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GOLDSTREAM INVESTMENT LIMITED

金涌投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1328)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

- Aggregated investment management (“IM”) service income was approximately HK\$35,272,000, representing a decrease of approximately 49% as compared with approximately HK\$68,778,000 in 2021.
- Loss attributable to equity owner of the Company was approximately HK\$33,397,000 (2021: approximately HK\$67,729,000). Such decrease in loss was mainly attributable to the gain on disposal of the entire issued share capital of Honor Crest Holdings Limited (the “**Gain on Disposal**”).
- The Company has recorded an increase in operating loss from continuing operations (without taking into account the Gain on Disposal) to approximately HK\$79,881,000 for the year ended 31 December 2022 (2021: HK\$52,176,000), which was mainly attributable to (i) the decrease in operating profit for the IM segment and (ii) the increase in fair value loss arising from direct investment during the year.
- Basic loss per share was HK0.29 cents (2021: HK0.60 cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

RESULTS

The board (the “Board”) of Directors (the “Directors”) of Goldstream Investment Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022, all of which have been reviewed by the audit committee of the Company (the “Audit Committee”), together with the comparative figures for the corresponding period of last year, as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Continuing operations			
Income			
Investment management (“IM”) services income		35,272	68,778
Dividend income from investments	10(ii)	4,097	2,923
Net fair value losses on financial assets at fair value through profit or loss	10(ii)	(58,367)	(59,192)
Share of net losses of associates accounted for using the equity method		(18,280)	(8,370)
Consultancy services fee income		–	6,565
	3(a), 4(a)(b)	(37,278)	10,704
Other income	3(b)	10,611	23,058
Expenses			
Employee benefits expenses		(22,389)	(48,000)
Depreciation of right-of-use-assets		(2,812)	(2,812)
Depreciation of property, plant and equipment		(233)	(2,180)
Amortisation of intangible assets		(6,147)	(10,158)
Impairment provision for intangible assets		–	(2,506)
Write off of intangible assets		–	(658)
Reversal of provision for loss allowances		234	–
Operating lease charges		–	(7)
Legal and professional fees		(5,410)	(4,522)
Other expenses	5	(16,457)	(15,095)
Total expenses		(53,214)	(85,938)

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Operating loss from continuing operations		<u>(79,881)</u>	<u>(52,176)</u>
Finance costs		<u>(1,780)</u>	<u>(6,233)</u>
Loss before income tax from continuing operations		(81,661)	(58,409)
Income tax credit	6	<u>622</u>	<u>2,911</u>
Loss for the year from continuing operations		<u>(81,039)</u>	<u>(55,498)</u>
Gain/(loss) for the year from discontinued operation	12	<u>47,642</u>	<u>(12,231)</u>
Loss attributable to:			
Owners of the Company		<u>(33,397)</u>	<u>(67,729)</u>
Loss per share from continuing operations attributable to the owners of the Company during the year (expressed in HK cents per share)			
Basic	8(a)	(0.71)	(0.49)
Diluted	8(b)	<u>(0.71)</u>	<u>(0.49)</u>
Loss per share for loss attributable to the owners of the Company: (expressed in HK cents per share)			
Basic	8(a)	(0.29)	(0.60)
Diluted	8(b)	<u>(0.29)</u>	<u>(0.60)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	2022 HK\$'000	2021 HK\$'000
Loss for the year	(33,397)	(67,729)
Other comprehensive income		
<i>Item that may be reclassified to profit or loss</i>		
Continuing operation		
– Currency translation differences	(1,004)	133
Discontinued operation		
– Currency translation differences	1,233	5,465
– Exchange reserve released upon disposal of business	<u>(15,757)</u>	<u>–</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(15,528)</u>	<u>5,598</u>
Total comprehensive loss for the year attributable to owners of the Company, net of tax	<u>(48,925)</u>	<u>(62,131)</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company arising from:		
– Continuing operations	(82,043)	(55,365)
– Discontinued operation	<u>33,118</u>	<u>(6,766)</u>
	<u>(48,925)</u>	<u>(62,131)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		255	456
Right-of-use assets		1,641	1,641
Goodwill	9	197,965	197,965
Intangible assets		10,520	16,667
Deferred tax assets		494	2,678
Loan receivable from a fellow subsidiary	13	230,387	–
Interests in associates	11	57,033	74,456
Financial assets at fair value through profit or loss	10	34,667	52,150
		<u>532,962</u>	<u>346,013</u>
Current assets			
Trade receivables	13	16,497	28,162
Amounts due from brokers	13	91,985	68,763
Prepaid tax		625	–
Prepayments, deposits and other receivables	13	20,856	20,623
Financial assets at fair value through profit or loss	10	59,537	249,177
Cash and cash equivalents		46,643	159,409
		<u>236,143</u>	<u>526,134</u>
Assets classified as held for sale	12(ii)	–	227,769
		<u>236,143</u>	<u>753,903</u>
Total assets		<u>769,105</u>	<u>1,099,916</u>
Equity			
Capital and reserves attributable to owners of the Company			
Share capital		114,955	113,465
Reserves		614,327	661,744
Total equity		<u>729,282</u>	<u>775,209</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Deferred tax liabilities		—	2,660
		—	2,660
Current liabilities			
Borrowing from a director		—	212,562
Other payables	<i>14</i>	18,463	36,855
Amounts due to brokers	<i>14</i>	10,627	17,381
Lease liabilities		1,656	1,656
Financial liabilities at fair value through profit or loss	<i>10</i>	3,039	3,051
Income tax payable		6,038	489
		39,823	271,994
Liabilities directly associated with assets classified as held for sale	<i>12(ii)</i>	—	50,053
		39,823	322,047
Total liabilities		39,823	324,707
Total equity and liabilities		769,105	1,099,916

Notes:

1. GENERAL INFORMATION

Goldstream Investment Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the provision of IM services and strategic direct investment (“SDI”) business.

The Company was incorporated in the Cayman Islands on 18 September 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 25 May 2009.

2. BASIC OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (“FVPL”) measured at fair value and assets classified as held for sale that are measured at the lower of their previous carrying amount and fair value less costs to sell at the end of each reporting period.

