest income on rental deposit	317,519	85,925
Government subsidies	216,000	–
Waiver of directors' remuneration	675,484	–
Sundry income	4,182	752,632
	<b>1,151,798</b>	<b>210,587</b>

## 5. SEGMENT INFORMATION

### Business segments

The directors of the Company consider that the Group only has single business segment, i.e. investment in financial assets at FVTPL. It is not considered meaningful to provide a business segment analysis of financial performance.

### Geographical segments

The Group's segment assets, which represent furniture, fixtures and equipment, financial assets at FVTPL and cash and bank balance, and liabilities which represent unsecured borrowings and corporate bonds for the year, analysed by geographical markets, are as follows:

	Singapore <i>HK\$</i>	2020 Hong Kong <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	4,535,340	616,180	5,151,520
Unallocated assets			148,404
<b>Total assets</b>			<b>5,299,924</b>
Segment liabilities	–	113,762,603	113,762,603
Unallocated liabilities			21,086,350
<b>Total liabilities</b>			<b>134,848,953</b>
		2019	Total
	Singapore <i>HK\$</i>	Hong Kong <i>HK\$</i>	<i>HK\$</i>
Segment assets	10,906,777	160,039	11,066,816
Unallocated assets			10,150,161
<b>Total assets</b>			<b>21,216,977</b>
Segment liabilities	–	100,654,179	100,654,179
Unallocated liabilities			16,930,236
<b>Total liabilities</b>			<b>117,584,415</b>



## 6. NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Unrealised gain arising on fair value changes of listed equity investments	448,000	–
Unrealised loss arising on fair value changes of unlisted equity investment	(6,242,542)	(4,767,488)
	<u>(5,794,542)</u>	<u>(4,767,488)</u>

## 7. LOSS FROM OPERATIONS

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Loss from operations has been arrived at after charging (crediting):		
Auditor's remuneration	250,000	280,000
Investment management fee	–	2,220,000
Depreciation of furniture, fixtures and equipment	–	1,513
Depreciation of right-of-use assets	1,208,489	2,929,416
Exchange loss, net	128,887	867,970
Interest income on rental deposit	(317,519)	(85,925)
Impairment losses on right-of-use assets	8,241,405	–
Net loss on financial assets at FVTPL	5,794,542	4,767,488
Lease payments for short-term leases and low value assets not included in the measurement of lease liabilities	348,215	1,907,608
Directors' remuneration and staff costs		
– salaries, allowance and other benefits in kind	9,149,644	10,218,183
– contributions to MPF Scheme	94,725	102,895
	<u>9,149,644</u>	<u>10,218,183</u>

## 8. FINANCE COSTS

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Interest on:		
– Loans from a director	72,269	–
– Loans from the Ultimate Controlling Party	369,744	624,447
– Loans from a licensed money lending company	800,000	873,411
– Loans from third parties	1,770,331	6,270,617
– Overdue rent and management fee	25,920	–
	<u>3,038,264</u>	<u>7,768,475</u>
Effective interest on corporate bonds	5,966,080	5,839,059
Imputed interest on lease liabilities	896,938	907,807
	<u>9,901,282</u>	<u>14,515,341</u>

## 9. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Thus, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for both years as the Group did not have any assessable profits.

At the end of the reporting period, the Group has estimated unrecognised tax losses of approximately HK\$266,770,000 (2019: approximately HK\$248,460,000) to set off against future taxable income. No deferred tax asset is recognised in respect of such tax losses carried forward as the realisation of the related tax benefit through future taxable profits could not be reasonably assessed. The tax losses do not have expiry date under the current tax legislation. The Group had no material unprovided deferred tax liabilities at the end of the reporting period (2019: HK\$nil).

## 10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the year (2019: HK\$nil).

## 11. 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:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
<b>Loss for the purpose of basic loss per share</b>		
Loss for the year attributable to owners of the Company	<u>36,301,591</u>	<u>43,673,836</u>
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic loss per share	<u>1,803,558,784</u>	<u>1,803,558,784</u>

The diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding as at 31 December 2020 and 2019.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
<b>Non-current asset:</b>		
– Unlisted equity investments in overseas	<u>4,535,340</u>	<u>10,906,777</u>
<b>Current assets:</b>		
Equity investments listed in Hong Kong	<u>448,000</u>	<u>–</u>

No financial assets at FVTPL are pledged to the securities brokers (2019: HK\$nil).

