

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.



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 2021

HIGHLIGHTS

- Aggregated investment management (“IM”) service income was approximately HK\$68,778,000, representing a decrease of approximately 39% as compared with approximately HK\$112,159,000 in 2020.
- Loss attributable to equity holders of the Company was approximately HK\$67,729,000, while profit attributable to equity holders of the Company was approximately HK\$17,254,000 in 2020. The loss attributable to equity holders of the Company for the year ended 31 December 2021 was mainly attributable to (i) the operating loss of discontinued operation of the Group; and (ii) the fair value loss arising from direct investments during the year ended 31 December 2021.
- Basic loss per share was HK0.60 cents, while basic earnings per share was HK0.15 cents in 2020.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

RESULTS

The board (the “Board”) of Directors (the “Directors”) of Goldstream Investment Limited (the “Company”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021, 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 2021

		2021	(Restated) 2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Income			
Investment management (“IM”) services income		68,778	112,159
Dividend income from investments	<i>10(ii)</i>	2,923	12,006
Net fair value (losses)/gains on financial assets at fair value through profit or loss	<i>10(ii)</i>	(59,192)	22,993
Share of net (losses)/profits of associates accounted for using the equity method		(8,370)	20,426
Consultancy services fee income		6,565	–
		<hr/>	<hr/>
	<i>3(a), 4(a)(b)</i>	10,704	167,584
		<hr/>	<hr/>
Other income	<i>3(b)</i>	23,058	4,733
Expenses			
Employee benefits expenses		(48,000)	(93,644)
Depreciation of right-of-use-assets		(2,812)	(1,947)
Depreciation of property, plant and equipment		(2,180)	(1,368)
Amortisation of intangible assets		(10,158)	(15,379)
Impairment provision for intangible assets		(2,506)	(20,745)
Write off of intangible assets		(658)	(7,204)
Provision for loss allowances		–	(3,952)
Operating lease charges		(7)	(440)
Utilities		–	(157)
Legal and professional fees		(4,522)	(7,334)
Other expenses	<i>5</i>	(15,095)	(14,642)
		<hr/>	<hr/>
Total expenses		(85,938)	(166,812)

		2021	(Restated) 2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating (loss)/profit from continuing operations		<u>(52,176)</u>	<u>5,505</u>
Finance income		–	8,648
Finance costs		<u>(6,233)</u>	<u>(6,467)</u>
Finance (costs)/income, net		<u>(6,233)</u>	<u>2,181</u>
(Loss)/profit before income tax from continuing operations		(58,409)	7,686
Income tax credit	6	<u>2,911</u>	<u>8,480</u>
(Loss)/profit for the year from continuing operations		<u>(55,498)</u>	<u>16,166</u>
(Loss)/profit for the year from discontinued operation	12	<u>(12,231)</u>	<u>1,088</u>
(Loss)/profit attributable to:			
Owners of the Company		<u>(67,729)</u>	<u>17,254</u>
(Loss)/earnings per share from continuing operations attributable to the owners of the Company during the year (expressed in HK cents per share)			
Basic	8(a)	(0.49)	0.14
Diluted	8(b)	<u>(0.49)</u>	<u>0.14</u>
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company:			
Basic	8(a)	(0.60)	0.15
Diluted	8(b)	<u>(0.60)</u>	<u>0.15</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	2021	(Restated) 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year	(67,729)	17,254
Other comprehensive income		
<i>Item that may be reclassified to profit or loss</i>		
– Currency translation differences	133	(39)
– Currency translation differences from discontinued operation	<u>5,465</u>	<u>11,419</u>
Other comprehensive income for the year, net of tax	<u>5,598</u>	<u>11,380</u>
Total comprehensive (loss)/income for the year, net of tax	<u>(62,131)</u>	<u>28,634</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company	<u>(62,131)</u>	<u>28,634</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company arises from:		
– Continuing operations	(55,365)	16,127
– Discontinued operation	<u>(6,766)</u>	<u>12,507</u>
	<u>(62,131)</u>	<u>28,634</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		456	44,141
Right-of-use assets		1,641	10,609
Goodwill	<i>9</i>	197,965	197,965
Intangible assets		16,667	29,989
Deferred tax assets		2,678	1,371
Long term deposits	<i>13</i>	–	867
Interests in associates	<i>11</i>	74,456	98,426
Financial assets at fair value through profit or loss	<i>10</i>	52,150	91,798
		<u>346,013</u>	<u>475,166</u>
Current assets			
Trade receivables and contract assets	<i>13</i>	28,162	133,637
Amounts due from brokers	<i>13</i>	68,763	118,093
Prepayments, deposits and other receivables	<i>13</i>	20,623	45,281
Financial assets at fair value through profit or loss	<i>10</i>	249,177	253,612
Cash and cash equivalents		159,409	232,805
		<u>526,134</u>	<u>783,428</u>
Assets classified as held for sale	<i>12(ii)</i>	227,769	–
		<u>753,903</u>	<u>783,428</u>
Total assets		<u>1,099,916</u>	<u>1,258,594</u>
Equity			
Capital and reserves attributable to owners of the Company			
Share capital		113,465	113,465
Reserves		661,744	716,317
Total equity		<u>775,209</u>	<u>829,782</u>

