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## **GOLDSTONE INVESTMENT GROUP LIMITED**

**金石投資集團有限公司**

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

**(Stock Code: 901)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Goldstone Investment Group Limited (“**Goldstone**” or the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Year**”), together with the comparative figures for the year ended 31 December 2021 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$</b>	2021 <b>HK\$</b>
Revenue	(4)	–	–
Net loss on financial assets at fair value through profit or loss	(6)	<b>(10,729,827)</b>	(10,084,232)
Net other income, gains and losses	(4)	<b>292,123</b>	103,684
Administrative and other operating expenses		<b>(9,972,606)</b>	(16,827,459)
Loss from operations	(7)	<b>(20,410,310)</b>	(26,808,007)
Finance costs		<b>(14,448,385)</b>	(15,035,263)
Loss before tax		<b>(34,858,695)</b>	(41,843,270)
Income tax expense	(8)	–	–
Loss for the year and total comprehensive expenses attributable to owners of the Company		<b>(34,858,695)</b>	(41,843,270)
Loss per share			
Basic and diluted (HK cents)	(10)	<b>(1.61)</b>	(1.97)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 31 DECEMBER 2022

		<b>2022</b>	2021
	<i>Notes</i>	<b><i>HK\$</i></b>	<i>HK\$</i>
<b>Non-current assets</b>			
Furniture, fixtures and equipment		–	–
Financial assets at fair value through profit or loss	(11)	<u>6,169,034</u>	<u>4,612,939</u>
		<u>6,169,034</u>	<u>4,612,939</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	(11)	<b>94,559,939</b>	106,733,643
Other receivables, deposits and prepayments		<b>159,045</b>	458,835
Cash and bank balances		<u>3,067,738</u>	<u>7,745,057</u>
		<u>97,786,722</u>	<u>114,937,535</u>
<b>Current liabilities</b>			
Creditors and accrued expenses		<b>16,237,260</b>	5,419,533
Unsecured borrowings	(12)	<b>91,512,721</b>	25,891,997
Corporate bonds	(13)	<b>50,911,447</b>	33,718,173
Convertible bonds		–	53,571,133
Lease liabilities		–	9,067,741
		<u>158,661,428</u>	<u>127,668,577</u>
<b>Net current liabilities</b>		<u>(60,874,706)</u>	<u>(12,731,042)</u>
<b>Total assets less current liabilities</b>		<u>(54,705,672)</u>	<u>(8,118,103)</u>

	<i>Notes</i>	<b>2022</b> <b>HK\$</b>	2021 <b>HK\$</b>
<b>Non-current liabilities</b>			
Corporate bonds	(13)	<u>35,668,447</u>	<u>47,397,321</u>
<b>NET LIABILITIES</b>		<b><u>(90,374,119)</u></b>	<b><u>(55,515,424)</u></b>
<b>Capital and reserves</b>			
Share capital	(14)	<b>27,052,735</b>	27,052,735
Reserves		<u>(117,426,854)</u>	<u>(82,568,159)</u>
<b>CAPITAL DEFICIENCY</b>		<b><u>(90,374,119)</u></b>	<b><u>(55,515,424)</u></b>
<b>Net liability value per share</b>		<b><u>(0.0418)</u></b>	<b><u>(0.0257)</u></b>

*NOTES:*

**1. GENERAL INFORMATION**

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and its ultimate holding company is APAC Investment Holdings Limited (“**APAC**”) (incorporated in Samoa). Its ultimate controlling party is Mr. Hu Haisong (“**The Ultimate Controlling Party**”). The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at Room 901, Sing Ho Finance Building, 166–168 Gloucester Road, Wan Chai, Hong Kong.

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

The audited consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company. It is authorised for issue by the Board of Directors on 21 April 2023.

**2. BASIS OF PREPARATION**

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

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

**Going Concern**

For the year ended 31 December 2022, the Group incurred a net loss of approximately HK\$34,859,000 and as at that date, the Group recorded net current liabilities of approximately HK\$60,875,000 and net liabilities of approximately HK\$90,374,000 while its cash and cash equivalents amounted to approximately HK\$3,068,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

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

- (i) The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations;
- (ii) In July 2022, the Company has entered into an extension corporate bond agreement to extend the maturity date of Bond III from 16 July 2022 to 15 July 2023 with interest rate changed from 7% to 8% per annum starting from 16 July 2022;

- (iii) The Group is in the process of negotiating with other corporate bondholders to restructure and/or refinance its borrowings, and secure necessary facilities to meet the Group’s working capital and financial requirements in the near future;
- (iv) The Group will seek to obtain additional new financial support including but not limited to borrow loans, issuing additional equity or debt securities; and
- (v) The Group will also seek to redeem its investment products as soon as practically feasible while trying to minimize the potential loss of value given the current adverse condition and challenging economic environment.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the reporting date taking into account the impact of the above measures. The directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financial requirements. Accordingly, the consolidated financial statements for the year ended 31 December 2022 have been prepared on a going concern basis.

