

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Goldstone Investment Group Limited (“**Goldstone**” or the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021 (the “**Year**”), together with the comparative figures for the year ended 31 December 2020 as follows:

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

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 HK\$ (Unaudited)	2020 HK\$ (Audited)
Revenue	(4)	–	–
Net gain (loss) on financial assets at fair value through profit or loss	(6)	102,818	(5,794,542)
Net other income, gains and losses	(4)	103,684	1,151,798
Administrative and other operating expenses		<u>(16,827,459)</u>	<u>(21,757,565)</u>
Loss from operations	(7)	(16,620,957)	(26,400,309)
Finance costs	(8)	<u>(15,035,263)</u>	<u>(9,901,282)</u>
Loss before tax		(31,656,220)	(36,301,591)
Income tax expense	(9)	<u>–</u>	<u>–</u>
Loss for the year and total comprehensive expenses attributable to owners of the Company		<u>(31,656,220)</u>	<u>(36,301,591)</u>
Loss per share Basic and diluted	(11)	<u>(0.015)</u>	<u>(0.020)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	<i>Notes</i>	2021 HK\$ (Unaudited)	2020 HK\$ (Audited)
Non-current assets			
Furniture, fixtures and equipment		–	–
Financial assets at fair value through profit or loss	(12)	4,612,939	4,535,340
Rental deposit	(13)	–	60,693
Right-of-use assets		–	–
		<u>4,612,939</u>	<u>4,596,033</u>
Current assets			
Financial assets at fair value through profit or loss	(12)	116,920,693	448,000
Rental deposit	(13)	67,813	–
Other receivables, deposits and prepayments	(13)	391,022	87,711
Cash and bank balances		7,745,057	168,180
		<u>125,124,585</u>	<u>703,891</u>
Current liabilities			
Creditors and accrued expenses		5,419,533	11,704,868
Unsecured borrowings	(14)	25,891,997	37,706,111
Corporate bonds	(15)	33,718,173	6,970,152
Convertible bonds	(16)	53,571,133	–
Lease liabilities		9,067,741	8,188,237
		<u>127,668,577</u>	<u>64,569,368</u>
Net current liabilities		<u>(2,543,992)</u>	<u>(63,865,477)</u>
Total assets less current liabilities		<u>2,068,947</u>	<u>(59,269,444)</u>

	<i>Notes</i>	2021 HK\$ (Unaudited)	2020 HK\$ (Audited)
Non-current liabilities			
Corporate bonds	(15)	47,397,321	69,086,340
Lease liabilities		—	1,193,245
		<u>47,397,321</u>	<u>70,279,585</u>
NET LIABILITIES		<u>(45,328,374)</u>	<u>(129,549,029)</u>
Capital and reserves			
Share capital	(17)	27,052,735	22,544,485
Reserves		(72,381,109)	(152,093,514)
CAPITAL DEFICIENCY		<u>(45,328,374)</u>	<u>(129,549,029)</u>
Net liability value per share	(18)	<u>(0.0214)</u>	<u>(0.0718)</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**”). 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.

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

The unaudited 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 unaudited 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 unaudited 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 unaudited 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 2021, the Group incurred a net loss of HK\$31,656,220 and as at that date, the Group recorded net current liabilities of HK\$2,543,992 and net liabilities of HK\$45,328,374 while its cash and cash equivalents amounted to HK\$7,745,057. 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) The Group will seek to obtain additional new financial support including but not limited to borrow loans, issuing additional equity or debt securities. The Group is currently in discussions with potential investors on the issuing of 20% new shares under the general mandate; and
- (ii) The Group will also seek to redeem some of its investment products as soon as practically feasible while trying to minimize the potential loss of value given the current adverse condition and challenging economic environment.

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 unaudited consolidated financial statements for the year ended 31 December 2021 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 unaudited 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 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 2021 for the preparation of the unaudited consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of 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 unaudited 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 ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the unaudited 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:

	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Revenue	–	–
Other income, gains and losses:		
Income from office sharing	–	67,500
Exchange loss, net	(114,103)	(128,887)
Interest income on rental deposit	7,120	317,519
Government subsidies	–	216,000
Waiver of directors' remuneration	–	675,484
Sundry income	210,667	4,182
	103,684	1,151,798

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, convertible bonds and corporate bonds for the year, analysed by geographical markets, are as follows:

	2021 (Unaudited)		
	Singapore <i>HK\$</i>	Hong Kong <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	4,612,939	124,665,750	129,278,689
Unallocated assets			458,835
			<hr/>
Total assets			129,737,524
			<hr/> <hr/>
Segment liabilities	–	160,578,624	160,578,624
Unallocated liabilities			14,487,274
			<hr/>
Total liabilities			175,065,898
			<hr/> <hr/>
		2020 (Audited)	
	Singapore <i>HK\$</i>	Hong Kong <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	4,535,340	616,180	5,151,520
Unallocated assets			148,404
			<hr/>
Total assets			5,299,924
			<hr/> <hr/>
Segment liabilities	–	113,762,603	113,762,603
Unallocated liabilities			21,086,350
			<hr/>
Total liabilities			134,848,953
			<hr/> <hr/>

6. NET GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Unrealised (loss) gain arising on fair value changes of listed equity investments	(390,656)	448,000
Unrealised gain (loss) arising on fair value changes of unlisted equity investment	194,689	(6,242,542)
Unrealised gain arising on fair value change of unlisted investment fund	3,055,785	–
Realised loss arising on disposal of unlisted investment fund	(2,757,000)	–
	<u>102,818</u>	<u>(5,794,542)</u>

7. LOSS FROM OPERATIONS

	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Loss from operations has been arrived at after charging (crediting):		
Auditor's remuneration	290,000	250,000
Investment management fee	270,000	–
Depreciation of right-of-use assets	–	1,208,489
Exchange loss, net	114,103	128,887
Interest income on rental deposit	(7,120)	(317,519)
Impairment losses on right-of-use assets	–	8,241,405
Net (gain) loss on financial assets at FVTPL	(102,818)	5,794,542
Lease payments for short-term leases and low value assets not included in the measurement of lease liabilities	52,492	348,215
Directors' remuneration and staff costs		
– salaries, allowance and other benefits in kind	5,748,370	9,149,644
– contributions to MPF Scheme	122,250	94,725
	<u>5,748,370</u>	<u>9,149,644</u>
	<u>122,250</u>	<u>94,725</u>