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Borrowings from a former director	<i>15</i>	–	206,823
Lease liabilities		–	6,335
Deferred tax liabilities		2,660	4,735
		<u>2,660</u>	<u>4,735</u>
		2,660	217,893
Current liabilities			
Borrowing from a director	<i>15</i>	212,562	–
Trade and other payables	<i>14</i>	36,855	127,938
Amounts due to brokers	<i>14</i>	17,381	73,814
Lease liabilities		1,656	4,617
Contract liabilities		–	325
Financial liabilities at fair value through profit or loss	<i>10</i>	3,051	3,923
Income tax payable		489	302
		<u>489</u>	<u>302</u>
		271,994	210,919
Liabilities directly associated with assets classified as held for sale	<i>12(ii)</i>	50,053	–
		<u>50,053</u>	<u>–</u>
		322,047	210,919
		<u>322,047</u>	<u>210,919</u>
Total liabilities		324,707	428,812
		<u>324,707</u>	<u>428,812</u>
Total equity and liabilities		1,099,916	1,258,594
		<u>1,099,916</u>	<u>1,258,594</u>

Notes:

1. GENERAL INFORMATION

Goldstream Investment Limited and its subsidiaries is principally engaged in the provision of customer relationship management (“CRM”) services, which include inbound services and outbound services, to companies in various service-oriented industries, and the provision of IM services following the acquisition of Goldstream Capital Management Limited (“GCML”) and Goldstream Securities Limited (“GSL”) (collectively, the “Goldstream Companies”) in November 2018. To support the growth of IM business, the Group commenced to engage in strategic direct investment (“SDI”) during 2019.

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. Its registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands. The Company has been listed on the Main Board of the Hong Kong 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 transaction was completed subsequently 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”. Comparative figures for 2020 have also been restated.

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 adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2021:

IFRS 16 (Amendments)	Covid-19-Related Rent Concessions
IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 (Amendments)	Interest Rate Benchmark Reform – Phase 2

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

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

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current ²
IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use ¹
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract ¹
IFRS 3 (Amendments)	Reference to the Conceptual Framework ¹
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
IFRS 17	Insurance Contracts ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ²
IAS 8 (Amendments)	Definition of Accounting Estimates ²
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations ¹
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Annual Improvements Project	Annual Improvements to IFRS Standards 2018-2020 ¹

Note:

- (1) Effective for annual period beginning on 1 January 2022
- (2) Effective for annual period beginning on 1 January 2023
- (3) Effective for annual period beginning on or after a date to be determined

The Group will adopt the new and amended standards and amended accounting guideline when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards and amended accounting guideline, 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
– IM services income	68,778	112,159
– Consultancy services fee income	6,565	–
– Dividend income from investments (<i>Note 10(ii)</i>)	2,923	12,006
– Net fair value (losses)/gains on financial assets at FVPL (<i>Note 10(ii)</i>)	(59,192)	22,993
– Share of net (losses)/profits of associates accounted for using the equity method	(8,370)	20,426
	<u>10,704</u>	<u>167,584</u>

The Group has three customers whose transactions accounted for 10% or more of the Group's aggregate revenue for 2021 (2020: four customers). The amounts of revenue from the customers are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer 1	25,904	19,417
Customer 2	12,153	N/A
Customer 3	9,482	39,709
Customer 4	N/A	18,221
Customer 5	N/A	16,861
	<u> </u>	<u> </u>

(b) Other income

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Interest income from financial assets at FVPL	3,316	3,860
Bank interest income	708	398
Compensation from portfolio manager	18,962	–
Others	72	475
	<u>23,058</u>	<u>4,733</u>

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) CRM 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 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 (loss)/profit (i.e. (loss)/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 2021 and 2020:

	Continuing operations		Total	Discontinued	Group
	IM	SDI		operation	
	business	business		business	
	HK\$'000	HK\$'000	HK\$'000	CRMS HK\$'000	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>

	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 2020					
CRM services income	–	–	–	215,202	215,202
Inter-CRM segment services income	–	–	–	(36)	(36)
IM services income	113,261	–	113,261	–	113,261
Inter-IM segment services income	(1,102)	–	(1,102)	–	(1,102)
Dividend income from investments	–	12,006	12,006	–	12,006
Net fair value gains on financial assets at FVPL	2,123	20,870	22,993	–	22,993
Share of net profits of associates accounted for using the equity method	–	20,426	20,426	–	20,426
Total segment income	114,282	53,302	167,584	215,166	382,750
Reportable segment profit	3,905	53,576	57,481	849	58,330
Depreciation and amortisation	16,583	2,111	18,694	6,386	25,080
Provision for loss allowances	3,952	–	3,952	–	3,952
Reportable segment assets	334,416	569,591	904,007	120,411	1,024,418
Additions to non-current segment assets during the year	769	119,979	120,748	5,616	126,364

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Income		
Reportable segment income	<u>10,704</u>	<u>167,584</u>
Consolidated income	<u>10,704</u>	<u>167,584</u>
(Loss)/profit		
Reportable segment (loss)/profit	(38,854)	57,481
Impairment provision for and write off of intangible assets	(3,164)	(27,949)
Finance costs	(6,233)	(6,467)
Amortisation of intangible assets	<u>(10,158)</u>	<u>(15,379)</u>
Consolidated (loss)/profit before income tax	<u>(58,409)</u>	<u>7,686</u>
Assets		
Reportable segment assets	710,060	1,024,418
Cash and cash equivalents	159,409	232,805
Deferred tax assets	2,678	1,371
Assets classified as held for sale	<u>227,769</u>	<u>–</u>
Consolidated total assets	<u>1,099,916</u>	<u>1,258,594</u>
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Discontinued operation		
Income		
Reportable segment income	<u>237,396</u>	<u>215,166</u>
Consolidated income	<u>237,396</u>	<u>215,166</u>
(Loss)/profit		
Reportable segment (loss)/profit	(11,988)	849
Finance costs	<u>(378)</u>	<u>(284)</u>
(Loss)/profit before income tax	<u>(12,366)</u>	<u>565</u>
Assets		
Reportable segment assets	143,204	–
Cash and cash equivalents	<u>84,565</u>	<u>–</u>
Total assets of discontinued operation	<u>227,769</u>	<u>–</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, long term deposits 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 (the "US")	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 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>
Year ended 31 December 2020										
Services income	<u>67,036</u>	<u>45,123</u>	<u>-</u>	<u>-</u>	<u>112,159</u>	<u>134,109</u>	<u>75,255</u>	<u>5,802</u>	<u>215,166</u>	<u>327,325</u>
Specified non-current assets	<u>232,038</u>	<u>51,532</u>	<u>91,798</u>	<u>98,427</u>	<u>473,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473,795</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 IM business HK\$'000	Discontinued operation CRMS business HK\$'000	Total HK\$'000
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>
For the year ended 31 December 2020			
At point in time	<u>87,042</u>	<u>151,412</u>	<u>238,454</u>
Over-time	<u>25,117</u>	<u>63,754</u>	<u>88,871</u>
	<u>112,159</u>	<u>215,166</u>	<u>327,325</u>