The Group had the following investments:

**As at 31 December 2020**

Notes	Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Carrying amount HK\$	Unrealised gain (loss) arising on revaluation HK\$	Exchange loss HK\$	Fair value/ market value HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the year HK\$
(a)	E-Com Holdings Pte. Ltd.	Singapore	1,259,607	23.70%	10,906,777	(6,242,542)	(128,895)	4,535,340	5,651,670	-
(b)	State Energy International Assets Holdings Limited	Bermuda	896,000	0.12%	-	448,000	-	448,000	48,384	-

**As at 31 December 2019**

Notes	Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Carrying amount HK\$	Unrealised gain (loss) arising on revaluation HK\$	Exchange loss HK\$	Fair value/ market value HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the year HK\$
(a)	E-Com Holdings Pte. Ltd.	Singapore	1,259,607	23.70%	16,540,214	(4,767,488)	(865,949)	10,906,777	4,547,974	-
(b)	Tech Pro Technology Development Limited	Cayman Islands	17,634,000	0.22%	-	-	-	-	-	-
(c)	State Energy International Assets Holdings Limited	Bermuda	896,000	0.12%	-	-	-	-	-	-

*Notes:*

- (a) E-Com Holdings Pte. Ltd. (“**E-Com**”) is a private company incorporated in Singapore, which is principally engaged in the provision of Chinese e-learning platforms for primary school students in Singapore and other Asian regions. No dividend was declared or received during the year (2019: HK\$nil).

For the year ended 31 December 2020, the unaudited consolidated net profit was approximately S\$941,000 (equivalent to approximately HK\$5,296,000) (2019: audited consolidated net profit approximately S\$325,000, equivalent to approximately HK\$1,870,000). As at 31 December 2020, its unaudited consolidated net assets were approximately S\$4,065,000 (equivalent to approximately HK\$23,847,000) (2019: audited consolidated net assets approximately S\$3,687,000, equivalent to approximately HK\$21,361,000).

At the end of the reporting period, the Group held more than 20% of the effective shareholding interest in E-Com. The investment in E-Com was not accounted for as associate as the Group does not have any significant influence over the financial and operating policies in E-Com or participate in the policymaking processes. Accordingly, investment in E-Com has been designated upon initial recognition as a financial asset at FVTPL.

As at 31 December 2020 and 2019, the carrying amount of the Group’s interest in the shares of E-Com exceeded 10% of the total assets of the Group.

- (b) Tech Pro Technology Development Limited (“**Tech Pro**”) (Stock code: 3823) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange. It is principally engaged in the manufacturing and sale of LED lighting products and accessories, provision of energy efficiency projects, promotion and development of a professional football club, and provision of property leasing and sub-leasing services.

The Stock Exchange has suspended the trading of Tech Pro’s shares since 9 November 2017. Also, the Stock Exchange announced that the listing of Tech Pro’s shares was cancelled with effect from 9:00 am on 2 March 2020. Therefore, it is considered that the market value of Tech Pro is HK\$nil as at 31 December 2019 and was written off as at 31 December 2020.

- (c) State Energy Group International Assets Holdings Limited (“**State En Assets**”) (Stock code: 918) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. It is principally engaged in the sourcing, marketing and selling of garments, and property investments. No dividend was declared or received during the year (2019: HK\$Nil). State En Assets’ shares trading has been suspended on 1 February 2019 and been resumed trading on 7 December 2020.

For the six months ended 30 September 2020, the unaudited consolidated net profit attributable to owners of State En Assets was approximately HK\$7,636,000 (31 March 2020: audited consolidated net profit approximately HK\$10,925,000) and the basic earnings per share was HK0.85 cents (31 March 2020: basic earnings per share was HK1.21 cents). At 30 September 2020, the unaudited consolidated net asset value was approximately HK\$40,320,000 (31 March 2020: audited consolidation net assets approximately HK\$32,968,000)

As at 31 December 2020 and 2019, the carrying amount of the Group’s interest in the shares of State En Assets was less than 10% of the total assets of the Group.

The investments in listed and unlisted equity investment at 31 December 2020 and 2019 were, upon initial recognition, recognised by the Group as financial assets at FVTPL. Their performances are regularly reviewed by the key management personnel of the Group.