8. FINANCE COSTS

	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Interest on:		
– Loans from a director	–	72,269
– Loans from the Ultimate Controlling Party	–	369,744
– Loans from a licensed money lending company	12,287	800,000
– Loans from third parties	1,306,799	1,770,331
– Overdue rent and management fee	107,416	25,920
Overdue interest on corporate bonds	15,090	–
	<u>1,426,502</u>	3,038,264
Effective interest on corporate bonds	5,984,002	5,966,080
Effective interest on convertible bonds	7,181,233	–
Imputed interest on lease liabilities	428,436	896,938
	<u>15,035,263</u>	<u>9,901,282</u>

9. INCOME TAX EXPENSE

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\$281,630,000 (2020: approximately HK\$251,903,000) 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 (2020: 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 (2020: HK\$nil).

11. LOSS PER SHARE

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

	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	<u>31,656,220</u>	<u>36,301,591</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,122,714,619</u>	<u>1,803,558,784</u>

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company, and the weighted average number of shares 2,122,714,619 ordinary shares (2020: 1,803,558,784) in issue.

For the year ended 31 December 2021, the computation of diluted loss per share has not assumed the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share.

The amount of diluted loss per share was the same as basic loss per share because the Company had no potential ordinary shares outstanding for the year ended 31 December 2020.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Non-current asset:		
– Unlisted equity investments in overseas	<u>4,612,939</u>	<u>4,535,340</u>
Current assets:		
Equity investments listed in Hong Kong	57,344	448,000
Unlisted investment funds in overseas	<u>116,863,349</u>	–
	<u>116,920,693</u>	<u>448,000</u>

The Group had the following investments:

As at 31 December 2021 (Unaudited)

Notes	Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Carrying amount/ initial investment costs HK\$	Unrealised gain (loss) arising on revaluation/ fund operating expenses HK\$	Exchange loss HK\$	Fair value/ market value HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the year HK\$	% of the Group's total assets as at reporting period end attributable to the investment
(a)	E-Com Holdings Pte. Ltd.	Singapore	1,259,607	23.70%	4,535,340	194,689	(117,090)	4,612,939	5,081,164	-	3.56%
(b)	State Energy International Assets Holdings Limited	Bermuda	179,200	less than 1%	448,000	(390,656)	-	57,344	388,864	-	0.30%
(c)	HF Multi-Asset Strategy Fund	Cayman Islands				(2,464,551)					
	- Fixed Income Product A in Amazing Auction Limited		N/A	N/A	12,000,000	1,144,110	-	13,144,110	13,144,110	-	10.13%
	- Fixed Income Product B in Amazing Auction Limited		N/A	N/A	6,000,000	553,973	-	6,553,973	6,553,973	-	5.05%
	- Private Bond Investment Product A in CAM SPC Alpha SP		N/A	N/A	32,000,000	3,072,000	-	35,072,000	35,072,000	-	27.03%
	- Private Bond Investment Product B in CAM SPC CNNC SP		N/A	N/A	28,000,000	2,464,000	-	30,464,000	30,464,000	-	23.48%
	- Private Bond Investment Product C in CAM SPC Omega SP		N/A	N/A	25,000,000	2,000,000	-	27,000,000	27,000,000	-	20.81%
	- Ordinary shares in Core Economy Investment Group Limited (stock code: 339)		11,720,000	4.87%	6,434,032	(2,332,032)	-	4,102,000	4,102,000	-	3.16%
	- Special Purpose Acquisition Company ("SPAC") in Bodhi Tree Health Technology Acquisition Corp. ("BTHT Acquisition Corp")		1	100%	1,800,000	(1,381,715)	-	418,285	418,285	-	0.32%
	- Cash and cash equivalents		N/A	N/A	108,981	-	-	108,981	108,981	-	0.08%
						<u>3,055,785</u>		<u>116,863,349</u>			

As at 30 June 2021 (Unaudited)

Notes	Name of Investee Company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Carrying amount/ initial investment cost HK\$	Unrealised gain (loss) arising on revaluation/ fund operating expenses HK\$	Exchange loss HK\$	Fair value/ market value HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the year HK\$	% of the Group's total assets attributable to the investment
<i>Unrealised gain/(loss)</i>											
(a)	E-Com Holding Pte. Ltd	Singapore	1,259,607	23.70%	4,535,340	-	-	4,535,340	5,651,670	-	3.33%
(b)	State Energy International Assets Holdings Limited	Bermuda	896,000	less than 1%	448,000	(374,528)	-	73,472	134,343	-	0.05%
(c)	HF Multi-Asset Strategy Fund	Cayman Islands				(2,088,048)					
	Fixed Income Product A in Amazing Auction Limited		N/A	N/A	12,000,000	539,178	-	12,539,178	12,539,178	-	9.20%
	Fixed Income Product B in Amazing Auction Limited		N/A	N/A	6,000,000	251,507	-	6,251,507	6,251,507	-	4.59%
	Private Bond Investment Product A in CAM SPC Alpha SP		N/A	N/A	32,000,000	1,136,219	-	33,136,219	33,136,219	-	24.31%
	Private Bond Investment Product B in CAM SPC CNNC SP		N/A	N/A	28,000,000	911,342	-	28,911,342	28,911,342	-	21.21%
	Private Bond Investment Product C in CAM SPC Omega SP		N/A	N/A	25,000,000	739,726	-	25,739,726	25,739,726	-	18.89%
	Ordinary shares in Core Economy Investment Group Limited (stock code: 339)		11,720,000	4.87%	6,434,032	(808,432)	-	5,625,600	5,625,600	-	4.13%
	Cash and cash equivalents		N/A	N/A	15,565,483	-	-	15,565,483	15,565,483	-	11.42%
						<u>681,492</u>		<u>127,769,055</u>			

Name of Investee Company	Number of shares held	Effective shareholding interest	Initial investment costs HK\$	Realised losses HK\$	Exchange loss HK\$	Disposal consideration HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the period HK\$	% of the Group's total assets attributable to the investment
<i>Realised loss</i>									
Ordinary shares in Core Economy Investment Group Limited (stock code: 339)	57,950,000	24.10%	28,255,000	<u>(2,757,000)</u>	-	<u>25,498,000</u>	-	-	-

As at 31 December 2020 (Audited)

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\$	% of the Group's total assets as at reporting period end attributable to the investment
(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	-	85.57%
(b)	State Energy International Assets Holdings Limited	Bermuda	896,000	less than 1%	-	448,000	-	448,000	48,384	-	0.91%

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 (2020: HK\$nil).