On 22 December 2021, the Company entered into a sale and purchase agreement (the “Share Purchase Agreement”) with Ms. Li Yin (“Ms. Li”) to dispose of the Group’s 100% equity interest in Honor Crest Holdings Limited (together with its subsidiaries, the “Disposal Group”) to Ms. Li at a consideration of HK\$219,464,000 (the “Disposal”). The Disposal was completed on 22 March 2022. Accordingly, the financial results of the Disposal Group are presented in the consolidated income statement and consolidated statement of cash flows as “Discontinued Operation” in accordance with IFRS 5 “Non-current Assets Held for Sales and Discontinued Operations”.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(i) Amended standards and annual improvement project adopted by the Group

The following amended standards and annual improvement project have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2022:

IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
IFRS 3 (Amendments)	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to IFRS Standards 2018-2020

The adoption of amended standards and annual improvement project did not have any material impact on the current year or any prior periods.

(ii) New and amended standards that have been issued but are not yet effective during the year and have not been early adopted by the Group

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
IAS 8 (Amendments)	Definition of Accounting Estimates ¹
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
IFRS 17	Insurance Contracts ¹
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current ²
IAS 1 (Amendments)	Non-current liabilities with covenants ²
IFRS 16 (Amendments)	Leases on sale and leaseback ²
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

Note:

- (1) Effective for annual period beginning on 1 January 2023
- (2) Effective for annual period beginning on 1 January 2024
- (3) Effective for annual period beginning on or after a date to be determined

The Group will adopt the new and amended standards when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

3. INCOME AND OTHER INCOME

(a) Income

The amount of each category of income recognised during the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
– IM services income	35,272	68,778
– Consultancy services fee income	–	6,565
– Dividend income from investments (<i>Note 10(ii)</i>)	4,097	2,923
– Net fair value losses on financial assets at FVPL (<i>Note 10(ii)</i>)	(58,367)	(59,192)
– Share of net losses of associates accounted for using the equity method	(18,280)	(8,370)
	<u>(37,278)</u>	<u>10,704</u>

The Group has two customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2022 (2021: three customers) for continuing operations. The revenue from the customers are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer 1	13,139	25,904
Customer 2	11,350	N/A
Customer 3	N/A	12,153
Customer 4	N/A	9,482

(b) Other income

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Interest income from financial assets at FVPL	1,163	3,316
Bank interest income	3,180	708
Other consultancy services (<i>Note</i>)	2,620	–
Compensation from portfolio manager	–	18,962
Loan arrangement fee (<i>Note 13</i>)	3,510	–
Others	138	72
	<u>10,611</u>	<u>23,058</u>

Note:

During the year ended 31 December 2022, a related party engaged the Company to provide investment due diligence services for certain potential investment projects, and service fee income of HK\$2,620,000 was recognised in the Group's consolidated income statement.

4. SEGMENT INFORMATION

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management team of the Group. The CODM reviews the Group’s internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM assesses the performance of the operating segments based on the results and assets attributable to each operating segment. Interest expense are not allocated to segment, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The CODM has determined the operating segments based on these reports. The Group is organised into the following operating segments.

- (i) IM business: this segment includes (a) advisory services on securities and asset management; (b) securities trading; and (c) provision of infrastructure of the investment management system.
- (ii) SDI business: this segment includes provision of making proprietary investments in the financial markets.
- (iii) Customer relationship management services (“CRMS”) business: this segment includes (a) inbound services which include customer hotline services and built-in secretarial services, a personalised message taking services; and (b) outbound services which include telesales services and market research services. This segment was classified under the discontinued operation during the year ended 31 December 2022 and 2021.

No other operating segments have been aggregated to form the operating segments.

(a) Segment results and assets

The CODM assesses the performance of the operating segments based on the income and reportable segment profit/(loss) (i.e. earnings before interest, tax and amortisation and impairment provision for and write off of intangible assets).

Income and expenses are allocated to the reportable segments with reference to income generated by those segments and the expenses incurred by those segments including depreciation of assets attributable to those segments.

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets.

Information relating to segment liabilities is not disclosed as such information is not regularly reported to the CODM.

The following tables present income/(loss), reportable segment profit/(loss) and certain assets and expenditure information for the Group's business segments for the years ended 31 December 2022 and 2021:

	Continuing operations			Discontinued operation	Group
	IM business	SDI business	Total	CRMS business	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2022					
CRM services income	-	-	-	47,271	47,271
IM services income	36,256	-	36,256	-	36,256
Inter-IM segment services income	(984)	-	(984)	-	(984)
Dividend income from investments	-	4,097	4,097	-	4,097
Net fair value gain/(losses)					
on financial assets at FVPL	133	(58,500)	(58,367)	-	(58,367)
Share of net losses of associates accounted for using the equity method	-	(18,280)	(18,280)	-	(18,280)
Total segment income/(loss)	<u>35,405</u>	<u>(72,683)</u>	<u>(37,278)</u>	<u>47,271</u>	<u>9,993</u>
Reportable segment profit/(loss)	4,079	(77,813)	(73,734)	(2,440)	(76,174)
Depreciation and amortisation	6,342	2,850	9,192	-	9,192
Reversal of provision for loss allowances, net	(234)	-	(234)	-	(234)
Reportable segment assets	245,930	476,038	721,968	-	721,968
Additions to non-current segment assets during the year	<u>21</u>	<u>858</u>	<u>879</u>	<u>1,255</u>	<u>2,134</u>

