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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)

BUSINESS UPDATE – INVESTMENT MANAGEMENT BUSINESS

This announcement is made by Goldstream Investment Limited (the "**Company**", together with its subsidiaries, the "**Group**") to provide further information on the latest development in the Company's investment management ("**IM**") business.

BUSINESS UPDATE IN RELATION TO THE IM BUSINESS

Business Model

Investment Management

The Company utilizes its core skills in making investments in the secondary markets to solicit capital to manage and generate returns. The Group's IM business provides investment management services to investment funds and discretionary managed account and recognises management income based on the asset-under-management ("**AUM**") and performance fee income based on appreciation of funds above their respective high watermarks:

(a) For investment funds, investors subscribe for shares of the fund and the subscription monies are pooled together for making investments in accordance with the fund mandates. The Group, being the investment manager, defines different classes of shares for subscription with different fee rates depending on the terms of the investment such as the investment amount and lock-up period.

(b) For discretionary accounts, a separate managed account in which the Group will enter into an investment management agreement with a single client, and the terms typically include investment strategies, investment scopes, risk tolerance and fee structure.

The unaudited revenue arising from the investment management limb of the Group's IM business for the six months ended 30 June 2025 amounted to approximately HK$12 million.

The audited revenue arising from the investment management limb of the Group's IM business for the years ended 31 December 2023 and 2024 amounted to approximately HK$22 million and HK$26 million, respectively.

Advising on Securities

The Group provides recommendations to its clients on investing in securities. For example, client may request a research report on the tech industry in Asia and recommendations for a portfolio of tech stocks to invest in. The fee for individual engagement could be a lump sum for a project or on a continuous basis to provide regular updates on the stock markets.

The Group did not record any fee on advising on securities for the six months ended 30 June 2025 and the years ended 31 December 2023 and 2024.

Introductory business

For activities regulated by the Securities and Futures Commission (the "**SFC**") which the Group does not possess licences to provide, the Group introduces its clients to other SFC licensed entities for their services (such as stock brokerage) or financial products and receives an introductory fee from the SFC licensed entity.

The Group did not record any introductory fee for the six months ended 30 June 2025 and the years ended 31 December 2023 and 2024.

Compliance and Risk Management

The IM service business is operated under the following wholly-owned subsidiaries of the Company:

(a) Goldstream Capital Management Limited ("**GCML**"), being a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong; and

(b) Goldstream Securities Limited, being a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity in Hong Kong. It generates fee income by introducing clients to other SFC licensed corporations.

GCML is registered with the US Securities and Exchange Commission (SEC) as Exempt Report Adviser which allows it to sub-advise US clients. GCML also has Renminbi Qualified Foreign Institutional Investor (RQFII) license to permit offshore capital to be invested in authorized RMB products in mainland China.

Leveraging on the benefits of its RQFII license and the PRC/Hong Kong connectivity schemes (such as the Shanghai and Hong Kong Stock Connect and Bond Connect), the Company offers different products to its customers; and is capable of serving western investors hoping to access the vast China capital market and Chinese investors hoping to make cross-border investments in the west to diversify their investments.

The Company has invested in institutionalised compliance infrastructure and established strict internal control systems and operational manuals (including anti-money laundering and risk management measures). It also engages external audit and compliance inspections to ensure that its practices adhere to the regulatory requirements.

Client base

The IM business' clients contain a mix of institutional, corporate (including listed issuers) and high-net-worth clients across geographies. The clients are not overly reliant on one group, with strong relationships with a number of repeat investors that engaged the Company for over 5 years and growth of client base with the addition of quality clients, demonstrating their confidence in the Company. As at 30 June 2025, the Group had 24 clients investing through investment funds and discretionary managed accounts with a total AUM of USD470 million, and the AUM managed by the Group on behalf of Hony Capital Group only accounted for approximately 10.81% of the total AUM.

Fee structure

The Company mainly derives income from: (i) management fees (being a fixed percentage amount of the AUM) derived from managing investment funds and discretionary client accounts; and (ii) performance fees derived from capital appreciation of investment funds and discretionary client accounts under the Company's management. Performance fee income are recorded when eligible funds appreciate above their respective high watermarks at agreed performance fee crystallization date.

Management Expertise

The IM business is supported by a professional team of 16 staff performing investment management, risk management, operations, finance, information technology and compliance functions, including 8 SFC licensed persons (5 of which being responsible officers), with an average of over 10 years of relevant industry experience. Its senior team members previously held senior positions with reputable investment banks and asset managers.