The fair value of unlisted equity investment was assessed by the directors of the Company with reference to the professional valuation carried out by Peak Vision Appraisals Limited, an independent qualified professional valuer.

The market value of listed equity investments were determined based on the quoted market bid prices available on the Stock Exchange at 31 December 2020 and 2019.

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
<b>Non-current asset</b>		
Rental deposit	<u>60,693</u>	<u>944,859</u>
<b>Current assets</b>		
Other receivables	2,317,265	2,657,265
Less: allowance for credit loss	<u>(2,317,127)</u>	<u>(2,317,127)</u>
	138	340,138
Rental and utility deposits	3,250	43,150
Prepayments	<u>84,323</u>	<u>33,765</u>
	<u><b>87,711</b></u>	<u><b>417,053</b></u>

## 14. UNSECURED BORROWINGS

	<i>Notes</i>	2020 <i>HK\$</i>	2019 <i>HK\$</i>
<b>Current liabilities</b>			
– Loans from a director	a	72,269	–
– Loans from the Ultimate Controlling Party	b	–	11,803,639
– Loan from a licensed money lending company	c	8,587,713	7,987,713
– Loans from third parties	d	<u>29,046,129</u>	<u>7,688,672</u>
		<b>37,706,111</b>	27,480,024
<b>Non-current liabilities</b>			
– Loans from third parties	d	<u>–</u>	<u>3,083,743</u>
		<b><u>37,706,111</u></b>	<b><u>30,563,767</u></b>

*Notes:*

### (a) Loans from a director

During the year, there were loans advance from a director of HK\$3,300,000 (2019: HK\$nil) and loan interest payable of approximately HK\$72,000 (2019: HK\$nil). The loans were obtained from a director, Dr. Xiao Yanming (“**Dr. Xiao**”), on an unsecured basis, bearing fixed interest at 10% per annum and repayable within one year.

### (b) Loans from the Ultimate Controlling Party

The loans included loans advanced of approximately HK\$nil (2019: approximately HK\$10,560,000) and loan interest payable of approximately HK\$nil (2019: approximately HK\$1,243,000). The loans were obtained from the Ultimate Controlling Party, on an unsecured basis, bearing fixed interest at 6% per annum and repayable within one year. The loans from the Ultimate Controlling Party was assigned to an independent third party on 1 August 2020.

### (c) Loan from a licensed money lending company

The loan was due to an independent licensed money lending company, bearing fixed interest rate at 10% per annum for a term of one year. The effective interest rate was 11.23% (2019: 11.23%) per annum. The loan was fully settled in February 2021.

### (d) Loans from third parties

The loans were due to independent third parties, bearing fixed interest rate at 6% to 18% (2019: 6% to 16%) per annum. The effective interest rate was in the range of 8.78% to 18% (2019: 8.78% to 16%) per annum.

## 15. CORPORATE BONDS

The corporate bonds (“**Bond(s)**”) recognised in the consolidated statement of financial position were calculated as follows:

	Unlisted bond ("Bond I") HK\$	Unlisted bond ("Bond II") HK\$	Unlisted bond ("Bond III") HK\$	Unlisted bond ("Bond IV") HK\$	Unlisted bond ("Bond V") HK\$	Unlisted bond ("Bond VI") HK\$	Unlisted bond ("Bond VII") HK\$	Unlisted bond ("Bond VIII") HK\$	Total HK\$
At 1 January 2019	10,178,986	2,571,693	9,183,057	9,779,214	9,034,773	8,826,686	8,401,328	–	57,975,737
Principal value of the Bonds on initial recognition	–	–	–	–	–	–	–	10,000,000	10,000,000
Direct transaction costs	–	–	–	–	–	–	–	(1,650,000)	(1,650,000)
	10,178,986	2,571,693	9,183,057	9,779,214	9,034,773	8,826,686	8,401,328	8,350,000	66,325,737
Effective interest expenses	858,907	279,905	978,733	842,489	635,058	656,509	966,764	620,694	5,839,059
Interest paid	(600,000)	(74,384)	(700,000)	(700,000)	–	–	–	–	(2,074,384)
At 31 December 2019 and 1 January 2020	<b>10,437,893</b>	<b>2,777,214</b>	<b>9,461,790</b>	<b>9,921,703</b>	<b>9,669,831</b>	<b>9,483,195</b>	<b>9,368,092</b>	<b>8,970,694</b>	<b>70,090,412</b>
Effective interest expenses	<b>806,643</b>	<b>294,522</b>	<b>1,009,581</b>	<b>858,938</b>	<b>644,722</b>	<b>668,342</b>	<b>986,052</b>	<b>697,280</b>	<b>5,966,080</b>
At 31 December 2020	<b><u>11,244,536</u></b>	<b><u>3,071,736</u></b>	<b><u>10,471,371</u></b>	<b><u>10,780,641</u></b>	<b><u>10,314,553</u></b>	<b><u>10,151,537</u></b>	<b><u>10,354,144</u></b>	<b><u>9,667,974</u></b>	<b><u>76,056,492</u></b>
Analysed as:									
Current	1,244,536	225,616	700,000	700,000	1,000,000	1,000,000	1,600,000	500,000	6,970,152
Non-current	10,000,000	2,846,120	9,771,371	10,080,641	9,314,553	9,151,537	8,754,144	9,167,974	69,086,340
Total	<b><u>11,244,536</u></b>	<b><u>3,071,736</u></b>	<b><u>10,471,371</u></b>	<b><u>10,780,641</u></b>	<b><u>10,314,553</u></b>	<b><u>10,151,537</u></b>	<b><u>10,354,144</u></b>	<b><u>9,667,974</u></b>	<b><u>76,056,492</u></b>