	Continuing operations			Discontinued	Group
	IM business HK\$'000	SDI business HK\$'000	Total HK\$'000	operation CRMS business HK\$'000	
For the year ended 31 December 2021					
CRM services income	–	–	–	237,396	237,396
IM services income	70,596	–	70,596	–	70,596
Inter-IM segment services income	(1,818)	–	(1,818)	–	(1,818)
Consultancy services fee income	6,565	–	6,565	–	6,565
Dividend income from investments	–	2,923	2,923	–	2,923
Net fair value losses on financial assets at FVPL	(18,962)	(40,230)	(59,192)	–	(59,192)
Share of net losses of associates accounted for using the equity method	–	(8,370)	(8,370)	–	(8,370)
Total segment income/(loss)	<u>56,381</u>	<u>(45,677)</u>	<u>10,704</u>	<u>237,396</u>	<u>248,100</u>
Reportable segment profit/(loss)	24,049	(62,903)	(38,854)	(11,988)	(50,842)
Depreciation and amortisation	10,445	4,705	15,150	5,904	21,054
Reversal of provision for loss allowances	–	–	–	(204)	(204)
Reportable segment assets	262,070	447,990	710,060	143,204	853,264
Additions to non-current segment assets during the year	<u>163</u>	<u>2,812</u>	<u>2,975</u>	<u>3,249</u>	<u>6,224</u>

(b) **Reconciliations of reportable segment income, profit or loss and assets**

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Income		
Reportable segment (loss)/income	<u>(37,278)</u>	<u>10,704</u>
Consolidated (loss)/income	<u>(37,278)</u>	<u>10,704</u>
Loss		
Reportable segment loss	(73,734)	(38,854)
Impairment provision for and write off of intangible assets	–	(3,164)
Finance costs	(1,780)	(6,233)
Amortisation of intangible assets	<u>(6,147)</u>	<u>(10,158)</u>
Consolidated loss before income tax	<u>(81,661)</u>	<u>(58,409)</u>
Assets		
Reportable segment assets	721,968	710,060
Cash and cash equivalents	46,643	159,409
Deferred tax assets	494	2,678
Asset classified as held for sale	<u>–</u>	<u>227,769</u>
Consolidated total assets	<u>769,105</u>	<u>1,099,916</u>
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Discontinued operation		
Income		
Reportable segment income	<u>47,271</u>	<u>237,396</u>
Consolidated income	<u>47,271</u>	<u>237,396</u>
Loss		
Reportable segment loss	(2,440)	(11,988)
Finance costs	<u>(75)</u>	<u>(378)</u>
Loss before income tax	<u>(2,515)</u>	<u>(12,366)</u>
Assets		
Reportable segment assets	–	143,204
Cash and cash equivalents	<u>–</u>	<u>84,565</u>
Total assets of discontinued operation	<u>–</u>	<u>227,769</u>

(c) **Geographical information**

The following tables set out information about the geographical locations of (i) the Group's CRM services income and IM services income ("Services income") and (ii) the Group's property, plant and equipment, intangible assets, right-of-use assets and non-current financial assets at FVPL ("specified non-current assets"). The geographical location of customers is based on the location at which the services and goods were provided. The geographical location of the specified non-current assets is based on the location of the operation to which they are allocated.

	Continuing operations					Discontinued operation				
	Hong Kong	The People's Republic of China (the "PRC")	The United States of America	Others	Total	Hong Kong	The PRC	Macao and others	Total	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2022										
Services income	<u>31,767</u>	<u>3,505</u>	<u>-</u>	<u>-</u>	<u>35,272</u>	<u>28,243</u>	<u>18,007</u>	<u>1,021</u>	<u>47,271</u>	<u>82,543</u>
Specified non-current assets	<u>209,610</u>	<u>771</u>	<u>34,667</u>	<u>57,033</u>	<u>302,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,081</u>
Year ended 31 December 2021										
Services income	<u>39,915</u>	<u>35,428</u>	<u>-</u>	<u>-</u>	<u>75,343</u>	<u>129,741</u>	<u>102,784</u>	<u>4,871</u>	<u>237,396</u>	<u>312,739</u>
Specified non-current assets	<u>215,898</u>	<u>830</u>	<u>52,150</u>	<u>74,457</u>	<u>343,335</u>	<u>326</u>	<u>49,887</u>	<u>66</u>	<u>50,279</u>	<u>393,614</u>

(d) **Disaggregation of revenue from contracts with customers**

The Group derives services income over-time and at point in time for the following types.

	Continuing operations	Discontinued operation	Total
	IM business	CRMS business	
	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2022			
At point in time	<u>47</u>	<u>31,215</u>	<u>31,262</u>
Over-time	<u>35,225</u>	<u>16,056</u>	<u>51,281</u>
	<u>35,272</u>	<u>47,271</u>	<u>82,543</u>
For the year ended 31 December 2021			
At point in time	<u>24,673</u>	<u>141,260</u>	<u>165,933</u>
Over-time	<u>50,670</u>	<u>96,136</u>	<u>146,806</u>
	<u>75,343</u>	<u>237,396</u>	<u>312,739</u>

5. OTHER EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Auditors' remuneration		
– Audit services	3,232	3,203
– Non-audit services	150	518
Information system expenses	3,533	4,815
Exchange differences, net	4,839	(1,675)
Travelling and entertainment	70	1,115
Telecommunication	301	300
Fund operation expenses	2,090	3,428
Staff benefits	306	716
Insurance	599	651
Others	1,337	2,024
	<u>16,457</u>	<u>15,095</u>

6. INCOME TAX EXPENSE/(CREDIT)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax:		
Hong Kong corporate income tax	73	451
PRC corporate income tax	6,000	–
Over provision in the prior year	(34)	(286)
	<u>6,039</u>	<u>165</u>
Total current tax expense		
	<u>6,039</u>	<u>165</u>
Deferred tax:		
Current year	(1,013)	(3,211)
De-recognition of deferred tax asset for share options and awards forfeited	385	–
De-recognition of deferred tax asset due to decrease of intrinsic value of share options	1,613	–
Reversal of provision in prior years	(1,646)	–
	<u>(661)</u>	<u>(3,211)</u>
Total deferred tax credit	<u>(661)</u>	<u>(3,211)</u>
Income tax expense/(credit)	<u>5,378</u>	<u>(3,046)</u>
Income tax expense/(credit) is attributable to:		
Continuing operations	(622)	(2,911)
Discontinued operation	6,000	(135)
	<u>5,378</u>	<u>(3,046)</u>

(i) Hong Kong profits tax

Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits.

(ii) PRC corporate income tax

China Elite Info. Co. Ltd. (“China Elite”) is eligible for a preferential income tax rate of 15% as a High and New Technology Enterprise from 2022 to 2023.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate income tax rate of 25% (2021: 25%) on its assessable profits.