5. OTHER EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Auditors' remuneration		
– Audit services	3,203	3,061
– Non-audit services	518	150
Loss on disposal of property, plant and equipment	–	806
Information system expenses	4,815	5,562
Exchange differences, net	(1,675)	(791)
Travelling and entertainment	1,115	1,006
Telecommunication	300	419
Fund operation expenses	3,428	2,289
Staff benefits	716	140
Insurance	651	982
Others	2,024	1,018
	<u>15,095</u>	<u>14,642</u>

6. INCOME TAX CREDIT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax:		
Hong Kong corporate income tax	451	150
Over provision in the prior year	(286)	(522)
Total current tax expense/(credit)	<u>165</u>	<u>(372)</u>
Deferred tax	(3,211)	(8,631)
Income tax credit	<u>(3,046)</u>	<u>(9,003)</u>
Income tax credit is attributable to:		
(Loss)/profit from continuing operations	(2,911)	(8,480)
(Loss)/profit from discontinued operation	(135)	(523)
	<u>(3,046)</u>	<u>(9,003)</u>

(i) Hong Kong profits tax

The Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK\$2 million of assessable profits at 8.25% (2020: 8.25%) and assessable profits above the threshold will be subject to a rate of 16.5%. Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% (2020: 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 for 2021.

Other than the above, remaining subsidiaries located in the PRC are subject to the PRC Corporate income tax rate of 25% (2020: 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 2020.

(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 2021 (2020: Nil).

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the profit/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.

	2021	(Restated) 2020
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)		
– Continuing operations	(55,498)	16,166
– Discontinued operation	(12,231)	1,088
	<u>(67,729)</u>	<u>17,254</u>
Weighted average number of ordinary shares outstanding (<i>thousand</i>)	11,346,176	11,346,314
Basic (loss)/earnings per share (<i>HK cents</i>)		
– Continuing operations	(0.49)	0.14
– Discontinued operation	(0.11)	0.01
	<u>(0.60)</u>	<u>0.15</u>
Total basic (loss)/earnings per share attributable to the ordinary equity holders of the Company (<i>HK cents</i>)	<u>(0.60)</u>	<u>0.15</u>

(b) Diluted (loss)/earnings per share

For diluted (loss)/earnings 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 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 schemes (the "2020 Share Option Scheme and the Share Awards Scheme") would not have a dilutive effect on the loss per share.

For the year ended 31 December 2020, the diluted earnings per share was calculated by considering the impact of the 2020 Share Option Scheme and the Share Award Scheme, in which certain portion of the Company's share options was vested and is in the money and has dilutive impact on the earnings per share calculation. For the Company's share awards, they have dilutive impact on the earnings per share calculation. The diluted earnings per share would not consider those portion of the Company's share options which are expected to be vested and has anti-dilutive impact on the earnings per share calculation.

	2021	(Restated) 2020
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)		
– Continuing operations	(55,498)	16,166
– Discontinued operation	(12,231)	1,088
	<u>(67,729)</u>	<u>17,254</u>
Weighted average number of ordinary shares outstanding (<i>thousand</i>)	11,346,176	11,379,242
Diluted (loss)/earnings per share (<i>HK cents</i>)		
– Continuing operations	(0.49)	0.14
– Discontinued operation	(0.11)	0.01
	<u>(0.60)</u>	<u>0.15</u>
(c) Weighted average number of shares used as the denominator		
	2021	2020
	'000	'000
Weighted average number of ordinary shares used as the denominator in calculating basic (loss)/earnings per share	11,346,176	11,346,314
Adjustments for calculation of diluted (loss)/earnings per share:		
Share options	–	4,380
Share awards	–	28,548
	<u>–</u>	<u>32,928</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted (loss)/earnings per share	11,346,176	11,379,242

9. BUSINESS COMBINATION AND GOODWILL

(a) Goodwill

	2021	2020
	HK\$'000	HK\$'000
At 1 January	197,965	197,833
Business combination (<i>Note b</i>)	—	132
	<u>197,965</u>	<u>197,965</u>
At 31 December	197,965	197,965

The goodwill of HK\$197,965,000 arising from the acquisition of Goldstream Companies in November 2018 and Shenzhen JinCheng Enterprise Management Limited (深圳金晟企業管理有限公司) and its subsidiary, (the “JinCheng Acquisition”) (Note (b)) 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 was determined based on value in use. No impairment charge is noted as at 31 December 2021 (2020: Nil). Goodwill arising from the JinCheng Acquisition is considered immaterial by management.