The effective interest rate of the Bond I, II, III, IV, V, VI, VII and VIII are 8.63%, 21.58%, 10.73%, 8.85%, 6.99%, 7.38%, 11.22% and 8.00% per annum respectively.

## 16. SHARE CAPITAL

	Number of ordinary shares of HK\$0.0125 each	HK\$
<b>Authorised:</b>		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<b><u>80,000,000,000</u></b>	<b><u>1,000,000,000</u></b>
<b>Issued and fully paid:</b>		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<b><u>1,803,558,784</u></b>	<b><u>22,544,485</u></b>

## 17. NET LIABILITY VALUE PER SHARE

As at 31 December 2020 and 2019, the net liability value per share of the Company were HK\$0.0718 and HK\$0.0534 respectively. The net liability value per share is calculated by dividing the net liabilities in the consolidated financial position of approximately HK\$129,549,000 (2019: approximately HK\$96,367,000) by the number of 1,803,558,784 (2019: 1,803,558,784) ordinary shares in issue at 31 December 2020.

## 18. PLEDGE OF ASSETS

At the end of the reporting period, no margin facility (2019: HK\$nil) from a regulated securities broker was granted to the Group under which financial assets at FVTPL of HK\$448,000 (2019: HK\$nil) were treated as collateral for the facilities granted.

## 19. RELATED PARTY DISCLOSURES

### (a) Transactions

The Group had the following significant related party transactions during the year which were carried out in the normal course of the Group's business:

Name of related party	Nature of transaction	2020 HK\$	2019 HK\$
Fortune Legendary	Investment management fee	–	2,220,000
	Income from office sharing	(67,500)	(240,000)
Dr. Xiao	Loan interest expenses	72,269	–
The Ultimate Controlling Party	Loan interest expenses	369,744	624,447

### (b) Balances

At the end of the reporting period, the amounts due from/(to) related parties are as follows:

Name of related party	Nature of balance	2020 HK\$	2019 HK\$
Fortune Legendary	Other receivables	–	280,000
	– Income from office sharing receivable		
	Accrued expenses	(577,500)	(925,000)
	– Investment management fee payable		
Dr. Xiao	Loan interest incurred from a director	(72,269)	–
The Ultimate Controlling Party	Loans and interest incurred from the Ultimate Controlling Party	–	(11,803,639)

(c) **Compensation of key management personnel**

Remuneration for key management personnel, including amounts paid to the directors of the Company is as follows:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Directors' fee	4,022,334	5,025,000
Salaries, allowance and other benefits in kind	1,102,333	1,056,000
Discretionary bonuses	568,000	513,000
Contributions to MPF Scheme	33,300	18,000
	<u>5,725,967</u>	<u>6,612,000</u>