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

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

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

In the current year, the Group has applied the following amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

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

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 and Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

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

<sup>2</sup> Effective date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

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

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

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Revenue	–	–
<b>Net other income, gains and losses:</b>		
Bank interest income	9	–
Exchange gain (loss), net	122,207	(114,103)
Imputed interest income on rental deposit	1,907	7,120
Government subsidies	168,000	–
Sundry income	–	210,667
	<b>292,123</b>	<b>103,684</b>

## 5. SEGMENT INFORMATION

### Business segments

The directors of the Company consider that the Group only has single business segment, i.e. investment in financial assets at fair value through profit or loss (“FVTPL”). It is not considered meaningful to provide a business segment analysis of financial performance.

## Geographical segments

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

	<b>2022</b>		
	Singapore <i>HK\$</i>	Hong Kong <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	6,169,034	97,627,677	103,796,711
Unallocated assets			<u>159,045</u>
<b>Total assets</b>			<b><u><u>103,955,756</u></u></b>
Segment liabilities	–	178,092,615	178,092,615
Unallocated liabilities			<u>16,237,260</u>
<b>Total liabilities</b>			<b><u><u>194,329,875</u></u></b>
		2021	
	Singapore <i>HK\$</i>	Hong Kong <i>HK\$</i>	Total <i>HK\$</i>
Segment assets	4,612,939	114,478,700	119,091,639
Unallocated assets			<u>458,835</u>
<b>Total assets</b>			<b><u><u>119,550,474</u></u></b>
Segment liabilities	–	160,578,624	160,578,624
Unallocated liabilities			<u>14,487,274</u>
<b>Total liabilities</b>			<b><u><u>175,065,898</u></u></b>

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

	<b>2022</b> <i>HK\$</i>	2021 <i>HK\$</i>
Unrealised loss arising on fair value changes of listed equity investments	(18,995)	(390,656)
Unrealised gain arising on fair value changes of unlisted equity investment	1,433,877	194,689
Unrealised loss arising on fair value changes of unlisted investment fund	(12,144,709)	(7,131,265)
Realised loss arising on disposal of unlisted investment fund	–	<u>(2,757,000)</u>
	<b><u><u>(10,729,827)</u></u></b>	<b><u><u>(10,084,232)</u></u></b>



## 7. LOSS FROM OPERATIONS

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Loss from operations has been arrived at after charging (crediting):		
Auditor's remuneration	<b>320,000</b>	290,000
Investment management fee	<b>360,000</b>	270,000
Exchange (gain)loss, net	<b>(122,207)</b>	114,103
Imputed interest income on rental deposit	<b>(1,907)</b>	(7,120)
Net loss on financial assets at FVTPL	<b>10,729,827</b>	10,084,232
Lease payments for short-term leases and low value assets not included in the measurement of lease liabilities	<b>275,400</b>	52,492
Directors' remuneration and staff costs		
– salaries, allowance and other benefits in kind	<b>5,399,333</b>	5,748,370
– contributions to MPF Scheme	<b>124,400</b>	122,250
	<b><u>10,729,827</u></b>	<b><u>10,084,232</u></b>

## 8. INCOME TAX EXPENSE

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

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these two jurisdictions.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

No provision for PRC Enterprise Income Tax and Thailand Corporate Income Tax have been made as the subsidiaries established in the PRC and Thailand did not have assessable profit subject to PRC Enterprise Income Tax and Thailand Corporate Income Tax respectively during the years ended 31 December 2022 and 2021.

At the end of the reporting period, the Group has estimated unrecognised tax losses of approximately HK\$298,203,000 (2021: approximately HK\$279,850,000) to set off against future taxable income. No deferred tax asset is recognised in respect of such tax losses carried forward as the realisation of the related tax benefit through future taxable profits could not be reasonably assessed. The tax losses are subject to the final assessment and determination by the tax authority of jurisdiction where the tax losses arise. The Group had no material unprovided deferred tax liabilities at the end of the reporting period (2021: HK\$nil).