As at 31 December 2021 and 2020, key assumptions used for assessing the recoverable amount of the goodwill arising from the acquisition of Goldstream Companies are as follows:

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%

2020

Estimated services income growth rate from 2020 to 2021	22.9%
Estimated services income growth rate from 2021 to 2022	17.7%
Estimated services income growth rate from 2022 to 2023	7.6%
Estimated services income growth rate from 2023 to 2024	4.4%
Estimated services income growth rate from 2024 to 2025	3.3%
Discount rate	20.0%
Terminal growth rate	3.0%

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\$10,682,000 higher/lower respectively (2020: HK\$10,447,000 higher/lower). If the services income growth rate had been 0.5% higher/lower than management's estimate at 31 December 2021 with all other variables held constant, the recoverable amount of goodwill would have been approximately HK\$6,059,000 higher/lower respectively (2020: HK\$6,838,000 higher/lower). If the terminal growth rate had been 0.5% higher/lower than management's estimate at 31 December 2021 with all other variables held constant, the recoverable amount of goodwill would have been approximately HK\$7,232,000 higher and HK\$6,750,000 lower respectively (2020: HK\$2,080,000 higher and HK\$975,000 lower).

(b) Business combination

On 5 June 2020, Goldstream Investment Management (Shanghai) Limited (金涌投资管理(上海)有限公司), a wholly-owned subsidiary of the Company, completed the acquisition of the entire issued share capital of Shenzhen JinCheng Enterprise Management Limited (深圳金晟企业管理有限公司) and its subsidiary, companies principally engaged in the provision of mainland domestic asset management business in the PRC, for a total consideration of RMB10,000 (equivalent to approximately HK\$12,000). Certain license and goodwill were recognised from the Jincheng Acquisition. The Group is expected to broaden and make new product offerings to the PRC investors.

The following table summarises the consideration paid for the Jincheng Acquisition, and the fair values of the assets acquired and liabilities assumed at the acquisition date.

	2020 HK\$'000
Purchase consideration	
Cash paid	<u>12</u>
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	47
Intangibles assets	542
Trade and other receivables	11,521
Payables and other accruals	<u>(12,230)</u>
Total net liabilities assumed	<u>(120)</u>
Add: Goodwill (<i>Note a</i>)	<u>132</u>
Net assets acquired	<u>12</u>

10. FINANCIAL ASSETS/(LIABILITIES) AT FVPL

(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 OCI.

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

	2021	2020
	HK\$'000	HK\$'000
Non-current assets		
Investment funds		
– US investment funds	52,150	91,798
Current assets		
Investment funds		
– Cayman Islands investment funds	71,756	51,085
– British Virgin Islands (“BVI”) investments funds	24,915	22,382
– Ireland investments funds	–	538
– PRC funds	5,565	–
Contracts for difference		
– PRC contracts for difference	975	44,252
– Hong Kong contracts for difference	–	17,061
Listed equity securities		
– US listed equity securities	637	–
– The United Kingdom (the “UK”) listed equity securities	2,008	–
– PRC listed equity securities	65,964	47,445
– Hong Kong listed equity securities	25,708	3,491
Listed options		
– US options	31	–
Listed futures		
– PRC futures	109	–
Exchange traded funds		
– US exchange traded funds	31,055	31,673
– Hong Kong exchange traded funds	1,976	5,552
– PRC exchange traded funds	180	–
Collateralised mortgage obligation		
– US collateralised mortgage obligation	11,543	21,226
Corporate bonds		
– PRC corporate bonds	6,357	7,859
Forward foreign exchange contracts (Note)	398	661
Depository receipts		
– PRC depository receipts	–	387
	249,177	253,612
	301,327	345,410

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities		
Forward foreign exchange contracts (Note)	(1,552)	(2,727)
Contracts for difference		
– PRC contracts for difference	(1,086)	(349)
– Hong Kong contracts for difference	–	(276)
– Singapore contracts for difference	–	(165)
Index futures		
– Hong Kong Index futures	(394)	(404)
Listed equity securities		
– US listed equity securities	–	(2)
Listed options		
– US listed options	(19)	–
	<u>(3,051)</u>	<u>(3,923)</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net fair value (losses)/gains on financial assets at FVPL (Note 3a)	(59,192)	22,993
Dividend income from investments (Note 3a)	2,923	12,006
Interest income from financial assets at FVPL (Note 3b)	3,316	3,860
Interest expense from financial assets at FVPL	(426)	(561)
	<u>(426)</u>	<u>(561)</u>

11. INTERESTS IN ASSOCIATES

On 1 March 2020, the Group invested in Goldstream Healthcare Focus Fund SP and Goldstream Macro Fund SP for cash consideration of USD5 million (equivalent to approximately HK\$39 million) and USD5 million (equivalent to approximately HK\$39 million) respectively. The Group redeemed USD2 million (equivalent to approximately HK\$15.6 million) from Goldstream Macro Fund SP during year ended 31 December 2021. As at 31 December 2021, the Group held 8.0% and 4.4% (2020:19.6% and 12.2%) 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.