**20. EVENTS AFTER THE REPORTING PERIOD**

- (a) On 4 January 2021, a total of 90,140,000 ordinary shares have been issued at HK\$0.28 per placing share pursuant to the terms and conditions of the placing agreement under general mandate. Net proceeds of approximately HK\$24.4 million have been raised through the placing.
- (b) On 15 January 2021, the Company entered into a memorandum of understanding "MOU" for strategic cooperation with Cornucopiae Asset Management Limited, pursuant to which, both parties agreed to explore opportunities for cooperation and investment and, subject to the terms and conditions of the MOU, to cooperate and establish a multi-strategy open-ended investment fund.
- (c) On 22 January 2021, convertible bonds of an aggregate principal amount of approximately HK\$50,010,000 are placed to not less than six places to subscribe for 166,700,000 conversion shares at the initial conversion price of HK\$0.30 per share. Net proceeds of approximately HK\$49.5 million have been raised through the placing.
- (d) On 25 February 2021, a total of 270,520,000 ordinary shares have been issued at HK\$0.33 per placing share pursuant to the terms and conditions of the placing agreement under general mandate. Net proceeds of approximately HK\$88.4 million have been raised through the placing.
- (e) On 19 March 2021, the Group and one of the Group's bondholder entered into a letter of intent whereby the bondholder expressed intention to subscribe for, and the Company intended to issue and allot preference shares to replace the corporate bond due to the bondholder in the amount of approximately HK\$10,000,000.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

Goldstone Investment Group Limited is an investment holding company. The Company's investment instruments are to be made in the form of investment fund or equity securities or equity related securities or debt-related instruments in listed and unlisted companies. The investments normally are to be made in enterprises which are established within their respective fields. The Company may also subscribe for the funds mainly includes equity investment funds, hedge funds, quantitative funds, index funds, securities and futures investment funds, Pre-IPO cornerstone funds, strategic investment and M&A funds, digital currency funds, art investment funds and gold funds.

Year 2020 was a year full of challenges, difficulties and unpredictability. The global financial markets were impacted by COVID-19 pandemic severely across the stock, bond and commodity (including crude oil and gold) markets. The public health crisis has deeply plagued Hong Kong's economy in 2020, which contracted by 6.1%, the sharpest annual decline on record. The economic turmoil associated with the COVID-19 pandemic has been regarded as the major cause for the economic downturn with a severe blow to the labor market and business activities.

Although the global economy is emerging from the collapse triggered by COVID-19, the recovery is likely to be subdued in 2021, and global GDP is projected to remain well below its pre-pandemic trend for a prolonged period. However, China's continued economic recovery is expected with lower unemployment rates, rising consumer confidence and offline consumption to return to normal in 2021, together with lightened US-China trade conflict. The pandemic has changed the lives globally, it also spawned new technologies and business models. All these contributed to cautious sentiment among investors, and created a challenging but promising market environment for the Company.

During the year ended 31 December 2020, the Company continued its investments in both listed and unlisted equity securities and other related financial assets. As at 31 December 2020, the Company's investment portfolio was diversified and across different business sectors including education and investment in securities.

## **BUSINESS REVIEW**

At the end of the reporting period, the Company's investment performances were as follows:

1. Net unrealised loss arising on fair value changes of unlisted equity investment was approximately HK\$5,794,000 (2019: unrealised loss approximately HK\$4,767,000).

## **FINANCIAL REVIEW**

The net loss attributable to owners of the Company was approximately HK\$36,302,000, a decrease of approximately HK\$7,372,000 from the loss of approximately HK\$43,674,000 in the last financial year.

The decrease in loss position was mainly attributable to the decrease in administrative cost and finance costs of approximately HK\$2,844,000 and HK\$4,614,000 respectively.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group has cash and cash equivalents of approximately HK\$168,000 (2019: approximately HK\$160,000). The Company is fully aware of the financial position and financial performance of the reporting period.

The Board are of the opinion that the Company will have sufficient financial resources to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period, after taking into consideration of the following:

1. In January 2021, the Company placed total of 90,140,000 new ordinary shares at a price of HK\$0.28 per share to six independent third parties. The net proceeds was approximately HK\$24,400,000. The net proceeds raised will be used for general working capital of the Group.
2. In January 2021, the Company issued 1-year, 8% coupon unsecured nonredeemable convertible bonds at an initial conversion price of HK0.3 of an aggregate principal amount of approximately HK\$50,010,000 to six independent third parties.

The net proceeds raised of approximately HK\$30,500,000 and HK\$19,000,000 will be used for general working capital and repayment of borrowings of the Group respectively.