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the year (2021: HK\$nil).

## 10. LOSS PER SHARE

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
<b>Loss</b>		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	<u>34,858,695</u>	<u>41,843,270</u>
<b>Number of shares</b>		
Number of ordinary shares (2021: weighted average number of ordinary shares) for the purpose of basic and diluted loss per share	<u>2,164,218,784</u>	<u>2,122,714,619</u>

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company, and the number of 2,164,218,784 ordinary shares (2021: weighted average number of 2,122,714,619 ordinary shares) in issue.

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

The amount of diluted loss per share was the same as basic loss per share because the Company had no potential ordinary shares outstanding for the year ended 31 December 2022.

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
<b>Non-current asset:</b>		
– Unlisted equity investments	<u>6,169,034</u>	<u>4,612,939</u>
<b>Current assets:</b>		
– Listed equity investments	38,349	57,344
– Unlisted investment funds	<u>94,521,590</u>	<u>106,676,299</u>
	<u>94,559,939</u>	<u>106,733,643</u>

The Group had the following investments:

**As at 31 December 2022**

Notes	Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Subscription (redemption), net during the year HK\$	Cost as at 31 December 2022 HK\$	Carrying amount as at 1 January 2022 HK\$	Unrealised gain (loss) arising on revaluation during the year HK\$	Exchange gain during the year HK\$	Fair value/ market value as at 31 December 2022 HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the year HK\$	% of the Group's total assets as at reporting period end attributable to the investment
(a)	E-Com Holdings Pte. Ltd.	Singapore	1,259,607	23.70%	-	24,677,600	4,612,939	1,433,877	122,218	6,169,034	7,689,346	-	5.93%
(b)	State Energy Group International Assets Holdings Limited	Bermuda	179,200	Less than 1%	-	765,788	57,344	(18,995)	-	38,349	67,515	-	0.04%
(c)	HF Multi-Asset Strategy Fund	Cayman Islands	N/A	N/A	(10,000)	116,554,564	106,676,299	(12,144,709)	-	94,521,590	N/A	-	90.92%

**As at 31 December 2021**

Notes	Name of investee company	Place of registration/ incorporation	Number of shares held	Effective shareholding interest	Subscription (redemption), net during the year HK\$	Cost as at 31 December 2021 HK\$	Carrying amount as at 1 January 2021 HK\$	Unrealised gain (loss) arising on revaluation and realised loss arising from disposal during the year HK\$	Exchange loss during the year HK\$	Fair value/ market value as at 31 December 2021 HK\$	Net assets attributable to the investments HK\$	Dividend received/ receivable during the year HK\$	% of the Group's total assets as at reporting period end attributable to the investment
(a)	E-Com Holdings Pte. Ltd.	Singapore	1,259,607	23.70%	-	24,677,600	4,535,340	194,689	(117,090)	4,612,939	6,253,398	-	3.86%
(b)	State Energy Group International Assets Holdings Limited	Bermuda	179,200	Less than 1%	-	765,788	448,000	(390,656)	-	57,344	75,904	-	0.05%
(c)	HF Multi-Asset Strategy Fund	Cayman Islands	N/A	N/A	116,564,564	116,564,564	-	(9,888,265)	-	106,676,299	N/A	-	89.23%

*Notes:*

- (a) E-Com Holdings Pte. Ltd. (“**E-Com**”) is a private company incorporated in the Republic of Singapore, which is principally engaged in the provision of Chinese e-learning platforms for primary school students in Singapore and other Asian regions. No dividend was declared or received during the year (2021: HK\$nil).

For the year ended 31 December 2022, the unaudited consolidated net profit was approximately S\$1,008,000 (equivalent to approximately HK\$5,727,000) (2021: audited consolidated net profit was approximately S\$702,000, equivalent to approximately HK\$4,064,000). As at 31 December 2022, its unaudited consolidated net assets were approximately S\$5,570,000 (equivalent to approximately HK\$32,445,000) (2021: audited consolidated net assets were approximately S\$5,137,000, equivalent to approximately HK\$29,372,000).

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

As at 31 December 2022 and 2021, the carrying amount of the Group’s interest in the shares of E-Com was less than 10% of the total assets of the Group.

- (b) State Energy Group International Assets Holdings Limited (“**State En Assets**”) (Stock code: 918) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. It is principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products, property investments, provision of marketing services and wholesale of timepieces and accessories. No dividend was declared or received during the year (2021: Nil).