Details of such investment funds are summarised as follows

	Place of incorporation	Interests held		Measurement method	Carrying amount	
		2021 %	2020 %		2021 HK\$'000	2020 HK\$'000
Goldstream Healthcare Focus Fund SP	Cayman Islands	8.0	19.6	Equity method	46,254	54,496
Goldstream Macro Fund SP	Cayman Islands	4.4	12.2	Equity method	28,202	43,930
					<u>74,456</u>	<u>98,426</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. The disposal transaction was completed subsequently 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 years ended 31 December 2021 and 2020.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	237,396	215,166
Other income	3,829	6,411
Expenses		
– Employee benefit expenses	(202,012)	(147,036)
– Depreciation of right-of-use-assets	(3,299)	(3,362)
– Depreciation of property, plant and equipment	(2,605)	(3,024)
– Operating lease charges	(6,925)	(5,761)
– Utilities	(4,704)	(4,104)
– Legal and professional fees	(64)	(206)
– Advertising expenses for customer's projects	(5,084)	(26,461)
– Other expenses	(28,520)	(30,774)
	<u>(253,213)</u>	<u>(220,728)</u>
Operating (loss)/profit from discontinued operation	(11,988)	849
Finance cost		
– Interest expense	(378)	(284)
(Loss)/profit before income tax	(12,366)	565
Income tax credit	135	523
(Loss)/profit after income tax of discontinued operation	<u>(12,231)</u>	<u>1,088</u>
Exchange differences on translation of discontinued operation	5,465	11,419
Total comprehensive (loss)/income from discontinued operation	<u>(6,766)</u>	<u>12,507</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 HK\$'000
Assets classified as held for sale	
Property, plant and equipment	42,135
Right-of-used asset	7,152
Trade receivables and contract assets	68,239
Prepayments, deposits and other receivables	25,678
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>

The cumulative foreign exchange gain recognised in other comprehensive income in relation to the discontinued operation as at 31 December 2021 were HK\$5,465,000.

13. TRADE AND OTHER RECEIVABLES, PREPAYMENTS, DEPOSITS AND AMOUNTS DUE FROM BROKERS

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables			
– related parties		10,634	12,299
– third parties		21,480	111,729
		<u>32,114</u>	124,028
Loss allowances		(3,952)	(4,337)
		<u>28,162</u>	119,691
Trade receivables, net			
Contract assets			
– third parties		–	13,946
		<u>–</u>	<u>13,946</u>
	<i>(a)</i>	28,162	133,637
Other financial assets at amortised cost			
Amounts due from brokers		68,763	118,093
		<u>68,763</u>	<u>118,093</u>
Deposits and other receivables			
– related parties		17,228	16,551
– third parties		1,061	23,681
Prepayments		2,334	5,916
Less: Non-current deposits		–	(867)
		<u>20,623</u>	<u>45,281</u>
		117,548	297,011
		<u>117,548</u>	<u>297,011</u>

(a) Ageing analysis

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aged within 1 month	4,327	89,177
Aged between 1 to 3 months	9,355	19,839
Aged between 3 to 6 months	1,091	7,468
Aged between 6 months to 1 year	10,187	6,125
Aged over 1 year	3,202	11,028
	28,162	133,637

14. TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO BROKERS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
– Third parties	–	3,873
	–	3,873
Other payables		
– Related parties	1,910	3,865
– Third parties	18,493	48,136
Accruals		
– Accrued salaries	9,335	69,435
– Accrued audit fee	3,303	2,050
– Others	3,814	579
	36,855	127,938
Amounts due to brokers	17,381	73,814

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.

Ageing analysis

The ageing analysis of trade payables based on invoice date are follows:

	2021 HK\$'000	2020 <i>HK\$'000</i>
0–30 days	–	2,966
31–90 days	–	368
91–180 days	–	407
181 days –1 year	–	81
Over 1 year	–	51
	<u>–</u>	<u>3,873</u>

15. BORROWINGS FROM A FORMER DIRECTOR AND BORROWING FROM A DIRECTOR

	2021 HK\$'000	2020 <i>HK\$'000</i>
Borrowing from a director	212,562	–
Borrowings from a former director	<u>–</u>	<u>206,823</u>

As at 31 December 2020, the amount due represented a balance with a former director, Mr. Li Kin Shing and denominated in HK\$. He was a director of the Company until he resigned on 28 December 2018. The amount is unsecured, non-interest bearing and repayable in its full principal amount of HK\$214,999,000 on 29 November 2020. On 30 November 2020, the loan was extended by 18 months from 30 November 2020 to 29 May 2022. On 10 December 2021, this loan facility was assigned from Mr. Li to Ms. Li, an Executive Director of the Company, all the terms of this loan facility remain unchanged.

The imputed interest of HK\$nil is unwinded (2020: HK\$8,648,000), incurring a finance cost of HK\$5,739,000 for the year ended 31 December 2021 (2020: HK\$5,854,000).

As at 31 December 2021, the Group has a fully utilised borrowing facility of HK\$215 million (2020: HK\$215 million from Mr. Li) from Ms. Li for financing its business operation. The borrowing was offset against the consideration of the disposal transaction which was subsequently completed on 22 March 2022.

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Following the outbreak of novel coronavirus (“COVID-19”), its variant “Omicron” has developed severely in early 2022. The Russia/Ukraine situation has also been deteriorated in early 2022. The Group will pay close attention to the development of the outbreak and the Russia/Ukraine situation and evaluate the impact on the financial position and operating results of the Group in 2022. Pending development of such subsequent non-adjusting events, the Group’s financial results for the year ending 31 December 2022 may be affected, the extend of which could not be estimated as at the date of approval of these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT

The Chinese capital market experienced a roller coaster year in 2021. The stock market started robustly at the beginning of the year. Investor sentiments were buoyant on the hope of a post-pandemic economic recovery in China and overseas. The mass vaccination rolled out in most developed markets and US fiscal stimulus package was approved. Many Chinese corporates issued positive profit alerts ahead of earnings season. Hong Kong market saw a strong surge of southbound capital inflows.