3. In February 2021, the Company allotted a total of 270,520,000 new shares under general mandate, representing approximately 12.50% of the total issued share capital of the Company as enlarged by the issue of new shares at HK\$0.33 per share to an independent third party, Dragon Synergy Holdings Limited which is wholly owned by Ms. Liu Yutong. Immediately after completion of the Placing, Dragon Synergy Holdings Limited has become a substantial Shareholder. The net proceeds was approximately HK\$88,400,000. The net proceeds raised will be used for general working capital of the Group.
4. In March 2021, the Group and one of the Group's bondholder entered into a letter of intent whereby the bondholder expressed intention to subscribe for, and the Company intended to issue and allot preference shares to replace the corporate bond due to the bondholder in the amount of approximately HK\$10,000,000; and
5. The Group will seek to obtain additional new financial support including but not limited to borrow loans, issuing additional equity or debt securities.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the reporting date taking into account the impact of the above measures, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

## **DIVIDENDS**

The Board does not recommend the payment of a final dividend for the current year (2019: nil).

## **GEARING RATIO**

The gearing ratio (total borrowings/total assets) as at 31 December 2020 was 2,323.51% (2019: 516.12%).

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The directors of the Company actively and regularly reviews and manages the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares, raise new debts or sells assets to reduce debt.

## **LITIGATION**

On 23 April 2019, the Company, and an independent third party ("**Landlord**") entered into a tenancy agreement, pursuant to which a property was let to the Company for office use for a fixed term from 1 April 2019 and 31 March 2022.

On 29 May 2020, the Company received a writ of summons with a statement of claim issued in the District Court of Hong Kong by the Landlord against the Company for overdue rent, management fee and interest during the period from December 2019 to May 2020, and further claimed the rent and management fee from 1 June 2020 to 31 March 2022 (the end of contract) and rate from 1 July 2020 to 31 March 2022 (the end of contract).

The directors of the Company are of the view that the litigations have no significant impact on the Group's financial position and its operating result for the year ended 31 December 2020 as the accrued rental and management fee have already been recorded in the consolidated financial statements as at 31 December 2020.

## **CONTINGENT LIABILITIES**

As at 31 December 2020, the Company did not have any contingent liabilities (2019: nil).

## **PLEDGE OF ASSETS**

At the end of the reporting period, no margin facility (2019: nil) from a regulated securities broker was granted to the Group under which financial assets at FVTPL of approximately 448,000 (2019: approximately nil) were treated as collateral for the facilities granted. No margin facility has been utilised by the Group at 31 December 2020 (2019: nil).

## **FOREIGN EXCHANGE RISK**

The Company has foreign currency investments in financial assets, which expose it to foreign currency risk. The Group is mainly exposed to the effects of fluctuation of the US\$ and the S\$. As the HK\$ is pegged to the US\$, the Group considers the risk of movements in exchange rates between the HK\$ and the US\$ to be insignificant. Accordingly, their fluctuation is excluded from the sensitivity analysis. If the exchange rate of HK\$ against S\$ has been increased/decreased by 5% (2019: 5%), the Group's loss for the year would have been decreased/increased by approximately HK\$227,000 (2019: approximately HK\$545,000).

## **EMPLOYEES**

As at 31 December 2020 the Group had 4 (2019: 3) employees. The total employees remuneration was approximately HK\$3,457,000 (2019: approximately HK\$3,624,000) for the current financial year. The Group's emolument policies are formulated based on the performance of individual employees and is reviewed regularly every year.

## **OUTLOOK**

Looking forward into the Year of 2021, the operating environment for financial markets is expected to remain challenging. The outbreak of the global virus has adversely impact on the investment market and thus many economic and political uncertainties remain. Capital markets in 2021 are likely to be volatile.

The Company will continue to adopt and maintain a prudent investment approach to capture attractive investment opportunities as and when they arise. The Company will continue fully leveraging its strong market analytical capability and carefully identify the market trend, focusing on high-tech, new economy, bio-medicine, new energy, real estate, and education and culture as the core investment areas. The Company intends to initiate the establishment of the SPAC (Special Purpose Acquisition Company) in 2021 to acquire outstanding targets in the health industry. The company is committed to adopting the rigorous investment attitudes and professional investment methods, through a flexible investment strategy to bring the maximum returns for all the shareholders.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles, code provisions and recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 December 2020, the Company has complied with all code provisions, and where applicable, certain recommended best practices set out in the CG Code except for code provisions A.5.1 and A.6.7 of the CG Code as explained below.