The Group will continue to recruit new talents to support the growth of the IM business as appropriate.

Recent developments and competitive advantages of IM business

Set out below some recent developments and competitive advantages of the IM business:

(a) In 2024, the funds managed by the Group performed strongly, most of them outperforming relevant market indices such as Hang Seng Index and Nasdaq Composite Index. This performance underscores the Group's expertise in managing diverse investment portfolios and its ability to deliver value to its clients;

(b) The Company has been actively soliciting external investors to make refresh investments from which performance fees will become immediately payable if the AUM appreciates at the end of the year;

(c) The Group's strategic partnerships with listed companies provide fundraising channels brought in deal flow and fundraising channels not readily accessible to the Company's peers and also generate cross-selling opportunities, namely IM and advisory services;

(d) The Company's responsiveness and commitment in developing differential investment strategies, as well as its research capability and expertise in emerging sectors, enable the Company to combine traditional equity strategies with tech-driven alternative investments. The investment funds managed by the Company adopt a range of strategies, including, equities (long/short), equities (long only), global macroeconomic investments, healthcare-focused investments and IPO-related opportunities;

(e) The IM business is strategically designed with a lean operational structure and a low cost base. The existing institutional infrastructure of the IM business can be readily scaled up to manage AUM in excess of USD2 billion under the same strategies, without incurring additional capital expenditure;

(f) Unlike other private asset managers, the Company, being a company whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), is subject to ongoing disclosure obligations under the Rules Governing the Listing of Securities on the Stock Exchange, continuous monitoring by the Stock Exchange and rigorous compliance standards, which enhances transparency, accountability and operational discipline and collectively reinforces investor confidence;

(g) The Group's strategic direct investment ("**SDI**") business segment is complementary and adjacent to the IM business by seeding and testing new investment strategies which may be applied to the IM business. The Group's success in its SDI business is a testimony of the Company's business capability and potential in the IM business, thereby enhancing competitive advantages of the IM business; and

(h) The Company has access to high net worth individuals in the Mainland China through its substantial controlling shareholder, Hony Capital Group's connections and strong brand name in China. The Company has also gained access to initial public offering-related deal flow and investment opportunities through its relationship with Chinese firms which seek for listing in Hong Kong.

Plans to enhance the IM Business

The Company has formulated a comprehensive plan to enhance business operations and financial positions of the IM business, aiming to drive the Group's growth and maintain long-term sustainable development, which include the following objectives and strategies:

(a) Strengthen the synergy between the SDI business and the IM business to enhance the overall competitiveness of the Group.

(b) Increase service income for the advisory and asset management business by introducing the Group's IM business to listed companies.

(c) Continuously identify new clients to fuel the growth of the IM business and improve the Group's financial situation.

(d) Utilize the Group's capital effectively to develop new investment strategies and expand the scale of the SDI business.

Synergy in IM & SDI businesses

The Company notes that the SDI-IM flywheel has become the Group's engine for organic IM client growth. The SDI business segment is complementary and adjacent to the Group's IM business as it helps develop the IM business using the Group's capital to seed new investment strategies.

Based on information currently available to the Company, the Company's existing short term strategies for the IM business include the following:

(1) Enhancing strategic cooperation with listed companies:

As at the date of this announcement, the Company has entered into strategic cooperation agreements with over 5 listed companies (including Meitu, Inc., iDreamSky Technology Holdings Limited, SenseTime Group Limited and Beijing Fourth Paradigm Technology Co., Ltd) to provide advisory service on business development and expansion, advisory on investment, cash management products and/or asset allocation services. In the past 18 months, the Group has successfully converted some of its cooperative partners into its fund investors and advisory clients. This provides a predictable and high-quality pipeline and reduces the Company's reliance on traditional and more expensive marketing channels.

The Company targets to intensify efforts to further enter into cooperative agreements with listed companies. The Company believes that the strategic cooperation represents a strong testimony of the Company's business capability and potential, which enhances the reputation of the Company's IM business as well as provides an opportunity for the Group to diversify its revenue streams and to bring in new clients.

(2) Optimizing investment strategies:

The Company intends to continue to leverage the Group's capital to seed new investment strategies. The investment team will conduct thorough market research and analysis, and based on the current market trends and the business characteristics of listed companies, develop new investment strategies. These strategies will be continuously refined and optimized through practical application, with a view to create return to the Company's customers.