The market dynamics changed after the Chinese New Year holiday. As the inflation fear started to build up, investors' risk appetite dampened. The bond yields and commodity prices started to climb up. Stocks of growth sectors became highly volatile. The global outbreaks of Delta variant shook market confidence on the economic recovery. Investors feared that the stringent measures adopted by Chinese government in combatting the pandemic would take tolls on consumer expenditures and corporate earnings.

In the second half of the year, Chinese government tightened regulatory measures against many high-flying sectors such as education, internet, healthcare, gaming, entertainment and property. Washington also added more Chinese companies to its Entity List. The Chinese companies listed overseas, faced unprecedented sell-off pressure, amid Sino-US regulatory cross-fires. In July, the Hong Kong equity index saw the largest monthly decline since October 2018. Both onshore and offshore China equity markets were among the worst performers globally in 2021, with CSI300 Index and Hang Seng Index down by 5.2% and 14.1% respectively.

Credit and commodity markets were turbulent too. China's offshore credit market, dominated by real estate issuers, also saw the largest price drop and sell-off in history, as China cleaned up excess leveraging in its domestic housing market. Policymakers intervened the commodity market in the middle of 2021 trying to tame the surging commodity prices that have squeezed manufacturers' margins.

The year under review was a challenging year to the CRMS business although the PRC government has been persevering in its reform and opening up the market, which has brought about unprecedented changes across the industries. Growth in China's economy has been slowing down. The Sino-US trade friction has intensified the global economic uncertainties. CRM outsourcing is relatively common in the traditional telecommunications industry. CRM customer base has been extended to a wide range of industries, stretching across finance, postal, travel, healthcare, logistics, information technology, online business, media, public utilities and retail. In 2021, the Group continued to expand its internet CRM services in order to facilitate the operation of intelligent online business for its customers. However, staff recruitment has been a great challenge to the Group in recent years. The operation of the CRMS business requires a significant amount of human resources and the service standard expected by the Group's CRM customers is getting higher. The Group is under heavy pressure of recruiting enough capable and suitable operators to meet their requirements. In addition, due to the nature of the CRM outsourcing industry, employee turnover rate is relatively high. Thus, it is very difficult to maintain the expected productivity rate and higher pay is required to retain capable employees. In consequence, the staff costs of the Group's CRMS business has increased over the years.

FINANCIAL REVIEW

The Group's operating results from the continuing operations for the year ended 31 December 2021 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". Comparative figures for 2020 have also been restated.

Income

The Group recorded service income of approximately HK\$68,778,000 (2020: approximately HK\$112,159,000) for the year ended 31 December 2021. The dividend income from investment funds of approximately HK\$2,923,000 (2020: HK\$12,006,000), fair value losses on financial assets of fair value through profit or loss of approximately HK\$59,192,000 (2020: fair value gains of approximately HK\$22,993,000) also decreased overall income of the Group. For the year ended 31 December 2021, income of the Group amounted to approximately HK\$10,704,000, representing a decrease of approximately 93.6% as compared with last year (2020: HK\$167,584,000).

Other income

The Group's other income was approximately HK\$23,058,000 (2020: approximately HK\$4,733,000), representing an increase of approximately 3.9 times as compared with last year. The jump was mainly due to one-off compensation from portfolio manager amounting to approximately HK\$18,962,000 in 2021.

Operating expenses

In terms of expense, the Group continued to exercise stringent cost discipline. Total expenses decreased from approximately HK\$166,812,000 for the year ended 31 December 2020 to approximately HK\$85,938,000 in 2021. During the year, employee benefits expenses decreased by approximately HK\$45,644,000. As part of the Group's compensation policy, the Group distributes certain portion of its performance fee income to the Group's portfolio managers as discretionary bonus. It was reduced accordingly with the decrease in performance fee income. The Group recorded amortisation expense and non-recurring expenses including impairment provision for and written off of intangible assets of approximately HK\$2,506,000 (2020: HK\$20,745,000) and HK\$658,000 (2020: HK\$7,204,000) respectively.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company for the year ended 31 December 2021 was approximately HK\$67,729,000, while the Group's profit attributable to equity holders of the Company for the year ended 31 December 2020 was approximately HK\$17,254,000. The loss attributable to equity holders of the Company for the year ended 31 December 2021 was mainly attributable to (i) the operating loss of discontinued operation of the Group amounting to HK\$12,231,000 and (ii) the fair value loss arising from direct investments during the year ended 31 December 2021 amounting to HK\$59,192,000.

Discontinued Operation – CRMS business

The Group recorded CRM service income of approximately HK\$237,396,000 (2020: approximately HK\$215,166,000) for the year ended 31 December 2021, representing an increase of approximately 10.3% as compared with last year from the discontinued operation.

Other income decreased by approximately HK\$2,582,000 as compared with last year from HK\$6,411,000 to HK\$3,829,000. Such decrement was mainly due to reduction in subsidy received from government.

In terms of expense, total expenses increased from approximately HK\$220,728,000 for the year ended 31 December 2020 to approximately HK\$253,213,000 in 2021. The CRMS business is labour intensive. The operation of the CRMS business requires a significant amount of human resources. Due to the increasing trend in staff costs, the overall performance of the CRMS business has been underwhelming in recent years. During the year, employee benefits expenses increased by approximately HK\$54,976,000 to HK\$202,012,000 for the year ended 31 December 2021 (2020: HK\$147,036,000), representing of approximately 79.8% (2020: 66.6%) of total expense of Disposal Group.