For the year ended 31 December 2021, the unaudited consolidated net profit was approximately S\$623,000 (equivalent to approximately HK\$3,605,000) (2020: audited consolidated net profit approximately S\$746,000, equivalent to approximately HK\$4,198,000). As at 31 December 2021, its unaudited consolidated net assets were approximately S\$3,750,000 (equivalent to approximately HK\$21,439,000) (2020: audited consolidated net assets approximately S\$4,434,000, equivalent to approximately HK\$26,013,000).

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 2021 and 2020, the carrying amount of the Group's interest in the shares of E-Com exceeded 10% of the total assets of the Group.

- (b) 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 (2020: HK\$Nil). State En Assets' shares trading has been suspended on 1 February 2019 and been resumed trading on 7 December 2020.

For the period ended 30 September 2021, the unaudited consolidated net profit attributable to the owners of State En Assets was approximately HK\$9,315,000 (31 March 2021: audited consolidated net profit approximately HK\$10,250,000) and the basic earnings per share was HK2.93 cents (31 March 2021: basic earnings per share was HK0.95 cents). At 30 September 2021, the unaudited consolidated net asset value was approximately HK\$324,053,000 (31 March 2021: audited consolidation net assets approximately HK\$116,262,000).

As at 31 December 2021 and 2020, 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.

- (c) On 18 January 2021, the Company entered into an investment agreement with HF Multi-Asset Strategy Fund (the “**HF Fund**”), an unlisted limited company incorporated in the Cayman Islands, whose voting shares are solely owned, through an intermediary company, by an individual who is independent of the Company and its connected persons. The Company is the sole investor of the HF Fund.

As at 31 December 2021, carrying amount of the HF Fund amounted to HK\$116,863,349 (2020: HK\$Nil). The Company subscribed participating shares amounting to HK\$156,500,000 during the year ended 31 December 2021.

As at 31 December 2021, the HF Fund mainly comprised the sub-funds investing in (i) fixed income debt instruments; (ii) private bonds; (iii) listed securities; and (iv) pre-initial public offering SPAC. During the year, the Company did not receive any cash dividend from HF Fund.

The fund manager of HF Fund is JZ Asset Management Company Limited (the “**Fund Manager**”), the Fund Manager is registered under the Securities and Futures Commission to conduct Type 1 (securities trading), Type 4 (advising on securities) and Type 9 (Providing Asset Management) regulated activities, and is a wholly-owned subsidiary of JZ Financial Holdings Group Limited, which employs experienced, qualified and licensed business personnel and senior investment professionals. Most of them have more than 20 years of investment experience and outstanding performance in managing their clients’ investments and daily fund management activities. The founding partner of JZ Financial Holdings Group Limited, Mr. Yen Chanan, has about 20 years of experience in asset management and capital markets. Mr. Yen Chanan was previously an executive director of China Great Wall Assets Management Company Corporation, a wholly state-owned financial enterprise approved by the State Council (with assets under management of more than RMB 800 billion), specializing in non-performing loan acquisition, private equity/public equity and fixed income investment, securities-backed financing, private equity financing, mortgage loans and cross-border merger and acquisition financing, and was responsible for managing the asset management business in China Great Wall Assets Management Company Corporation. Mr. Yen Chanan is well experienced in managing funds including bond investment funds, M&A and restructuring funds and strategic investment funds.

The Fund Manager shall have the discretion to make investments on behalf of the Company and manage such investments based on certain agreed parameters.

The investments in listed and unlisted equity investment and unlisted investment fund at 31 December 2021 and 2020 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 fair value of the HF Fund which is not quoted in an active market is stated with reference to the net asset value as at 31 December 2021. The directors believe that the estimated fair value is reasonable, and that is the most appropriate value at the end of the reporting period.

The market value of listed equity investments were determined based on the quoted market bid prices available on the Stock Exchange at 31 December 2021 and 2020.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Non-current asset		
Rental deposit	–	60,693
Current assets		
Other receivables	2,317,465	2,317,265
Less: allowance for credit loss	(2,317,127)	(2,317,127)
	338	138
Rental deposit	67,813	–
Rental and utility deposits	3,350	3,250
Prepayments	387,334	84,323
	458,835	87,711

14. UNSECURED BORROWINGS

	<i>Notes</i>	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Current liabilities			
– Loans from a director	a	72,269	72,269
– Loan from a licensed money lending company	b	–	8,587,713
– Loans from third parties	c	25,819,728	29,046,129
		25,891,997	37,706,111

Notes:

(a) Loans from a director

During the year, there were loans advanced from a director of HK\$800,000 (2020: HK\$3,300,000) and loan interest payable as at 31 December 2021 of approximately HK\$72,000 (2020: HK\$72,000). The loans were obtained from a director, Dr. Xiao Yanming (“**Dr. Xiao**”), on an unsecured basis and repayable within one year.

(b) Loan from a licensed money lending company

The loan was due to an independent licensed money lending company, bearing a fixed interest rate at 10% per annum for a term of one year. The effective interest rate was 11.23% (2020: 11.23%) per annum.

(c) Loans from third parties

The loans were due to independent third parties, bearing fixed interest rate at 6% to 16% (2020: 6% to 16%) per annum. The effective interest rate was in the range of 8.78% to 16% (2020: 8.78% to 16%) per annum.