For the period ended 30 September 2022, the unaudited consolidated net loss attributable to the owners of State En Assets was approximately HK\$11,481,000 (for the year ended 31 March 2022: audited consolidated net loss attributable to the owners of State En Assets was approximately HK\$11,716,000) and the basic loss per share was HK1.48 cents (for the year ended 31 March 2022: basic loss per share was HK2.13 cents). At 30 September 2022, the unaudited consolidated net assets were approximately HK\$291,480,000 (31 March 2022: audited consolidated net assets were approximately HK\$300,266,000).

As at 31 December 2022 and 2021, the carrying amount of the Group’s interest in the shares of State En Assets was less than 10% of the total assets of the Group.

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

As at 31 December 2022 and 2021, the HF Fund mainly invested in (i) fixed income debt instruments; (ii) private bonds; (iii) listed securities; and (iv) pre-initial public offering SPAC. During the year ended 31 December 2022, the Company did not receive any cash dividend from HF Fund (2021: Nil). For the year ended 31 December 2022, the unaudited decrease in net assets of HF Fund were approximately HK\$12,609,000 (2021: audited decrease in net assets of HF Fund were approximately HK\$9,815,000). As at 31 December 2022, the unaudited net assets were approximately HK\$94,522,000 (2021: audited net assets were approximately HK\$106,676,000).

As at 31 December 2022 and 2021, the carrying amount of the Group’s interest in HF Fund exceeded 10% of the total assets of the Group.

- (d) The investments in listed and unlisted equity investments and unlisted investment funds at 31 December 2022 and 2021 were, upon initial recognition, recognised by the Group as financial assets at FVTPL. Their performances are regularly reviewed by the key management personnel of the Group.

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

The underlying assets of the HF Fund at fair value measurement within Level 3 of the fair value hierarchy made reference to the professional valuation carried out by International Valuation Limited, an independent professional valuer.

The market value of listed equity investments were determined based on the quoted market bid prices available on the Stock Exchange at 31 December 2022 and 2021.

## 12. UNSECURED BORROWINGS

	<i>Notes</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
<b>Current liabilities</b>			
– Loan interest payable to a director	a	72,269	72,269
– Loans from third parties	b	34,028,955	25,819,728
– Matured convertible bonds	c	57,411,497	–
		<u>91,512,721</u>	<u>25,891,997</u>

### *Notes:*

(a) Loan interest payable to a director

The loan interest payable was related to the loans from a director, Dr. Xiao Yanming (“**Dr. Xiao**”), on an unsecured basis and repayable on demand.

(b) Loans from third parties

The loans were due to independent third parties, bearing fixed interest rates ranging from 6% to 18% (2021: 6% to 18%) per annum, unsecured and repayable within one year or on demand, except for the loans from third parties with the principal amount of HK\$60,000 (2021: HK\$nil), which were unsecured, interest-free and repayable within one year.

(c) Matured convertible bonds

Matured convertible bonds represented the outstanding principal amount and accrued interest arising from convertible bonds which had matured on 21 January 2022.