(iii) Macao complementary tax

Since 1 January 2021, the Group is subject to Macao Complementary Tax due to termination of Article 12 of Decree-Law No. 58/99/M. However, the Group is exempted from Macao Complementary Tax since its taxable profits was below MOP 32,000 during the year.

Pursuant to Article 12 of Decree-Law No. 58/99/M issued by the Macao Government, the Group is exempted from Macao Complementary Tax. As a result, no provision for Macao Complementary Tax has been made by the Group for 2022 and 2021.

(iv) Cayman Islands tax

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

7. DIVIDENDS

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the year, excluding shares held for employee share scheme.

	2022	2021
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)		
– Continuing operations	(81,039)	(55,498)
– Discontinued operation	47,642	(12,231)
	<u>(33,397)</u>	<u>(67,729)</u>
Weighted average number of ordinary shares outstanding (<i>thousand</i>)	11,433,997	11,346,176
Basic (loss)/earning per share (<i>HK cents</i>)		
– Continuing operations	(0.71)	(0.49)
– Discontinued operation	0.42	(0.11)
	<u>(0.29)</u>	<u>(0.60)</u>
Total basic loss per share attributable to the ordinary equity holders of the Company (<i>HK cents</i>)	<u>(0.29)</u>	<u>(0.60)</u>

(b) Diluted loss per share

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

For the year ended 31 December 2022 and 2021, the diluted loss per share equals the basic loss per share since the vesting of the share options and share awards under the Company's share option scheme and share award scheme (the "2020 Share Option Scheme and the Share Award Scheme") would not have a dilutive effect on the loss per share for continuing operations.

Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. Therefore, the share options and share awards under 2020 Share Option Scheme and the Share Award Scheme would not have a dilutive effect on the loss per share for discontinued operation as well.

9. GOODWILL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 January and 31 December	<u>197,965</u>	<u>197,965</u>

The goodwill of HK\$197,965,000, arising from the acquisition of Goldstream Capital Management Limited and Goldstream Securities Limited (collectively, the “Goldstream Companies”) in November 2018 and the acquisition of Shenzhen JinCheng Enterprise Management Limited (深圳金晟企業管理有限公司) and its subsidiary (the “JinCheng Acquisition”), is attributable to the synergies expected to arise from the business combination and future growth of IM businesses in Hong Kong and the PRC respectively. None of the goodwill recognised was expected to be deductible for income tax purposes.

Management reviews the business performance of the Group based on the services the respective businesses provide. Goodwill is monitored by management at the operating segment level.

The recoverable amount of goodwill is determined based on value in use. No impairment charge is noted as at 31 December 2022 (2021: Nil). Goodwill arising from the JinCheng Acquisition is considered immaterial by management.

As at 31 December 2022 and 2021, key assumptions used for assessing the recoverable amount of the goodwill arising from the acquisition of the Goldstream Companies are as follows:

2022

Estimated services income growth rate from 2022 to 2023	-23.6%
Estimated services income growth rate from 2023 to 2024	97.2%
Estimated services income growth rate from 2024 to 2025	88.0%
Estimated services income growth rate from 2025 to 2026	23.4%
Estimated services income growth rate from 2026 to 2027	12.7%
Discount rate	20%
Terminal growth rate	2.5%

2021

Estimated services income growth rate from 2021 to 2022	34.9%
Estimated services income growth rate from 2022 to 2023	61.1%
Estimated services income growth rate from 2023 to 2024	12.8%
Estimated services income growth rate from 2024 to 2025	5.1%
Estimated services income growth rate from 2025 to 2026	4.9%
Discount rate	20.0%
Terminal growth rate	2.5%

If expected discount rate for the projection period had been 0.5% lower/higher than management's estimates with all other variables held constant, the recoverable amount of goodwill would have been approximately HK\$9,771,000 higher/lower respectively (2021: HK\$10,682,000 higher/lower). If the services income growth rate had been 0.5% higher/lower than management's estimate at 31 December 2022 with all other variables held constant, the recoverable amount of goodwill would have been approximately HK\$6,874,000 higher/lower respectively (2021: HK\$6,059,000 higher/lower). If the terminal growth rate had been 0.5% higher/lower than management's estimate at 31 December 2022 with all other variables held constant, the recoverable amount of goodwill would have been approximately HK\$6,246,000 higher and HK\$5,899,000 lower respectively (2021: HK\$7,232,000 higher and HK\$6,750,000 lower).

10. FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets/(liabilities) at FVPL

The Group classifies the following financial assets/(liabilities) at FVPL:

- debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income ("FVOCI")
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income ("OCI").

Financial assets/(liabilities) measured at FVPL include the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets		
Investment funds		
– US investment funds	<u>34,667</u>	<u>52,150</u>
Current assets		
Investment funds		
– Cayman Islands investment funds	5,404	71,756
– BVI investments funds	–	24,915
– PRC funds	3,492	5,565
Contracts for difference		
– PRC contracts for difference	–	975
Listed equity securities		
– US listed equity securities	9,981	637
– UK listed equity securities	–	2,008
– PRC listed equity securities	6,229	65,964
– Hong Kong listed equity securities	–	25,708
Listed options		
– US options	1,440	31
– PRC options	911	–
Listed futures		
– PRC futures	–	109
Exchange traded funds		
– US exchange traded funds	16,568	31,055
– Hong Kong exchange traded funds	12,613	1,976
– PRC exchange traded funds	1,627	180
Collateralised mortgage obligation		
– US collateralised mortgage obligation	–	11,543
Corporate bonds		
– PRC corporate bonds	–	6,357
Forward foreign exchange contracts (Note)		
	–	398
Depository receipts		
– US depository receipts	<u>1,272</u>	<u>–</u>
	<u>59,537</u>	<u>249,177</u>
	<u>94,204</u>	<u>301,327</u>

	2022	2021
	HK\$'000	HK\$'000
Current liabilities		
Forward foreign exchange contracts (<i>Note</i>)	–	(1,552)
Contracts for difference		
– PRC contracts for difference	–	(1,086)
Index futures		
– Hong Kong Index futures	–	(394)
Listed equity securities		
– PRC listed equity securities	(2,206)	–
Listed options		
– US listed options	(531)	(19)
– PRC listed options	(302)	–
	<u>(3,039)</u>	<u>(3,051)</u>

Note: Forward foreign exchange contracts are derivatives which do not meet the hedging accounting criteria, they are classified as financial assets/(liabilities) measured at FVPL.