15. CORPORATE BONDS

The corporate bonds (“**Bond(s)**”) recognised in the unaudited 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 2020									
(Audited)	10,437,893	2,777,214	9,461,790	9,921,703	9,669,831	9,483,195	9,368,092	8,970,694	70,090,412
Effective interest expenses	<u>806,643</u>	<u>294,522</u>	<u>1,009,581</u>	<u>858,938</u>	<u>644,722</u>	<u>668,342</u>	<u>986,052</u>	<u>697,280</u>	<u>5,966,980</u>
At 31 December 2020 and 1 January 2021									
(Audited)	11,244,536	3,071,736	10,471,371	10,780,641	10,314,553	10,151,537	10,354,144	9,667,974	76,056,492
Effective interest expenses	<u>701,765</u>	<u>310,102</u>	<u>1,043,663</u>	<u>871,558</u>	<u>655,048</u>	<u>681,046</u>	<u>1,007,570</u>	<u>713,250</u>	<u>5,984,002</u>
Interest paid	<u>-</u>	<u>(225,000)</u>	<u>-</u>	<u>(700,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(925,000)</u>
At 31 December 2021									
(Unaudited)	<u>11,946,301</u>	<u>3,156,838</u>	<u>11,515,034</u>	<u>10,952,199</u>	<u>10,969,601</u>	<u>10,832,583</u>	<u>11,361,714</u>	<u>10,381,224</u>	<u>81,115,494</u>
Analysed as:									
Current	11,946,301	3,156,838	11,515,034	700,000	1,500,000	1,500,000	2,400,000	1,000,000	33,718,173
Non-current	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,252,199</u>	<u>9,469,601</u>	<u>9,332,583</u>	<u>8,961,714</u>	<u>9,381,224</u>	<u>47,397,321</u>
Total (Unaudited)	<u>11,946,301</u>	<u>3,156,838</u>	<u>11,515,034</u>	<u>10,952,199</u>	<u>10,969,601</u>	<u>10,832,583</u>	<u>11,361,714</u>	<u>10,381,224</u>	<u>81,115,494</u>

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. CONVERTIBLE BONDS

Convertible bonds with principal amount of HK\$50,010,000 with conversion price of HK\$0.30 was issued by the Company to the six subscribers on 22 January 2021. The net proceeds from issuing the convertible bonds of approximately HK\$49,600,000 are to be used for repayment of borrowings, general working capital and investment projects of the Group.

It entitled the holders to convert into ordinary shares of the Company at any time after the date of issue and up to and including the 14th day immediately preceding the maturity date, which is on the first anniversary of the date of issue of convertible bonds. If the convertible bonds have not been converted, it will be redeemed on maturity date at the entire principal amount with accrued and unpaid interest. None of the convertible bonds is converted as at the reporting date. The convertible bonds bear interest at the coupon rate of 8% per annum.

The carrying amounts of above-mentioned convertible bonds recognised at the end of the reporting period were calculated as follows:

	2021 <i>HK\$</i> (Unaudited)
Equity component	
Fair value of the entire convertible bonds, at the date of issuance	3,120,000
Liability component	
At the date of issuance	46,389,900
Effective interest expenses charged to unaudited consolidated statement of profit or loss	7,181,233
At 31 December 2021	53,571,133
Analysis as:	
Current portion	53,571,133

At initial recognition, the equity component of the convertible bonds was separated from the liability component. The equity element is presented in equity heading convertible bonds equity reserve. The effective interest rate of the liability component is 16%.

17. SHARE CAPITAL

	Number of ordinary shares of HK\$0.0125 each	HK\$
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	80,000,000,000	1,000,000,000
	Number of shares	HK\$
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 1 January 2021	1,803,558,784	22,544,485
Issue of shares upon placement shares (<i>note</i>)	360,660,000	4,508,250
At 31 December 2021 (Unaudited)	2,164,218,784	27,052,735

Note:

The Company has completed the placing agreement on 4 January 2021. A total of 90,140,000 new shares representing approximately 4.76% of the total issued share capital of the Company have been successfully placed.

The Company has completed the placing agreement on 25 February 2021. A total of 270,520,000 new shares representing approximately 12.50% of the total issued share capital of the Company have been successfully placed.

18. NET LIABILITY VALUE PER SHARE

As at 31 December 2021 and 2020, the net liability value per share of the Company was HK\$0.0214 and HK\$0.0718 respectively. The net liability value per share is calculated by dividing the net liabilities in the unaudited consolidated financial position of approximately HK\$45,328,000 (2020: approximately HK\$129,549,000) by the number of 2,122,714,619 (2020: 1,803,558,784) ordinary shares in issue at 31 December 2021.

19. PLEDGE OF ASSETS

At the end of the reporting period, no margin facility (2020: HK\$nil) from a regulated securities broker was granted to the Group under which financial assets at FVTPL of HK\$57,344 (2020: HK\$448,000) were treated as collateral for the facilities granted.

20. 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	2021 HK\$ (Unaudited)	2020 HK\$ (Audited)
Evergrande Securities (Hong Kong) Limited	Investment management fee	270,000	–
Dr. Xiao	Loan interest expenses	–	72,269
The Ultimate Controlling Party	Loan interest expenses	–	369,744

(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	2021 HK\$ (Unaudited)	2020 HK\$ (Audited)
Dr. Xiao	Loan interest incurred from a director	(72,269)	(72,269)

(c) Compensation of key management personnel

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

	2021 HK\$ (Unaudited)	2020 HK\$ (Audited)
Directors' fee	2,699,667	4,022,334
Salaries, allowance and other benefits in kind	–	1,102,333
Discretionary bonuses	49,658	568,000
Contributions to MPF Scheme	58,100	33,300
	2,807,425	5,725,967

21. EVENTS AFTER THE REPORTING PERIOD

On 22 February 2022, the Company received a winding-up petition filed by a holder of the convertible bonds (the “**Convertible Bonds**”) to the Court of First Instance of the High Court of the Hong Kong for the winding-up of the Company in relation to, pursuant to the Convertible Bonds, an alleged outstanding debt in the sum of HK\$43,195,680, being the alleged outstanding principal amounts of the Convertible Bonds in the sum of HK\$39,996,000 and the alleged interest accrued thereon in the sum of HK\$3,199,680 up to 21 January 2022 (“**Maturity Date**”) and, a further interest, calculated at 8% per annum on a 365-day-basis until payment in full, following from the Maturity Date. The hearing will be scheduled on 27 April 2022.