### 13. CORPORATE BONDS

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

	Unlisted bond ("Bond I") HK\$	Unlisted bond ("Bond II") HK\$	Unlisted bond ("Bond III") HK\$	Unlisted bond ("Bond IV") HK\$	Unlisted bond ("Bond V") HK\$	Unlisted bond ("Bond VI") HK\$	Unlisted bond ("Bond VII") HK\$	Unlisted bond ("Bond VIII") HK\$	Total HK\$
At 1 January 2021	11,244,536	3,071,736	10,471,371	10,780,641	10,314,553	10,151,537	10,354,144	9,667,974	76,056,492
Effective interest expenses	701,765	310,102	1,043,663	871,558	655,048	681,046	1,007,570	713,250	5,984,002
Interest paid	–	(225,000)	–	(700,000)	–	–	–	–	(925,000)
At 31 December 2021	11,946,301	3,156,838	11,515,034	10,952,199	10,969,601	10,832,583	11,361,714	10,381,224	81,115,494
Analysed as:									
Current	11,946,301	3,156,838	11,515,034	700,000	1,500,000	1,500,000	2,400,000	1,000,000	33,718,173
Non-current	–	–	–	10,252,199	9,469,601	9,332,583	8,961,714	9,381,224	47,397,321
Total	<u>11,946,301</u>	<u>3,156,838</u>	<u>11,515,034</u>	<u>10,952,199</u>	<u>10,969,601</u>	<u>10,832,583</u>	<u>11,361,714</u>	<u>10,381,224</u>	<u>81,115,494</u>
At 1 January 2022	<b>11,946,301</b>	<b>3,156,838</b>	<b>11,515,034</b>	<b>10,952,199</b>	<b>10,969,601</b>	<b>10,832,583</b>	<b>11,361,714</b>	<b>10,381,224</b>	<b>81,115,494</b>
Effective interest expenses	698,082	258,189	955,377	914,427	666,126	694,723	1,031,577	730,899	5,949,400
Interest paid	–	(315,000)	–	(70,000)	–	–	(100,000)	–	(485,000)
At 31 December 2022	<u><b>12,644,383</b></u>	<u><b>3,100,027</b></u>	<u><b>12,470,411</b></u>	<u><b>11,796,626</b></u>	<u><b>11,635,727</b></u>	<u><b>11,527,306</b></u>	<u><b>12,293,291</b></u>	<u><b>11,112,123</b></u>	<u><b>86,579,894</b></u>
Analysed as:									
Current	12,644,383	3,100,027	12,470,411	11,796,626	2,500,000	2,500,000	3,900,000	2,000,000	50,911,447
Non-current	–	–	–	–	9,135,727	9,027,306	8,393,291	9,112,123	35,668,447
Total	<u><b>12,644,383</b></u>	<u><b>3,100,027</b></u>	<u><b>12,470,411</b></u>	<u><b>11,796,626</b></u>	<u><b>11,635,727</b></u>	<u><b>11,527,306</b></u>	<u><b>12,293,291</b></u>	<u><b>11,112,123</b></u>	<u><b>86,579,894</b></u>

The effective interest rates of the Bonds during the year ended 31 December 2022 were ranged from 6.99% to 11.22% per annum (2021: ranged from 6.99% to 11.22% per annum).

## 14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.0125 each	HK\$
<b>Authorised:</b>		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<b>80,000,000,000</b>	<b>1,000,000,000</b>
	Number of shares	HK\$
<b>Issued and fully paid:</b>		
At 1 January 2021	1,803,558,784	22,544,485
Issue of shares upon placement of shares ( <i>note</i> )	360,660,000	4,508,250
At 31 December 2021, 1 January 2022 and 31 December 2022	<b>2,164,218,784</b>	<b>27,052,735</b>

### *Note:*

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

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

## 15. EVENTS AFTER THE REPORTING PERIOD

- (a) On 22 February 2022, the Company received a winding-up petition filed by a holder of the convertible bonds (the “**Convertible Bonds**”) to the Court of First Instance of the High Court of the Hong Kong for the winding-up of the Company in relation to, pursuant to the Convertible Bonds, an alleged outstanding debt in the sum of HK\$43,195,680, being the alleged outstanding principal amounts of the Convertible Bonds in the sum of HK\$39,996,000 and the interest accrued thereon in the sum of HK\$3,199,680 up to 21 January 2022 (“**Maturity Date**”) and, a further interest, calculated at 8% per annum on a 365-day-basis until payment in full, following from the Maturity Date. At the hearing on 27 March 2023, the Court directed that the hearing of the Petition be adjourned to 18 May 2023.
- (b) On 3 April 2023, a statutory demand was issued by the former landlord to the Company due to default in payment in relation to the order dated 15 March 2023 of the High Court of the Hong Kong Special Administrative Region. Under the statutory demand, the Company was demanded to pay the sum of approximately HK\$11,869,000 and the interest accrued thereon.

The directors of the Company are of the view that the statutory demand has no significant impact on the Group’s financial position and its operating results for the year ended 31 December 2022 as the accrued rental, rates and management fee amounts and the interest accrued thereon as at 31 December 2022 have already been recorded in the consolidated financial statements as at 31 December 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS

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

The macroeconomic environment of the year 2022 was a year full of uncertainty which was creating new challenges. The inflation, the Federal Reserve's interest-rate policy, the U.S. dollar's strength, and the Russian-Ukraine war significantly impacted the economy and the stock markets. The Federal Reserve has steadily raised borrowing costs since March 2022 to tame stubbornly high inflation. The war in Ukraine has also had global ripple effects on prices for energy, food, and other commodities. The U.S. dollar was trading at its strongest in the last decade relative to major currencies such as the Japanese Yen, RMB, EURO, and the British pound.