(ii) Amounts recognised in the consolidated income statement

During the year, the following income was recognised in the consolidated income statement:

	2022	2021
	HK\$'000	HK\$'000
Net fair value losses on financial assets at FVPL (<i>Note 3(a)</i>)	(58,367)	(59,192)
Dividend income from investments (<i>Note 3(a)</i>)	4,097	2,923
Interest income from financial assets at FVPL (<i>Note 3(b)</i>)	1,163	3,316
Interest expense from financial assets at FVPL	(395)	(426)
	<u>(395)</u>	<u>(426)</u>

11. INTERESTS IN ASSOCIATES

The Group invested in Goldstream Healthcare Focus Fund SP and Goldstream Macro Fund SP. As at 31 December 2022, the Group held 21.6% and 19.2% (31 December 2021: 8.0% and 4.4%) equity interest in these funds and has the power to participate in the financial and operating policy decision. Accordingly, the Group has significant influence over these two funds.

(i) **Details of such investment funds are summarised as follows:**

	Place of incorporation	Interests held		Measurement method	Carrying amount	
		2022 %	2021 %		2022 HK\$'000	2021 HK\$'000
Goldstream Healthcare Focus Fund SP	Cayman Islands	21.6	8.0	Equity method	32,336	46,254
Goldstream Macro Fund SP	Cayman Islands	19.2	4.4	Equity method	24,697	28,202
					<u>57,033</u>	<u>74,456</u>

12. DISCONTINUED OPERATION

On 22 December 2021, the Company and Ms. Li entered into the Share Purchase Agreement, pursuant to which the Company conditionally agreed to sell, and Ms. Li conditionally agreed to purchase the entire issued share capital of Honor Crest Holdings Limited, at the consideration of HK\$219,464,000. Pursuant to the Share Purchase Agreement, the consideration is satisfied in the following manner:

- (i) The amount of HK\$215,000,000 will be satisfied by setting off against the equivalent amount of the outstanding loan amount owing by the Company to a director with principal amount of HK\$215,000,000. Fair value of the borrowing from a director on 22 March 2022 was approximately HK\$213,879,000;
- (ii) Ms. Li shall pay the sum of HK\$4,464,000 in cash to the Company.

In connection with the disposal of the Disposal Group, on 22 December 2021, the Group and Honor Crest Holdings Limited executed the deed of waiver (the "Deed of Waiver"), pursuant to which, the Company agreed to waive amount due from a subsidiary of the Disposal Group amounting to approximately HK\$4,139,000 on the date of disposal.

The disposal transaction was completed on 22 March 2022 and the Disposal Group is reported in the current year as a discontinued operation. Financial information relating to the discontinued operation for the year is set out below.

(i) **Financial performance and cash flow information**

The financial performance and cash flow information presented are for the year ended 31 December 2022 and 2021.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	47,271	237,396
Other income	4,528	3,829
Expenses		
– Employee benefit expenses	(46,707)	(202,012)
– Depreciation of right-of-use-assets	–	(3,299)
– Depreciation of property, plant and equipment	–	(2,605)
– Operating lease charges	(1,464)	(6,925)
– Utilities	(844)	(4,704)
– Legal and professional fees	–	(64)
– Sub-contracting charges	(1,622)	–
– Advertising expenses for customers' projects	(23)	(5,084)
– Other expenses	(3,579)	(28,520)
	<u>(54,239)</u>	<u>(253,213)</u>
Operating loss from discontinued operation	(2,440)	(11,988)
Finance cost		
– Interest expense	(75)	(378)
Loss before income tax	(2,515)	(12,366)
Income tax credit	–	135
Loss after income tax of discontinued operation	(2,515)	(12,231)
Gain on disposal of equity interest in discontinued operation	50,157	–
Profit/(loss) from discontinued operation	<u>47,642</u>	<u>(12,231)</u>
Exchange difference on translation of discontinued operation	1,233	5,465
Reclassification of foreign currency translation reserve	(15,757)	–
Other comprehensive (loss)/income from discontinued operation	<u>(14,524)</u>	<u>5,465</u>
Total comprehensive income/(loss) from discontinued operation	<u>33,118</u>	<u>(6,766)</u>
Net cash outflow from operating activities	(23,605)	(23,743)
Net cash outflow from investing activities	(184)	(1,466)
Net cash outflow from financing activities	(790)	(3,573)
Net cash used in Disposal Group	<u>(24,579)</u>	<u>(28,782)</u>

(ii) **Assets and liabilities of disposal group classified as held for sale**

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2021:

	2021 <i>HK\$'000</i>
Assets classified as held for sale	
Property, plant and equipment	42,135
Right-of-use assets	7,152
Trade receivables and contract assets	68,239
Prepayment, deposits and other receivables	25,677
Deferred tax asset	1
Cash and cash equivalents	<u>84,565</u>
Total assets of Disposal Group held for sale	<u>227,769</u>
Liabilities directly associated with assets classified as held for sale	
Trade payables	6,782
Other payables and accruals	35,343
Contract liabilities	334
Lease liabilities	<u>7,594</u>
Total liabilities of Disposal Group held for sale	<u>50,053</u>

(iii) An analysis of gain on the disposal is as follows:

	As at 22 March 2022 HK\$'000
Consideration	
– Cash consideration	4,464
– Set off borrowing to a director at fair value	213,879
Waiver of respective payable owing by the Disposal Group	(4,139)
Less: direct expense	(1,509)
Less: net assets disposed of:	
– Property, plant and equipment	(42,645)
– Right-of-use assets	(7,745)
– Trade receivables and contract assets	(85,790)
– Prepayment, deposits and other receivables	(27,067)
– Cash and cash equivalents	(57,989)
– Other payables and accruals and contract liabilities	41,467
– Lease liabilities	7,474
	<hr/>
Net assets disposed	(172,295)
Reclassification of foreign currency translation reserve on discontinued operations upon disposal	15,757
Less: tax expense	(6,000)
	<hr/>
	50,157