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 an 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.

The year 2021 was another year full of challenges, difficulties and unpredictability. The global financial markets are impacted by the COVID-19 pandemic severely across the stock, bond and commodity (including crude oil and gold) markets. The continuous pandemic hits the market hard, and the world faces the triple problems of epidemic, recovery and inflation. US dollar index rises to 95.67 from 89.93, closed almost at 2021 high and high inflation triggers interest rate hike expectations in 2022. Ten-year US Treasury yields hit 1.90 per cent, their highest since March 2020, as investor expectations for the Federal Reserve to tighten monetary policy were peaked. A surge in US bond yields has weighed on risk assets around the world, while expectations of tighter liquidity have kept investors cautious about current financial assets.

In China, due to the rapid rise in commodity prices in 2021, China's PPI index will rise significantly in the second half of 2021, and the CPI index will continue to be suppressed due to the sharp drop in pork prices. As the epidemic continues to disrupt the global economy, China's exports will be strong in 2021, creating conditions for industrial enterprises to resume production. In 2021, consumer companies will generally perform poorly, with rising raw material costs and reduced profits. There were two reserve requirement ratio cuts in the second half of 2021 and RMB continues to appreciate, Chinese monetary policy is a possibility of continued easing in the future.

On the whole, in 2021, when the epidemic continues and the Delta and Omicron mutated viruses continue to intervene in the recovery, the global vaccination rate and the strength of the economic recovery will exceed expectations, while inflation will also exceed expectations.

During the Year, the Company invested the investments in unlisted investment funds of fixed income debt instruments, private bonds, pre IPO SPAC. The Company also continued its investments in both listed and unlisted equity securities and other related financial assets. As at 31 December 2021, the Company's investment portfolio was diversified across different business sectors including education, investment in equity and debt securities.

BUSINESS REVIEW

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

1. Net unrealised gain arising on fair value changes of listed equity investments, unlisted equity investments and investment fund was approximately HK\$2,860,000 (2020: unrealised loss approximately HK\$5,794,000).
2. Net realised loss arising on disposal of unlisted investment fund invested in the portfolio of Hong Kong listed shares was approximately HK\$2,757,000 (2020: Nil).

The net loss attributable to owners of the Company was approximately HK\$31,656,000, a decrease of approximately HK\$4,646,000 from the loss of approximately HK\$36,302,000 in the last financial year.

The decrease in loss position was mainly attributable to the increase in net gain on financial assets at fair value through profit or loss of approximately HK\$5,897,000, decrease in net other income, gains and loss HK\$1,048,000, the decrease in administrative cost of approximately HK\$4,930,000 and increase in finance costs of approximately HK\$5,134,000 respectively.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

As at 31 December 2021, the Group has cash and cash equivalents of approximately HK\$7,745,000 (2020: approximately HK\$168,000). The cash was deposited with banks in Hong Kong and mainly denominated in Hong Kong dollars. As at 31 December 2021 the unaudited consolidated net liabilities value of the Group was approximately HK\$45,328,000 (2020: approximately HK\$129,549,000) with unaudited consolidated net liabilities value per share of HK\$0.0214 (2020: HK\$0.0718). The Company is fully aware of the financial position and financial performance of the reporting period.

The Group did not have any capital expenditure commitment as at the end of the Year.

The Company has no change in the Group's capital structure for the Year.

INVESTMENT REVIEW

The Company is an investment company listed on the main board of the Stock Exchange under Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The details of investments with a value of 5% or more of the Group’s total assets as at the Year were summarised as below:

Financial assets at fair value through profit or loss

(i) *Unlisted investment funds*

Investment portfolio/ instrument	Initial investment costs	% of the Group’s total assets as at reporting period end attributable to the investment	Name and principal business of underlying investee company(ies)	Carrying value as at 31 December 2021
Fixed Income Product A	HK\$12,000,000	10.13%	Amazing Auction Limited (fixed income product collateralised by antiques)	HK\$13,144,110

(1) *Investment Mandate:*

Investment Objective

The investment objective of the Fixed Income Product A is to receive stable and decent return with manageable risks. The product is collateralised by antiques, which are categorised as alternative assets, not correlated with traditional asset classes, thus can serve as a hedge against normal market risks. In view of the total portfolio, the product could help with the risk diversification. There can be no assurance that the investment objective will be achieved. The purpose of mixing alternative investment in the portfolio is to have some forms of tangible assets hedging against the financial economy and to further diversify the portfolio.

Investment Tenor

Two years with an option of extension.

Collaterals

A number of antique pieces have been used as collaterals of the product. Professional advices have been sought with regard to the quality and value of the collaterals.

(2) *Investment Strategy:*

The investment intends to receive 10% annual return with manageable risks. There is no guarantee that the investment strategies will achieve the investment objective.

(3) *Prospect:*

The investment prospect is good with stable income and valuable collaterals as guarantee. Given the current geo-political crisis, the investment seems more suitable as people are more risk averse.

Investment portfolio/ instrument	Initial investment costs	% of the Group's total assets as at reporting period end attributable to the investment	Name and principal business of underlying investee company(ies)	Carrying value as at 31 December 2021
Fixed Income Product B	HK\$6,000,000	5.05%	Amazing Auction Limited (fixed income product collateralised by art and antiques)	HK\$6,553,973

(1) *Investment Mandate:*

Investment Objective

The investment objective of the Fixed Income Product B is to receive stable and decent return with manageable risks. The product is collateralised by artwork and art collections and antiques, which are categorised as alternative assets, not correlated with traditional asset classes, thus can serve as a hedge against normal market risks. In view of the total portfolio, the product could help with the risk diversification. There can be no assurance that the investment objective will be achieved. The purpose of mixing alternative investment in the portfolio is to have some forms of tangible assets hedging against the financial economy and to further diversify the portfolio.

Investment Tenor

Two years with an option of extension.

Collaterals

A number of art and antique pieces have been used as collaterals of the products. Professional advices have been sought with regard to the quality and value of the collaterals.

(2) *Investment Strategy:*

The investment intends to receive 10% annual return with manageable risks. There is no guarantee that the investment strategies will achieve the investment objective.