US dollar index rises to 103.52 from 95.65, and hit the yearly high of 114.78 in September 2022. The Federal Reserve is trying to achieve a "soft landing," whereby higher borrowing costs slow the economy and tame fast-rising inflation, but don't trigger a recession or considerable unemployment. A surge in US bond yields has weighed on risk assets around the world, while expectations of tighter liquidity have kept investors cautious about current financial assets.

China's economy has experienced ups and downs in 2022 as the country grappled with multiple COVID-19 outbreaks and continued turmoil in the property sector. Against these odds, sectors such as foreign trade and investment continued to see double-digit growth, and the year 2022 ended on a positive note as China lifted COVID restrictions and forges a way toward economic growth. The IMF has forecast China's annual GDP growth in 2022 to reach 3.2 percent. The 2022 Central Government Work Conference, which took place in mid-December and sets the economic policy agenda for the following year, set a similar tone and reiterated many of the same measures for boosting growth in 2023.

Overall, after the various difficulties in the post-pandemic era 2022, inflation is expected to cool down and the risks facing inflation prospects have become more balanced. China's restart of the economy is faster than expected, which may accelerate the easing of supply chain disruptions. The consumption sector will be the driving force for China's economic recovery, especially in the service sector. The central banks of developed markets will continue to raise interest rates in the coming quarter and maintain policies at a tightening level. However, entering 2023, the need to maintain a tight monetary policy will become less clear as inflation cools and unemployment rises. The outlook for commodity markets remains positive, as underinvestment in hydrocarbon production and power assets, low oil inventories, and depleted agricultural stocks provide support. The biggest driver of commodities in 2023 may come from renewed demand in China, while the main negative factor is the tightening of financial conditions in developed markets leading to slower demand.

During the Year, the Company invested the investments in unlisted investment funds of fixed income debt instruments, private bonds, pre IPO SPAC. The Company also continued its investments in both listed and unlisted equity securities and other related financial assets. As at 31 December 2022, the Company's investment portfolio was diversified across different business sectors including education, investment in equity and debt securities.

## **BUSINESS REVIEW**

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

1. Net unrealised loss arising on fair value changes of listed equity investments, unlisted equity investments and investment fund was approximately HK\$10,730,000 (2021: unrealised loss approximately HK\$7,327,000).
2. Net realised loss arising on disposal of unlisted investment fund invested in the portfolio of Hong Kong listed shares was nil (2021: approximately HK\$2,757,000).

The net loss attributable to owners of the Company was approximately HK\$34,859,000, a decrease of approximately HK\$6,984,000 from the loss of approximately HK\$41,843,000 in the last financial year.

The decrease in loss position was mainly attributable to the increase in net loss on financial assets at fair value through profit or loss of approximately HK\$646,000, increase in net other income, gains and losses approximately HK\$188,000, the decrease in administrative and other operating expenses of approximately HK\$6,855,000 and decrease in finance costs of approximately HK\$587,000 respectively.

## **FINANCIAL REVIEW**

### **Liquidity, financial resources and capital structure**

As at 31 December 2022, the Group has cash and cash equivalents of approximately HK\$3,068,000 (2021: approximately HK\$7,745,000). The cash was deposited with banks in Hong Kong and mainly denominated in Hong Kong dollars. As at 31 December 2022, the audited consolidated net liabilities value of the Group was approximately HK\$90,374,000 (2021: approximately HK\$55,515,000) with audited consolidated net liabilities value per share of HK\$0.0418 (2021: HK\$0.0257). The Company is fully aware of the financial position and financial performance of the reporting period.

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

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

## INVESTMENT REVIEW

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

### Financial assets at fair value through profit or loss

#### (i) *Unlisted investment funds*

<b>Investment portfolio/ instrument</b>	<b>Initial investment costs</b>	<b>% of the Group’s total assets as at reporting period end attributable to the investment</b>	<b>Name and principal business of underlying investee company(ies)</b>	<b>Carrying value as at 31 December 2022</b>
Fixed Income Product A	HK\$12,000,000	10.5%	Amazing Auction Limited (fixed income product collateralised by antiques)	HK\$10,885,772

#### (1) *Investment Mandate:*

##### Investment Objective

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

##### Investment Tenor

Two years with an option of extension.

## Collaterals

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

### (2) *Investment Strategy:*

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

### (3) *Prospect:*

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

<b>Investment portfolio/ instrument</b>	<b>Initial investment costs</b>	<b>% of the Group's total assets as at reporting period end attributable to the investment</b>	<b>Name and principal business of underlying investee company(ies)</b>	<b>Carrying value as at 31 December 2022</b>
Fixed Income Product B	HK\$6,000,000	5.2%	Amazing Auction Limited (fixed income product collateralised by art and antiques)	HK\$5,426,072

### (1) *Investment Mandate:*

#### Investment Objective

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

## Investment Tenor

Two years with an option of extension.