The Disposal Group had received a one-off substantial pension contribution relief from the local government due to the emergence of COVID-19 which had significantly reduced the relevant staff costs and expenses and allowed the Disposal Group to maintain a net profit for the financial year ended 31 December 2020. In the absence of further pension contribution relief in 2021, combined with the rather difficult operating environment and increasing staff costs and expenses, the Disposal Group had recorded a net loss of approximately HK\$12,231,000 (2020: net profit of approximately HK\$1,088,000) for the year ended 31 December 2021.

IM BUSINESS

Business Review

The Company's investment management business was incepted at the end of 2018 and has grown steadily since. The assets under management ("AUM") has grown from US\$355 million at the end of 2018 to US\$985 million at the end of 2021, which led to a healthy growth of income from management fees and performances fees. Over the past years, the Company has built up solid infrastructure to support future growth of the business. China's asset management market, standing over US\$20 trillion in size at the moment, is expected to grow strongly in the next decade. With the uncertainties and tensions between China and U.S. and regulatory changes, Hong Kong has stepped up to attract Chinese companies for offshore listing. At the same time, Chinese authorities have launched piloted wealth management connect schemes in late 2021 to allow more capital transaction between the mainland and Hong Kong. We believe it is the right time and the right place for the Company to focus its growth on the development of investment management business.

In year 2021, the Company continued to expand its IM business and experienced a substantial growth in its AUM by the end of 2021 by almost 49% through new mandates and inflow to its investment funds. In respect of investment strategy and products, the Company has clearly established three major strategies, namely Greater China/Hong Kong Equity, China Multi Strategy and sector focused strategy in Healthcare and Consumer. Based on different strategies, a dedicated investment team has been formed. At the same time, different investment team members support each other, exchange market information and investment views in a timely manner, and improve investment efficiency. This formed a solid and stable three pillars investment platform for ongoing development. The company also keep exploring and incubating new strategies with a view to have a better long term development.

The Company has continued to develop its quantitative research and asset allocation model – Magic Abacus System. This provides an extended research capability and forms a complement to the human research efforts. The Company is progressing with the plan in developing its proprietary “Human + A.I.” models to assist with asset allocation and risk monitoring. From back testing and simulations, these models have shown promising results. The model has been gradually implemented into China Multi Strategy and provides stable returns to smooth out the bumpy ride in the equity market throughout 2021. The Company will continue with its effort in deploying these models to effect digital transformation of its IM business.

The Company’s domestic business in the PRC has also been developing steadily in both its products and relationships with institutional investors. Through its RMB Qualified Foreign Institutional Investor (“RQFII”) license, the Company is providing investors with offshore capital to invest directly in mainland onshore financial instruments. The revised RQFII regulation which allows investment to be made to private funds is favorable to the Company in raising new mandates to grow its AUM. The Company has also explored the Qualified Domestic Investment Entity (QDIE) license with noticeable progress. This will further enhance our competitiveness and increase our product offering to domestic investors for their offshore investments.

Prospects

Capital markets started with more turbulences at the beginning of 2022. War broke out in February 2022 between Russia and Ukraine, rattling global equity markets and sending commodity prices off the roof. Hong Kong is overwhelmed by a record surge of COVID-19 cases, amplifying worries of further economic slowdown. At the same time, global inflationary pressure persists and the US Federal Reserve is hiking the rates. These macro uncertainties will continue to weigh on investor sentiments.

Despite the overall dampened market sentiment, we think recent adjustments in the stock markets in onshore and offshore markets have priced in the risks, making China one of the most defensive markets in Asia. In China, monetary and fiscal policy ease is expected to fight against slowing economy. Loan prime rate cuts and rising total social financing are among early signs of policy ease. More importantly, regulatory headwinds are likely to lessen in 2022. There is also a good chance that Beijing and Washington regulatory bodies work towards the same direction to ease investor fears. The Company believes that current global volatility presents a rare opportunity to invest in China with attractive valuation.

The Company will continue its plan to develop its IM business with a focus on becoming a provider of products, solutions and technology system as below:

- (1) The Company will continue to build sound track-records for all products and step up its marketing effort in new investments.
- (2) The Company will continue to develop its quantitative research and asset allocation model – Magic Abacus System. This system, together with its fund products, will enable the Company to provide holistic investment solutions to clients.
- (3) The Company will promote its funds and advisor services to institutional clients and family offices to extend client base geographically and increase its AUM. The Company will continue to develop its business relationships with financial institutions, mainly banks and insurance companies, product distributors like securities companies, high net worth individuals and large conglomerates, both in China and outside China.
- (4) The Company will continue to invest in financial technologies and its operating platform to enhance client services, risk management and operations capabilities to support its future growth in products and business services.

The Company will continue its prudence approach in building up the IM revenue. The Company remains positive that China and Hong Kong offer attractive long term investment opportunities with limited correlation to other markets and local investment managers with the right expertise required to deliver risk adjusted returns.

SDI BUSINESS

Business Review

SDI is to leverage on the Group's human resources and physical capital in pursuit of outstanding risk-adjusted returns. This also strategically supports growth of the Group's new business initiatives such as the IM segment. The investments include funds, debt and equity investments and exchange traded funds ("ETF"). Having taken into consideration of the cash requirements of the Group for the next 12 months and the level of cash and cashflow position of the Group, the Group continued to make investments to generate better return on idle cash for the Group and made positive returns in these investments managed by the Group's subsidiary GCML. The Group is encouraged by the results from this new initiative through effective deployment of the Group's resources, investment management and risk management expertise.

In 2021, the Company continues its SDI business approach. The market-to-market valuation of its investments was negatively impacted by the overall disappointing market conditions. While the offshore Chinese bond market and equity market experienced its worst performance in history, the risks of our SDI investments were mitigated through strategy diversification.