(3) *Prospect:*

The investment prospect is good with stable income and valuable collaterals as guarantee. Given the current geo-political crisis, the investment seems more suitable as people are more risk averse.

Investment portfolio/ instrument	Initial investment costs	% of the Group's total assets as at reporting period end attributable to the investment	Name and principal business of investee company(ies)	Carrying value as at 31 December 2021
Private Bond Investment Product A	HK\$32,000,000	27.03%	CAM SPC Alpha SP (its underlying assets are related to special materials (for 3D printing, etc.))	HK\$35,072,000

(1) *Investment Mandate:*

Investment Objective

The investment objective is to maximize capital growth with a wide spectrum of assets (equity, fixed income, alternative investment, funds, etc.) with an annual return around 10%. There can be no assurance that the investment objective will be achieved.

Investment Tenor

Two years with an option of extension.

(2) *Investment Strategy:*

The CAM SPC Alpha SP intends to achieve the agreed investment objective of around 10% annual return. It can invest in a wide range of instruments including, but not limited to, private equity, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, fixed income/debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. It may also retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or as otherwise considered appropriate to the investment objective. The investment strategies summarised above represent the current intentions of the CAM SPC Alpha SP. Depending on conditions and trends in the securities markets and the economy in general, different strategies or investment techniques may be pursued or employed, subject to any applicable law or regulation.

(3) *Prospect:*

Based on the fund manager's analysis of macro-economic trends, financial market conditions and industry specifics at the time, and in line with the Fund's objectives and strategies, it was decided to invest in a private bond of 12% annual interest issued by an European company, which is an industry leader with unique technologies and know-how in the field of metal powder, which is often used in 3D printing among other things. It can significantly uplift the existing technology in China, thus having good growth and profit potentials. The investment prospect is good with stable fixed income and potential attractive upside if a conversion into equities is made in the future. There can be no assurance that the investment strategies will achieve the investment objective.

Investment portfolio/ instrument	Initial investment costs	% of the Group's net assets as at reporting period end attributable to the investment	Name and principal business of underlying investee company(ies)	Carrying value as at 31 December 2021
Private Bond Investment Product B	HK\$28,000,000	23.48%	CAM SPC CNNC SP (its underlying assets are related to hi-tech, high-end manufacturing)	HK\$30,464,000

(1) *Investment Mandate:*

Investment Objective

The investment objective is to maximize capital growth with a wide spectrum of assets (equity, fixed income, alternative investment, funds, etc.) with an annual return around 10%. There can be no assurance that the investment objective will be achieved.

Investment Tenor

Two years with an option of extension.

(2) *Investment Strategy:*

The CAM SPC CNNC SP intends to achieve the agreed investment objective of around 10% annual return. It can invest in a wide range of instruments including, but not limited to, private equity, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, fixed income/debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. It may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or as otherwise considered appropriate to the investment objective. The investment strategies summarised above represent the current intentions of the CAM SPC CNNC SP. Depending on conditions and trends in the securities markets and the economy in general, different strategies or investment techniques may be pursued or employed, subject to any applicable law or regulation.

(3) *Prospect:*

Based on the Fund Manager's analysis of macro-economic trends, financial market conditions and industry specifics at the time, and in line with the Fund's objectives and strategies, it was decided to invest in a private bond of 10% annual interest. The bond issuer is a European Company and industry leader with pioneering and special technologies in high-end manufacturing for specialised products, which improves product quality and reduce industrial waste, thus having good growth and profit prospect. The selection is targeted to provide a steady and predictable return with solid fundamentals of the investment target.

Investment portfolio/ instrument	Initial investment costs	% of the Group's net assets as at reporting period end attributable to the investment	Name and principal business of underlying investee company(ies)	Carrying value as at 31 December 2021
Private Bond Investment Product C	HK\$25,000,000	20.81%	CAM SPC Omega SP (its underlying assets are related to ESG, waste management)	HK\$27,000,000

(1) *Investment Mandate:*

Investment Objective

The investment objective of the CAM SPC Omega SP is to maximize capital growth with a wide spectrum of assets (equity, fixed income, alternative investment, funds, etc.) with an annual return around 10%. There can be no assurance that the investment objective will be achieved.

Investment Tenor

Two years with an option of extension

(2) *Investment Strategy:*

The CAM SPC Omega SP intends to achieve the agreed investment objective of around 10% annual return. It can invest in a wide range of instruments including, but not limited to, private equity, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, fixed income/debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. It may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or as otherwise considered appropriate to the investment objective. The investment strategies summarised above represent the current intentions of the CAM SPC Omega SP. Depending on conditions and trends in the securities markets and the economy in general, different strategies or investment techniques may be pursued or employed, subject to any applicable law or regulation.

(3) *Prospect:*

The bond issuer is a European Company and industry leader with cutting-edge ESG related technologies in nuclear waste treatments, which can significantly uplift the existing technology in China, thus having good growth and profit prospect. The selection is targeted to provide a steady and predictable return with solid fundamentals of the investment target.

Investment portfolio/ instrument	Initial investment costs	% of the Group's net assets as at reporting period end attributable to the investment	Name and principal business of investee company(ies)	Carrying value as at 31 December 2021
HK Small Cap Equities	HK\$6,434,032	3.16%	Core Economy Investment Group Limited (stock code: 339)	HK\$4,102,000

(1) *Investment Mandate:*

Investment Objective

The investment objective is to capture undervalued equities with special opportunities and great upside potential. Good investment opportunity often comes during geo-political crisis or special situation which caused panic selling or sudden price volatilities. There can be no assurance that the investment objective will be achieved.

Restrictions

There're no particular investment restrictions in regard to the investment.

Investment Tenor

No fixed tenor. Listed company shares can be traded freely in the stock exchanges.

(2) *Investment Strategy:*

The investment intends to capture undervalued special investment opportunities by riding on changing market trends and policies shifts. Through macro and micro research and focused study of targeted sectors, investment decisions are made. It could be high-risk and high return, and therefore only a small percentage of capital are allocated in this type of investment.

Depending on conditions and trends in the securities markets and the economy in general, different strategies or investment techniques may be pursued or employed, subject to any applicable law or regulation. There is no guarantee that the investment strategies will achieve the investment objective.