(3) Promoting IM Services:

Successful strategies incubated with the Group's capital can then be introduced to the Group's clients to promote the IM services by way of one-on-one meetings.

Based on information currently available to the Company, the Company's existing long term strategies for the IM business include the following:

(1) Enhancing brand image:

By providing high-quality services and achieving outstanding investment performance, the Company aims to establish a strong and positive brand image and become one of the leading investment institutions in the market.

(2) Expanding the scale of IM Business

With the continuous development of new investment strategies and the increase in clients from listed companies, barring unforeseen circumstances and based on the information available to the Company as at the date of this announcement, the Company targets to increase the scale of funds under management in the IM business by 10% per year in the coming 3 to 5 years. The Company will strive to continuously optimize our investment portfolio, improve investment returns, and enhance the attractiveness of the IM business to clients.

INFORMATION RELATING TO SDI BUSINESS

SDI business of the Group includes engaging in (a) the proprietary investments in the financial markets directly managed by investment department of the Company ("**Direct Investment**"); (b) the proprietary investments in the funds and/or discretionary accounts managed by GCML or third parties ("**Strategic Investment**"); and (c) the provision of general advisory services in respect of financing and corporate financial status analysis.

As at 30 June 2025, the Group recorded unaudited strategic direct investments of approximately HK$310,142,000. For the six months ended 30 June 2025, the Group recorded unaudited net fair value gains on financial assets and liabilities at fair value through profit or loss of approximately HK$23,538,000 from Direct Investment under the SDI segment and approximately HK$5,902,000 from Strategic Investment under the SDI segment. For the six months ended 30 June 2025, the Company also recorded an advisory fee income of approximately HK$2,964,000 for the provision of general advisory and coordination services with regards corporate financial status analysis and possible financing. Unlike the advisory services limb under the IM business, such advisory services are not provided in connection with regulated activities.

The investment policy and objectives of the SDI business is summarized as follows:

(1) **Investment Portfolio:** The Group has been allocating capital to artificial intelligence, precision manufacturing, digital innovation, and other emerging technology-driven sectors such as digital entertainment and IP-driven gaming platforms, Enterprise SaaS solutions, Web 3.0 and virtual assets. Leveraging on its investment management expertise and close monitoring of global market trends, the Group remains flexible and responsive, with the ability to recalibrate its sector exposure in line with prevailing opportunities;

(2) **Scale and Stake:** The Group generally takes minority positions in its investments in order to preserve flexibility and provide downside protection. The scale of each investment is carefully calibrated to its cash-flow capacity and risk appetite, with individual position sizes designed to limit concentration risk while retaining the potential to capture meaningful upside;

(3) **Value Creation and Exit Discipline:** In selecting investments, the Group evaluates the potential investee's competitive merits, management teams, balance sheets and its paths to monetization. Investments are actively monitored against operating milestones and market indicators, and the Group remains disciplined in trimming or exiting positions where fundamentals deteriorate or valuations become stretched; and

(4) **Investment Objectives:** The main objective of the SDI segment is to utilise the Company's idle funds and leverage on the Group's investment management expertise to generate more value for the Group's shareholders. Besides, given the nature of the Company's IM business, the IM-SDI flywheel has become the Group's engine for IM growth and the SDI business segment is complementary and adjacent to the IM business by seeding and testing new investment strategies which may be applied to the IM business.

Details in relation to the risk management and control measures for the SDI business are set out on page 10 of the Company's interim report for the six months ended 30 June 2025 (the "**2025 Interim Report**"). Details of the Group's significant investments (being investments with a carrying amount that accounted for more than 5% of the Group's total assets as at 30 June 2025) are set out on pages 13 to 14 of the 2025 Interim Report.

By Order of the Board
Goldstream Investment Limited
Mr. Zhao John Huan
Chairman

Hong Kong, 2 January 2026

As at the date of this announcement, the board of directors of the Company comprises two executive directors, namely Mr. Zhao John Huan (Chairman) and Mr. Gao Ziqi (Chief Executive Officer); one non-executive director, namely Mr. Tam Terry Sze Ying; and three independent non-executive directors, namely Mr. Jin Qingjun, Mr. Shu Wa Tung Laurence and Ms. Ge Xin.