Prior to the re-appointment of Mr. Phaisalakani on 23 January 2020, (i) the number of the INEDs has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the Board does not have at least one of its INEDs possessing appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; (iii) there is a vacancy for chairman of the Audit Committee, the number of members of the Audit Committee has fallen below the minimum number, and no INED who possesses appropriate qualifications or expertise has been appointed as a member of the Audit Committee as required under Rule 3.21 of the Listing Rules; (iv) the Remuneration Committee to comprise a majority of INEDs cannot be met, which do not fulfil the requirement under Rule 3.25 of the Listing Rules; and (v) the Nomination Committee to comprise a majority of INEDs cannot be met, which do not fulfil the requirement under Code Provision A.5.1 of the CG Code set out in Appendix 14 to the Listing Rules.

The Company should appoint sufficient number of INED and make appropriate appointment to the Audit Committee, the Remuneration Committee and the Nomination Committee within three months after insufficient number of INED pursuant to Rules 3.11, 3.23, 3.27 of the Listing Rules and Code Provision A.5.1 of the CG Code. On 17 January 2020, the Stock Exchange granted a waiver from strict compliance with Rule 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and an extension of time for a period of one month to 31 January 2020.

Following the re-appointment of Mr. Phaisalakani as an independent non-executive director, the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee on 23 January 2020, the Company fulfils the requirements under Rule 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and Code Provision A.5.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

As at the date of this report, the Company has complied with Rule 3.10(1), Rule 3.10(2), and Rule 3.10A of the Listing Rules. The Company has appointed three independent non-executive Directors, one of whom possess the requisite appropriate professional qualifications or accounting or related financial management expertise. The Board confirmed that the independence and eligibility of the independent non-executive Directors are in compliance with the relevant requirements of the Listing Rules.

Under the code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of members. All Directors are encouraged to attend the Company's general meetings and each Director makes every effort to attend. However, two independent non-executive Directors and three non-executive Directors were unable to attend the annual general meeting held on 10 June 2020 due to other personal engagements.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), as contained in Appendix 10 of the Listing Rules, as the required standard for the Directors of the Company to deal in the securities of the Company. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2020.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the Year, the Company did not purchase, sell or redeem any of the Company's own securities.

## **AUDITOR**

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by HLM CPA Limited who will retire and eligible for re-election at the forthcoming annual general meeting.

## **REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE**

The audit committee comprises four members and is currently consisting of two independent non-executive Directors, namely, Mr. Lai Kim Fung and Mr. Wong Yiu Kit, Ernest, and two non-executive Director, namely, Ms. Li Ye and Mr. Wong Tsz Wai. Mr. Wong Yiu Kit, Ernest is the chairman of the audit committee. The consolidated financial statements of the Group for the year ended 31 December 2020 had been reviewed, discussed and approved by the Audit Committee. Also, the figures in respect of this results announcement have been agreed by the Company's external auditors, HLM CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2020. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on this results announcement.

## **EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT**

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2020.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material uncertainty related to going concern**

The accompanying consolidated financial statements for the year ended 31 December 2020 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 2 to the consolidated financial statements which indicated that the Group incurred a net loss of approximately HK\$36,302,000 and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK\$63,865,000, total liabilities exceeded its total assets by approximately HK\$129,549,000 while its cash and cash equivalents amounted to approximately HK\$168,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As explained in note 2 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. Our opinion is not qualified in respect of these matters.

## **PUBLICATION OF RESULTS AND ANNUAL REPORT**

This results announcement is published on the website of the Company at <http://www.goldstoneinvest.com> and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report of the Company will be despatched to shareholders and published on the aforesaid websites in due course.

By Order of the Board  
**Goldstone Investment Group Limited**  
金石投資集團有限公司  
**Dr. Xiao Yanming**  
Chairlady

Hong Kong, 31 March 2021

*As at the date of this announcement, the Board comprises seven Directors. The executive Director is Dr. Xiao Yanming; the non-executive Directors are Mr. Tung Shu Sun, Ms. Li Ye and Mr. Wong Tsz Wai; and the independent non-executive Directors are Mr. Lai Kim Fung, Ms. Wang Zhongqiu and Mr. Wong Yiu Kit, Ernest.*