(3) *Prospect:*

A Hong Kong small cap stock was chosen because it might benefit from some expected policy changes, and yield good return from its relatively undervalued price at the time of the investment. As the investment was opportunistic, close monitoring and timely adjustment have been conducted.

Investment portfolio/ instrument	Initial investment costs	% of the Group's net assets as at reporting period end attributable to the investment	Name and principal business of underlying investee company(ies)	Carrying value as at 31 December 2021
SPAC	HK\$1,800,000	0.32%	BTHT Acquisition Corp. (focused on pre IPO SPAC to be listed in Nasdaq)	HK\$418,285

(1) *Investment Mandate:*

Investment Objective

The investment objective of the SPAC project is to achieve potentially high capital gain from successful US SPAC IPO. The focused sector is biotech and healthcare, of which we have broad resources. There can be no assurance that the investment objective will be achieved.

Investment Tenor

Ongoing until IPO and De-SPAC.

(2) *Investment Strategy:*

The investment intends to achieve high capital gain by participating in Biotech and Health care related SPAC projects in the US.

Biotech and healthcare sector has been very hot these years because of, among other things, increased average human life span, interest in quality of life in general and health awareness caused by the ongoing pandemic,. The investment prospect looks particularly good right now. There can be no assurance that the investment strategies will achieve the investment objective

(3) *Prospect:*

SPAC has become a popular alternative to IPO these years and the US market is still the most favoured market. We believe that participating in SPAC investment can yield very attractive returns.

Further details of all investments of the Group are included in note 12 to the unaudited consolidated financial statements.

(ii) *Realised loss on disposal of unlisted investment fund invested in Hong Kong listed shares*

The realised losses of approximately HK\$2,387,000 principally represented:

Investment portfolio	Name of principal underlying investee company	Initial investment costs	Disposal consideration	Realised losses
Unlisted fund invested in shares listed in Hong Kong	Core Economy Investment Group Limited (stock code: 339)	HK\$28,255,000	HK\$25,498,000	HK\$2,757,000

FUND RAISING ACTIVITIES

Placing of ordinary shares

The Company has completed the placing of 90,140,000 and 270,520,000 new ordinary shares of the Company under the general mandate of the Company on 4 January 2021 and 25 February 2021 respectively. The details have been set out as per below:

Date of announcements	Events	Number of shares placed	Placing price	Gross proceeds raised	Net proceeds raised
9 December 2020 and 4 January 2021	Placing of 90,140,000 new shares of the Company under the general mandate of the Company, which was granted to the Directors by the shareholders of the Company at the Company's annual general meeting held on 10 June 2020.	90,140,000 new shares of the Company	HK\$0.28 per placing share	HK\$25.2 million	HK\$24.4 million
9 February 2021 and 25 February 2021	Placing of 270,520,000 new shares of the Company under the general mandate of the Company, which was granted to the Directors by the shareholders of the Company at the Company's annual general meeting held on 10 June 2020.	270,520,000 new shares of the Company	HK\$0.33 per placing share	HK\$89.3 million	HK\$88.4 million

To the best knowledge, information and belief of the Company having made such reasonable enquiry and as informed by the placing agent, each of the placees and their respective ultimate beneficial owners are independent third parties and not connected with the Company and its connected persons as at the date of completion. The placees are professional investors and a placee of 270,520,000 new ordinary shares, Dragon Synergy Holdings Limited, has become a substantial shareholder of the Company immediately after completion.

Placing of convertible bonds

The Company has completed the placing of the 8% 1-year convertible bonds of an aggregate principal amount of approximately HK\$50,010,000 to subscribe for 166,700,000 new ordinary shares of the Company under the special mandate of the Company on 22 January 2021. The details have been set out as per below:

Date of announcements	Events	Number of shares to be allotted and issued upon the exercise of convertible bonds	Conversion price	Gross proceeds raised	Net proceeds raised
10 September 2020 and 22 January 2021	Placing of approximately HK\$50,010,000 to subscribe for 166,700,000 new shares of the Company under the special mandate of the Company, which was granted to the Directors by the shareholders of the Company at the Company's extraordinary general meeting held on 13 November 2020.	166,700,000 new shares of the Company	HK\$0.30 per share	HK\$50.0 million	HK\$49.6 million

To the best knowledge, information and belief of the Company having made such reasonable enquiry and as informed by the placing agent, each of the placees and their respective ultimate beneficial owners are independent third parties and not connected with the Company and its connected persons as at the date of completion. The placees are professional investors.

Use of proceeds

The total net proceeds of approximately HK\$112,800,000 were raised from the placing of 90,140,000 and 270,520,000 new ordinary shares on 4 January 2021 and 25 February 2021 respectively as disclosed above was expected that the entire net proceeds will be utilised for the general working capital of the Group. The Company intends to use the net proceeds of approximately HK\$49,500,000 from the placing of the convertible bonds for (i) repayment of borrowings as to approximately HK\$38,000,000 and (ii) general working capital as to approximately HK\$11,600,000.

According to the announcement of the Company on 24 March 2021, in order to better deploy the resources of the Group, the Company to reallocate the net proceeds of approximately HK\$100,000,000 from the general working capital to investment projects.

The total net proceeds of approximately HK\$16,230,000 have been fully used, the following table set out the actual use of the net proceeds for the year ended 31 December 2021:

Use of proceeds	HK\$
General and administrative expenses	13,853,000
Repayment of debts and overdue payables	20,383,000
Investment	<u>128,031,000</u>
Total	<u><u>162,267,000</u></u>

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. The Group will seek to obtain additional new financial support including but not limited to borrow loans, issuing additional equity or debt securities. The Group is currently in discussions with potential investors on the issuing of 20% new shares under the general mandate; and
2. The Group will also seek to redeem some of its investment products as soon as practically feasible while trying to minimise the potential loss of value given the current adverse condition and challenging economic environment.

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 (2020: nil).

GEARING RATIO

The gearing ratio (total borrowings/total assets) as at 31 December 2021 was 130.76% (2020: 2,323.51%).

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 review and manage 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 sell assets to reduce debt.