Prospects

The Group will continue to seek investment opportunities to enhance the return on its financial resources as a whole. The Group recognises market instability and volatility, and will continue to strike a balance between risks and return, especially at a time of great uncertainty. The Group's cautious and balanced allocation among Chinese and global assets, together with diversified strategies 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.

DISCONTINUED OPERATION – CRMS BUSINESS

Business Review

Customers in Telecommunications Industry

In 2021, the Group continued to provide services to established telecommunications service providers. The Group continued to seek further cooperation with customers in the telecommunications industry, as well as business opportunities with other telecommunications service providers, and managed to acquire service contracts from new customers. There was an increase in revenue of the Group from telecommunications service providers for the year ended 31 December 2021 of approximately 11.1% as compared with last year.

Customers in Non-Telecommunications Industries

In 2021, the Group continued to develop its non-telecommunications customer base through active negotiation with potential customers in various industries such as finance, broadcast communication, social welfare, food and beverage, slimming and beauty shops, education, information technology, banking, exposition and property development and has successfully acquired service contracts from new customers. Notwithstanding the above efforts, due to the economic impact of COVID-19 pandemic, there was a decrease in revenue of the Group from non-telecommunications customers for the year ended 31 December 2021 of approximately 0.7% as compared with last year.

Multi-Skill Training

Benefiting from the government's favorable training policy for CRM industry in China, the Group provided various training programs for its staff, including a multi-skill-and-management training program. This training program is designed to imbue experienced operators with skills that will allow them to work on multiple projects. This makes the project teams more versatile and better allocates the Group's resources. Consequently, operators that would otherwise be idle can now serve customers of different projects. This has significantly enhanced the Group's efficiency, particularly in small projects with volatile call volume.

However, due to the impact of COVID-19 pandemic, some of the projects were downsized and a number of multi-skill elite operators left the Group, which resulted in the increasing manpower and recruitment pressures.

Disposal of the CRMS business

The Group is committed to enhancing the penetration in the PRC market and exploring the possibility of developing the non-telecommunications market.

The Group intends to maintain a balance between investment in development and stringent cost discipline in order to maintain profitable in this business sector. However, the operation of the CRMS business requires a significant amount of human resources and due to the increasing trend in staff costs, the overall performance of the CRMS business has been underwhelming in recent years. On the other hand, segment performance from the investment management business and strategic direct investment business of the Group are improving. By disposing of the CRMS business, the Group will focus its resources on the development of its investment management business and strategic direct investment business.

On 22 December 2021, the Company and Ms. Li, an executive Director, entered into a share purchase agreement to dispose of the CRMS business (“Share Purchase Agreement”), pursuant to which the Company conditionally agreed to sell, and Ms. Li conditionally agreed to purchase the entire equity interest in Honor Crest Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and the holding company of subsidiaries of the CRMS business, at the consideration of HK\$219,464,000 (the “Disposal”). The consideration shall be satisfied by (i) the set-off against borrowing with a director of HK\$215,000,000 and (ii) cash consideration of HK\$4,464,000. The disposal transaction was subsequently 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 21 February 2022.

EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, all conditions precedent under the Share Purchase Agreement have been fulfilled and completion took place on 22 March 2022. Upon completion of the Disposal, members of the Disposal Group have ceased to be subsidiaries of the Group and their financial results will no longer be consolidated into the financial statements of the Group. For details of the abovementioned transaction, please refer to Note 12 of the consolidated financial information in this announcement.

Save for the above and the events set out in Note 16 of the consolidated financial information in this announcement, there were no other significant events after the reporting period up to the date of this announcement.

CAPITAL STRUCTURE

As at 31 December 2021, the Group's shareholders' equity was approximately HK\$775,209,000 and the total number of shares issued was 11,346,472,321. The Group maintained an unsecured, non-interest bearing facility from an executive director, Ms. Li Yin and approximately HK\$214,999,000 was drawn down as at 31 December 2021. The loan was originally repayable in full on 29 May 2022. Pursuant to the Share Purchase Agreement in relation to the disposal of CRMS business, the above loan has been set off against the consideration upon completion on 22 March 2022.

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%. Since the Company recorded net cash to total equity as at 31 December 2020, the gearing ratio was therefore not applicable.

MATERIAL ACQUISITIONS OR DISPOSALS

Save for the Disposal, 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 make strategic direct investment on behalf of the Group. As at 31 December 2021, the Group recorded strategic direct investments of approximately HK\$301,327,000. 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 2021 as significant investments.

To mitigate relevant risks, the Group will optimise its investment strategies in response to market conditions. The Group had no significant investments held during the year. Details of the Group's investment objective and strategies are set out in the paragraphs – "SDI Business – Business Review" and "SDI Business — Prospects".

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: 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 2021, neither the Company nor any of its subsidiaries has redeemed, purchased, sold or cancelled any listed securities of the Company, except that the trustee of the share award scheme of the Company (the “Share Award Scheme”), pursuant to the terms of the rules and the trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 300,000 Shares at a total consideration of approximately HK\$35,000.

CORPORATE GOVERNANCE

The Company has committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. Throughout the year ended 31 December 2021, 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.

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 2021.

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 2021 as set out in this preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers. These figures were the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in respect of this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by 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 chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2021 and is of the opinion that the consolidated annual results complied with applicable accounting standards, and 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 2021 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, 31 March 2022

As at the date of this announcement, the executive Directors are Mr. Zhao John Huan, Dr. Lin Tun, Mr. Yuan Bing and Ms. Li Yin; and the independent non-executive Directors are Mr. Jin Qingjun, Mr. Lee Kin Ping Christophe and Mr. Shu Wa Tung Laurence.