(iv) Net cash outflow on the disposal

	As at 22 March 2022 HK\$'000
Cash consideration received	4,464
Less: Cash and cash equivalents balances disposed	(57,989)
Less: Cost of disposal of CRM business	(1,509)
	<hr/>
Net cash outflow	(55,034)

13. TRADE AND OTHER RECEIVABLES, PREPAYMENT, DEPOSITS, AMOUNTS DUE FROM BROKERS AND LOAN RECEIVABLE FROM A FELLOW SUBSIDIARY

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables			
– related parties		13,188	10,634
– third parties		6,870	21,480
		20,058	32,114
Loss allowances		(3,561)	(3,952)
Trade receivables, net	<i>(a)</i>	16,497	28,162
Other financial assets at amortised cost			
Amounts due from brokers		91,985	68,763
Loan receivable from a fellow subsidiary	<i>(b)</i>	230,387	–
Deposits and other receivables			
– related parties		14,000	17,228
– third parties		4,865	1,061
Prepayments		1,991	2,334
		20,856	20,623
		359,725	117,548

(a) Ageing analysis

Included in trade receivables are trade debtors (net of loss allowance) with the following ageing analysis based on the dates on which the relevant services income was recognised:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Aged within 1 month	13,428	4,327
Aged between 1 to 3 months	2,525	9,355
Aged between 3 to 6 months	67	1,091
Aged between 6 months to 1 year	175	10,187
Aged over 1 year	302	3,202
	16,497	28,162

- (b) On 18 November 2022, the Company and Expand Ocean Limited (“Expand Ocean”), a fellow subsidiary of the Company, entered into a facility agreement, pursuant to which, the Company agreed to grant the unsecured facility to Expand Ocean in the principal amount of up to USD30,000,000 (equivalent to approximately HK\$233,897,000) (the “Facility”) at an interest rate of 15% per annum for a term of two years from the date of utilisation of the Facility (the “Utilisation Date”) subject to further extension to a date falling no later than four years from the Utilisation Date. An arrangement fee of USD900,000 (equivalent to approximately HK\$7,017,000) is payable to the Company on the Utilisation Date.

On 30 December 2022, Expand Ocean had fully utilised the Facility of USD30,000,000 whole and the amount of USD29,100,000 (equivalent to approximately HK\$226,877,000) was paid out by the Group after offsetting by the arrangement fee. The arrangement fee of USD450,000 (equivalent to approximately HK\$3,510,000) was immediately recognised in the consolidated income statement as a loan arrangement fee.

14. OTHER PAYABLES AND AMOUNTS DUE TO BROKERS

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables		
– Related parties	–	1,910
– Third parties	10,318	18,493
Accruals		
– Accrued salaries	2,732	9,335
– Accrued audit fee	2,585	3,303
– Others	2,828	3,814
	18,463	36,855
Amounts due to brokers	10,627	17,381

The carrying amounts of trade and other payables and amounts due to brokers are considered to be approximated to their fair values, due to their short-term nature.

15. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT

On a global basis the world GDP growth is expected to slow down to about 2.9% in 2023 before rebounding next year due to persistent inflation, restrictive monetary policy and geopolitical tensions. The economic fallout from Russia's invasion of Ukraine will weigh heavily on growth, as demand is dampened by persistent inflation and the increasing impact of rising borrowing costs for businesses and consumers to grow businesses and buy homes. The United States' average inflation rate for 2022 was 8.0% compared to 4.7% in 2021. In addition, the reduced GDP growth projection for 2023 remains fragile, as the global economy faces multiple headwinds, including immediate risks emanating from the ongoing war in Ukraine, heightened and broader geopolitical volatility and rising economic fragmentation.

The US and Eurozone having avoided recession in late 2022 behind resilient consumer spending and falling energy prices still face the risk of recession amid the slowing effect of surging interest rates and elevated inflation which will reduce private sector's confidence and slow down economic activity. In addition, the Eurozone is expected to continue to face high energy uncertainty, particularly with regard to natural gas imports and electricity generation.

Back in Asia, China's reopening and emerging market strength provide sources of optimism. China's GDP growth is predicted to rise 5.2%, higher than many large economies. Despite a bleak outlook and lingering risks, the global economy will see several growth impulses. China's reopening following the unexpected end to its zero-COVID policy bears the potential of significantly mitigating the global downturn. With the border between China and Hong Kong fully re-opened, the Group expects the economic growth in Hong Kong to resume at a fast pace, driving the stock market up. Moreover, numerous emerging markets have proved resilient amid surging inflation, increasing interest rates and volatile exchange rates. This relative strength of economies, particularly in the Asia Pacific, is expected to provide additional support for growth in 2023.

The Group anticipates that the market will remain volatile during the first half of 2023 with unforeseen events like the bankruptcy of Silicon Valley Bank, sending shockwaves through the global financial system. However, if inflation starts to retreat and interest rate starts to fall in the second half of 2023 as predicted, market growth will pick up and the Group is optimistic that the Asian stock market will rebound rapidly and significantly.

FINANCIAL REVIEW

The Group’s operating results from the continuing operations for the year ended 31 December 2022 were primarily contributed by the Group’s IM business and SDI business. The financial results of the Disposal Group are presented in the consolidated income statement and consolidated statement of cash flows as “Discontinued Operation” in accordance with IFRS 5 “Non-current Assets Held for Sales and Discontinued Operations”.

The table below sets forth the key financial highlights of the continuing operations for the periods or as at the dates indicated (as the case may be):

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>	% Change
IM services income	35,272	68,778	-49%
Dividend income from investments	4,097	2,923	40%
Net fair value losses on financial assets			
at fair value through profit or loss	(58,367)	(59,192)	-1%
Other income	10,611	23,058	-54%
Total operating expenses	53,214	85,938	-38%
Loss before income tax from continuing operations	(81,661)	(58,409)	40%
	As at 31 December 2022 <i>US\$ million</i>	As at 31 December 2021 <i>US\$ million</i>	% Change
Assets under management (“AUM”)	515	985	-48%

As at 31 December 2022, the Group’s AUM stood at approximately US\$515 million, compared to approximately US\$985 million as 31 December 2021, representing a drop of approximately US\$470 million during the year ended 31 December 2022 due to the declining performance of the funds under management and redemptions.