LITIGATION

On 16 November 2021, the Company received a winding-up petition filed by a loan creditor (the "**Loans**") to the Court of First Instance of the High Court of the Hong Kong for the winding-up of the Company in relation to, pursuant to the Loans, an alleged outstanding debt in the sum of HK\$3,377,296.01, being the outstanding principal amounts of the Loans under several agreements in the sum of HK\$2,835,327.06 and the accrued interest in the sum of HK\$541,968.95. At the hearing on 23 February 2022, the High Court ordered that the hearing of the Petition be adjourned to 16 March 2022. The Judiciary announced on 4 March 2022, all hearings of the courts and tribunals originally scheduled between 7 March and 11 April 2022, will generally be adjourned. At the date of this announcement, there is no hearing date scheduled for this case.

On 22 February 2022, the Company received a winding-up petition filed by a holder of the convertible bonds (the “**Convertible Bonds**”) to the Court of First Instance of the High Court of the Hong Kong for the winding-up of the Company in relation to, pursuant to the Convertible Bonds, an alleged outstanding debt in the sum of HK\$43,195,680, being the alleged outstanding principal amounts of the Convertible Bonds in the sum of HK\$39,996,000 and the alleged interest accrued thereon in the sum of HK\$3,199,680 up to 21 January 2022 (“**Maturity Date**”) and, a further interest, calculated at 8% per annum on a 365-day-basis until payment in full, following from the Maturity Date. The hearing will be scheduled on 27 April 2022.

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 2021 as the alleged outstanding principal and interest amounts of the loans and convertible bonds have already been recorded in the unaudited consolidated financial statements as at 31 December 2021.

CONTINGENT LIABILITIES

As at 31 December 2021, the Company did not have any contingent liabilities (2020: nil).

PLEDGE OF ASSETS

At the end of the reporting period, no margin facility (2020: nil) from a regulated securities broker was granted to the Group under which financial assets at FVTPL of approximately HK\$57,000 (2020: approximately HK\$448,000) were treated as collateral for the facilities granted. No margin facility has been utilised by the Group at 31 December 2021 (2020: 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% (2020: 5%), the Group’s loss for the year would have been decreased/increased by approximately HK\$231,000 (2020: approximately HK\$227,000).

EVENT AFTER REPORTING PERIOD

Details of significant events occurring after the current financial year are set out in note 18 to the unaudited consolidated financial statement.

EMPLOYEES

As at 31 December 2021 the Group had 5 (2020: 4) employees. The total employees remuneration was approximately HK\$2,999,000 (2020: approximately HK\$3,457,000) 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 ahead, the year 2022 will be another challenging year. Inflation has gradually emerged which was affected by the prolonged COVID-19 epidemics for several consecutive years, the global supply chain has been disrupted and economic recovery will be more difficult with the tightened monetary policy and worsened geo-political risks brought by the Russian Ukrainian war. The US Consumer Price Index in January 2022 rose 7.5% year-on-year, hitting a 40-year high. Ukraine crisis at a time when world capital markets were concerned about how global central banks could further tighten monetary policy amid downward pressure on the economy. The unstable political situation along the coast, coupled with the wrestling between the major powers of China and the United States in technology and financial field, caused the stock market to fluctuate. Investors are flocking to safe-haven assets, for example, 10-year US Treasury bonds, as market uncertainty increases due to the global situation. To strengthen Hong Kong's position as an important international financial centre, a major new initiative was announced by the Hong Kong Stock Exchange on 1 January 2022, as Hong Kong has thus become another capital market that has introduced a SPAC listing mechanism after the capital markets of the United States and Singapore. The first SPAC in Hong Kong has been approved for IPO recently.

In spite of the above, the Group will continue to adopt and maintain a prudent investment approach to capture attractive market opportunities as and when they arise. The Group will continue fully leveraging its strong market analytical capability and carefully identify the market opportunities to increase the investment arrangements in healthcare/biotech sectors, new energy, new economy and high-tech, through professional, diversified and flexible approach with prudent risk management and control strategy, so as to bring 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, 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 C.1.6 of the CG Code as explained below.

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 C.1.6 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 were unable to attend the annual general meeting held on 7 June 2021 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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

REVIEW OF UNAUDITED ANNUAL RESULTS

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 (with Mr. Lai Kim Fung and Mr. Wong Yiu Kit, Ernest possessing the appropriate professional qualifications and accounting and related financial management expertise). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the unaudited annual results for the year ended 31 December 2021 and there is no disagreement between the Board and the Audit Committee.

The auditing process for the annual results of the Group for the year ended 31 December 2021 has not been completed, primarily due to the recent COVID-19 Omicron outbreak in Hong Kong, the auditing processes of the financial results of the Group for the year ended 31 December 2021 have been severely affected as the Company's auditors, HLM CPA Limited (the "**Auditor**"), to perform audit fieldwork as scheduled and planned since late-February 2022 because auditors, staff of unlisted investment fund invested by the Company and the Company's finance staff were infected and has been quarantined since late-February, early-March and mid-March respectively. In addition, the anti-pandemic measures for the prevention and control of COVID-19 Omicron implemented travel restrictions and quarantine measures that have caused difficulties on obtain all necessary audit evidences for the assessment of valuation of unlisted investment funds, totally of approximately HK\$113,000,000, from overseas on time to finish the audit verification procedures.

Given that the auditing processes have not been completed as of the date of this announcement and the Auditor requires additional time for conducting their audit work, the unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited annual results will be made when the auditing process is completed. The unaudited annual results contained herein have been reviewed by the Audit Committee.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

Following the completion of the auditing process, which is currently expected to be on or before end of May 2022, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2021 as agreed by the Auditor and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members of the Company will be closed in order to ascertain the eligibility of the shareholders of the Company to attend and vote at the annual general meeting. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

The results announcement is required to be published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at www.hkexnews.hk under "Listed Company Information" and the website of the Company at <http://www.goldstoneinvest.com> respectively. The annual report of the Company for the year ended 31 December 2021 will be dispatched to the shareholders of the Company and published on the Stock Exchange's and the Company's websites in due course.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the Auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Goldstone Investment Group Limited
金石投資集團有限公司
Mr. Chan Cheong Yee
Executive Director

Hong Kong, 31 March 2022

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