## Collaterals

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

### (2) *Investment Strategy:*

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

### (3) *Prospect:*

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

<b>Investment portfolio/ instrument</b>	<b>Initial investment costs</b>	<b>% of the Group's total assets as at reporting period end attributable to the investment</b>	<b>Name and principal business of investee company(ies)</b>	<b>Carrying value as at 31 December 2022</b>
Private Bond Investment Product A	HK\$32,000,000	28.2%	CAM SPC Alpha SP (its underlying assets are related to special materials (for 3D printing, etc.))	HK\$29,327,591

(1) *Investment Mandate:*

Investment Objective

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

Investment Tenor

Two years with an option of extension.

(2) *Investment Strategy:*

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

(3) *Prospect:*

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

<b>Investment portfolio/ instrument</b>	<b>Initial investment costs</b>	<b>% of the Group's net assets as at reporting period end attributable to the investment</b>	<b>Name and principal business of underlying investee company(ies)</b>	<b>Carrying value as at 31 December 2022</b>
Private Bond Investment Product B	HK\$28,000,000	24.3%	CAM SPC CNNC SP (its underlying assets are related to hi-tech, high-end manufacturing)	HK\$25,247,745

(1) *Investment Mandate:*

Investment Objective

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

Investment Tenor

Two years with an option of extension.

(2) *Investment Strategy:*

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

(3) *Prospect:*

Based on the Fund Manager's analysis of macro-economic trends, financial market conditions and industry specifics at the time, and in line with the Fund's objectives and strategies, it was decided to invest in a private bond of 11% annual interest. The bond issuer is a European Company and industry leader with pioneering and special technologies in high-end manufacturing for specialised products, which improves product quality and reduce industrial waste, thus having good growth and profit prospect. The selection is targeted to provide a steady and predictable return with solid fundamentals of the investment target.

<b>Investment portfolio/ instrument</b>	<b>Initial investment costs</b>	<b>% of the Group's net assets as at reporting period end attributable to the investment</b>	<b>Name and principal business of underlying investee company(ies)</b>	<b>Carrying value as at 31 December 2022</b>
Private Bond Investment Product C	HK\$25,000,000	21.3%	CAM SPC Omega SP (its underlying assets are related to ESG, waste management)	HK\$22,173,078



(1) *Investment Mandate:*

Investment Objective

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

Investment Tenor

Two years with an option of extension.

(2) *Investment Strategy:*

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

(3) *Prospect:*

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

Further details of all investments of the Group are included in note 11 to the audited consolidated financial statements.

## **DIVIDENDS**

The Board does not recommend the payment of a final dividend for the current year (2021: nil).

## **GEARING RATIO**

The gearing ratio (total borrowings/total assets) as at 31 December 2022 was 179.97% (2021: 141.90%).

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

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

## **LITIGATION**

On 22 February 2022, the Company received a winding-up petition filed by a holder of the convertible bonds (the "**Convertible Bonds**") to the Court of First Instance of the High Court of the Hong Kong for the winding-up of the Company in relation to, pursuant to the Convertible Bonds, an alleged outstanding debt in the sum of HK\$43,195,680, being the alleged outstanding principal amounts of the Convertible Bonds in the sum of HK\$39,996,000 and the alleged interest accrued thereon in the sum of HK\$3,199,680 up to 21 January 2022 ("**Maturity Date**") and, a further interest, calculated at 8% per annum on a 365-day-basis until payment in full, following from the Maturity Date. At the hearing on 27 March 2023, the Court directed that the hearing of the Petition be adjourned to 18 May 2023.

The directors of the Company are of the view that the litigations have no significant impact on the Group's financial position and its operating result for the year ended 31 December 2022 as the alleged outstanding principal and interest amounts of the loans and convertible bonds have already been recorded in the audited consolidated financial statements as at 31 December 2022.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Company did not have any contingent liabilities (2021: nil).

## **PLEDGE OF ASSETS**

At the end of the reporting period, no margin facility (2021: nil) from a regulated securities broker was granted to the Group under which financial assets at FVTPL of approximately HK\$38,000 (2021: approximately HK\$57,000) were treated as collateral for the facilities granted. No margin facility has been utilised by the Group at 31 December 2022 (2021: nil).