IM Services Income

The drop in total services income was caused by the decrease in management fees and performance fees. Management fee dropped by approximately 37% from approximately HK\$56,353,000 to approximately HK\$35,225,000 resulting from the decline in the Group's average AUM. Performance fees are recorded when eligible funds appreciate above their respective high watermarks at agreed performance fee crystallization date. Driven by the unfavourable and volatile market conditions, most of the funds under management were below their high watermarks as at 31 December 2022.

SDI (losses)/gains

Income from the Group's SDI business mainly comprised (i) net fair value gains/losses on financial assets at fair value through profit or loss; and (ii) share of net profits/losses of associates accounted for using the equity method. Such gains/losses included fair value changes and realized gains or losses on the Company's capital invested in funds managed by the Group and external investments. Due to a multitude of unfavorable factors including high inflations, the rise in interest rates, conflict in Europe and the COVID-19 pandemic, the Group continued to record a loss for the SDI business for the year ended 31 December 2022.

Other income

The Group's other income during the year ended 31 December 2022 mainly comprised interest income from term deposits with banks and other financial institutions. Other income decreased by approximately 54% from approximately HK\$23,058,000 for the year ended 31 December 2021 to approximately HK\$10,611,000 for the year ended 31 December 2022, which was mainly due to the absence of the one-off compensation from portfolio manager amounting to approximately HK\$18,962,000 recorded for the year ended 31 December 2021.

Expense management

Total expenses of the Group decreased by approximately 38% to approximately HK\$53,214,000 for the year ended 31 December 2022 (2021: approximately HK\$85,938,000), which was primarily attributable to the decrease in employee benefits expenses.

Employee benefits expenses represent core expenditure of the Group. They decreased by approximately HK\$25,611,000 to approximately HK\$22,389,000 for the year ended 31 December 2022 because of the decline in employee headcount and hence less discretionary bonus was accrued as a result of the operating loss in 2022. Other non-staff related operating expenses include legal and professional fee, audit fee, market data and information system fee, rent and other administrative and office expenses. The Group continued to exercise stringent cost control to improve profitability. The Group recorded amortisation expense of approximately HK\$6,147,000 for the year ended 31 December 2022. Such expense item had no impact on cash flows.

Loss before income tax from continuing operations

The Group recorded loss before income tax from continuing operations of approximately HK\$81,661,000 for the year ended 31 December 2022 (2021: approximately HK\$58,409,000). The loss was mainly attributable to the net fair value losses on financial assets at fair value through profit or loss and share of net losses of associates accounted for using the equity method recorded under the SDI segment which amounted to approximately HK\$58,367,000 and HK\$18,280,000 respectively in the year ended 31 December 2022 (2021: approximately HK\$59,192,000 and HK\$8,370,000 respectively). The loss was mainly caused by the unfavorable and volatile market condition in 2022.

The Group also faced a decrease in services income for the year ended 31 December 2022 due to declining performance and the net outflow of AUM. The Group implemented cost management measures proactively. The Group's IM business continued to record operating profit during the year ended 31 December 2022.

Discontinued Operation – CRMS business

The table below sets forth the key financial highlights of the Discontinued Operation for the periods indicated:

	For the period from 1 January 2022 to 22 March 2022 HK\$'000	For the year ended 31 December 2021 HK\$'000	% Change
Loss for the period/year from discontinued operation	(2,515)	(12,231)	-79%
Gain on disposal of discontinued operation, net of tax	<u>50,157</u>	<u>–</u>	<u>N/A</u>

For the CRMS business which is labour intensive, the Group had recorded increasing loss in the past due to the rising labour costs. Rapid economic growth in the PRC in the past decade has resulted in substantial increase in cost of human capital and eroded the profit margins of the CRMS business. During the year ended 31 December 2022, the Group recorded a gain on disposal of approximately HK\$50,157,000 as a result of the Disposal which was completed in March 2022.

Statement of Financial Position

The Group's financial position as at 31 December 2022 remained strong, and the borrowing from a former director of the Company of HK\$215 million had been set-off against the consideration for the Disposal in 2022. The Company provided a provision of facility of US\$30,000,000 to a fellow subsidiary during the year ended 31 December 2022. The loan receivable from a fellow subsidiary amounted to approximately HK\$230,387,000 (2021: Nil) as at 31 December 2022 and is interest bearing at 15% per annum, for a term of 2 years.

BUSINESS REVIEW

Due to high inflation, since the beginning of March 2022, the Federal Open Market Committee (FOMC) started off the “tightening” process by increasing interest rate by 0.25% to 0.5% periodically, bringing an end to its quantitative easing (QE) policy. By the end of 2022, interest rate hits the range of 4.25% to 4.5% and is still rising. Expensive technology stocks were sold off, particularly in the U.S., as these stocks are more vulnerable to rising interest rates, creating a negative sentiment and rippled through the global stock market. The decline was underlined by the Dow Jones Industrial Average Index, for instance, which dropped by 8.8% during 2022.

Chinese stocks were extremely volatile on concerns about the regulation on internet giants, data usage, capital market reform, property market default risk and impact on supply chains due to COVID lockdown in Shanghai and Beijing. The Greater China markets which the Group operates in experienced one of the most uncertain market conditions in recent years. During the first half of 2022, the Hang Seng index dropped by 6.6% and further declined to 14,687 by the end of October 2022, with a total decline of about 37.2% compared to 23,275 at the beginning of 2022.

Economic recovery in Greater China market started in last quarter of 2022 when China’s “Zero-Covid” policy came to end abruptly in October 2022, signaling China would reopen its door to the world very soon. The Hang Seng Index rebounded sharply by approximately 34.7% during November to December in 2022 to end the year with a total drop of 15.5%. Similarly, the Shanghai SE Composite Index (SSEC) recovered in the last two months of 2022, recording a total drop of 15.1% in 2022.

The rising interest rate, inflation and market volatility had adversely impacted the performances of the funds under the Group’s management and its proprietary investments, resulting in a decline in both the management fee income and performance fee income for the year. Much reduced performance fee was recognized during the year as most of the Group’s managed funds were still under their high watermarks. In response to declining revenue, the Group carried out effective cost cutting policies and successfully maintained the operating profitability of the IM business.

In view of the uncertain market condition and economic environment, the Group adopted a more cautious and selective approach in deploying its capital on new investment opportunities to avoid potential losses. The Group made a loan facility to a fellow subsidiary while awaiting for new investment opportunities. This allowed the Group to utilize its idle cash more efficiently to generate an attractive additional income stream in the form of interest income.

The Group will continue to keep abreast of market developments and look for potential investment opportunities actively.

Prospects

In March 2022, the Group completed the disposal of its CRMS business which recorded declining profits in the past few years. After the Disposal, the Group has allocated all its resources to continue to develop the two remaining highly synergized IM and SDI businesses with a focus on becoming a leading provider of products, solutions, platform and infrastructure in Greater China. The Group will continue to seek investment opportunities to enhance the return on its financial resources as a whole.

Capital markets remain turbulent at the beginning of 2023. The world economy has faced huge stress in liquidity crisis in the Western countries recently. The Group remains positive on the medium and long term outlook of its IM business.

China remains a vast market with extensive growth potential and an environment of innovative thinkers and producers. The Chinese government continues to stimulate the economy with new policies, including cutting rates in order to boost growth, and the Group believes that the impact of these recent policy support measures will gradually feed through to the economy to speed up recovery.

The Group recognizes market instability and volatility, and will continue to strike a balance between risks and return, especially at a time of great uncertainty. Opportunities lie in the middle of uncertainty. The Group will continue to seek investment opportunities to enhance the return on its financial resources as a whole. The Group's cautious and balanced allocation among Chinese and global assets, together with its diversified strategies by investing into different markets, are expected to deliver relatively stable returns to its investments. In the event that the Group succeeds in building a good track record in such a difficult time, it is expected that the Group will attract more clients for its IM business once the market calms down.

EVENTS AFTER THE REPORTING PERIOD

There were no other significant events after the reporting period up to the date of this announcement.

CAPITAL STRUCTURE

As at 31 December 2022, the Group's shareholders' equity was approximately HK\$729,282,000 (2021: HK\$775,209,000) and the total number of shares issued was 11,495,494,321 (2021: 11,346,472,321).

As at 31 December 2022, the Company recorded net cash to total equity, the gearing ratio was therefore not applicable. As at 31 December 2021, the gearing ratio (being ratio of total borrowings outstanding and lease liabilities less cash and cash equivalents of the continuing operations to total equity) was 7.1%.

MATERIAL ACQUISITIONS OR DISPOSALS

On 22 December 2021, the Group announced the disposal of CRMS business at a consideration of HK\$219,464,000. The Disposal was completed on 22 March 2022. For details of the Disposal, please refer to the announcements of the Company dated 22 December 2021, 15 March 2022 and 22 March 2022, and the circular of the Company dated 22 February 2022.

Save for the above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the year under review.

SIGNIFICANT INVESTMENTS

The Group provides investment management services to its clients and also makes strategic direct investment on behalf of the Group. As at 31 December 2022, the Group recorded strategic direct investments of approximately HK\$94,360,000. Given that the Group is engaged in making strategic direct investments in various listed and unlisted financial instruments through investment funds, the Board considers investments with a carrying amount that accounted for more than 5% of the Group's total assets as at 31 December 2022 as significant investments. The Group had no significant investments held during the year ended 31 December 2022.

To mitigate relevant risks, the Group will optimise its investment strategies in response to market conditions. Details of the Group's investment objective and strategies are set out in the paragraphs under "Business Review" and "Prospects" in this announcement.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The Directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year under review.

PURCHASE, SALE, REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has redeemed, purchased, sold or cancelled any listed securities of the Company.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. Throughout the year ended 31 December 2022, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules in force during the year, except for code provision C.2.1, which stipulates that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual.

The chairman (“Chairman”) and chief executive officer (“Chief Executive Officer”) of the Company have been Mr. Zhao John Huan and Dr. Lin Tun respectively until 30 May 2022. Dr. Lin Tun tendered his resignation as the Chief Executive Officer and Mr. Zhao John Huan has been appointed as the Chief Executive Officer with effect from 31 May 2022. Since then, both the roles of Chairman and Chief Executive Officer had been held by Mr. Zhao John Huan. Although the responsibilities of the Chairman and the Chief Executive Officer vested in one person, all major decisions were made in consultation with the members of the Board and the senior management of the Company. With effect from 13 September 2022, Mr. Geng Tao has been appointed as the Chief Executive Officer and Mr. Zhao John Huan tendered his resignation as the Chief Executive Officer. Upon the change of the Chief Executive Officer, the Company has re-complied with code provision C.2.1 of the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct (the “Code of Conduct”) which is not more lenient than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Specific enquiry to all Directors has been made and the Company has confirmed that the Directors have complied with the required standard set out in the Model Code and the Code of Conduct during the year ended 31 December 2022.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in accordance with the requirements of the CG Code. The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The Audit Committee consists of the three independent non-executive Directors, namely, Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence. Mr. Shu Wa Tung Laurence is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2022 and is of the opinion that the consolidated annual results complied with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on Company's website (www.goldstreaminvestment.com) and the Stock Exchange's website (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2022 will also be available at the Company's and the Stock Exchange's websites and despatched to the Company's shareholders in due course.

By order of the Board
Goldstream Investment Limited
Zhao John Huan
Chairman

Hong Kong, 27 March 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Zhao John Huan (Chairman) and Mr. Geng Tao (Chief Executive Officer); one non-executive Director, namely Mr. Tam Terry Sze Ying; and three independent non-executive Directors, namely Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe, and Mr. Shu Wa Tung Laurence.