## **FOREIGN EXCHANGE RISK**

The Company has foreign currency investments in financial assets, which expose it to foreign currency risk. The Group is mainly exposed to the effects of the S\$. If the exchange rate of HK\$ against S\$ has been increased/decreased by 5% (2021: 5%), the Group's loss for the year would have been decreased/increased by approximately HK\$308,000 (2021: approximately HK\$231,000).

## **EVENT AFTER REPORTING PERIOD**

Details of significant events occurring after the current financial year are set out in note 15 to the audited consolidated financial statement.

## **EMPLOYEES**

As at 31 December 2022 the Group had 3 (2021: 5) employees. The total employees remuneration was approximately HK\$1,799,000 (2021: approximately HK\$2,999,000) for the current financial year. The Group's emolument policies are formulated based on the performance of individual employees and is reviewed regularly every year.

## **OUTLOOK**

Looking ahead, the main theme and discussion of 2023 will gradually shift from inflation and interest rate hikes to recession and corporate revenue outlook. 2023 will be a continuation of the issues in 2022, or it can be called spillover effects.

The Federal Reserve's expected direction of interest rate hikes and their view on the economy is to err on the side of caution rather than repeat the mistakes of the 1970s. So it can be expected that interest rates will continue to rise in 2023 and there will be no easy rate cuts. At the same time, the tightness of the labour market ensures that the US will not experience a deep recession, but rather high-interest rates and high inflation are more likely to occur. In addition, the cost of borrowing for businesses is also something that needs to be closely monitored.

The ongoing Russia-Ukraine war continues to create uncertainty in the global markets for energy, food, and other commodities. Although the EU has introduced a cap on natural gas prices, costs have significantly risen compared to the past, which may result in longer-term inflation in Europe. Coupled with already elevated prices, consumption and economic development in Europe may not be very optimistic.

The economic agenda in China for 2023 will focus on one key area: “Growth”. The critical policy areas of focus include expanding domestic demand, attracting and utilizing foreign investment, stabilizing the real estate market, and reforming the technology industry. In 2023, China is expected to reconnect with the world, and its markets and manufacturing will once again return to the international stage.

In December 2022, the Hong Kong Exchange ushered in the first batch of crypto asset ETFs in Asia. Additionally, Hong Kong is one of the pilot cities for the People’s Bank of China’s digital currency (CBDC), the digital renminbi. In 2023, the digital currency project is expected to continue to make breakthroughs. As the Hong Kong government continues to optimise the existing limited partnership fund system and introduce more policies that directly or indirectly promote the development of the fund and asset management industry in Hong Kong, the asset and wealth management industry in Hong Kong is bound to usher in a new round of growth in 2023. The Hong Kong Stock Exchange will amend the main board listing rules in March 2023, allowing technology companies without revenue and profit to list in Hong Kong, including industries such as new energies and new materials. This allows more technology companies to use Hong Kong’s platform for financing, and the related industries can In line with the global digitalization trend and expand the resources of listed companies. In terms of green and sustainable finance, as an international financial centre, Hong Kong is participating in carbon financial product transactions and will play an important role in creating a voluntary emissions reduction system in the Greater Bay Area carbon market.

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

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company’s corporate governance practices are based on the principles, code provisions and recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). During the Year, the Company has complied with all code provisions, and where applicable, certain recommended best practices set out in the CG Code.

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

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

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

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

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

## **REVIEW OF ANNUAL RESULTS**

The audit committee (the “**Audit Committee**”) comprises four members and is currently consisting of two independent non-executive Directors, namely, Mr. Lai Kim Fung and Mr. Wong Yiu Kit, Ernest, and two non-executive Director, namely, Ms. Li Ye and Mr. Wong Tsz Wai. Mr. Wong Yiu Kit, Ernest is the chairman of the Audit Committee (with Mr. Lai Kim Fung and Mr. Wong Yiu Kit, Ernest possessing the appropriate professional qualifications and accounting and related financial management expertise). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board.

The consolidated financial statements of the Group for the year ended 31 December 2022 had been reviewed, discussed and approved by the Audit Committee. Also, the figures in respect of this results announcement have been agreed by the Company’s external auditors, the Auditor, to the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2022. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this results announcement.

## EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022.

### DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Disclaimer of Opinion

#### 1. *Fair value measurement of financial assets at fair value through profit or loss*

Included in financial assets at fair value through profit or loss on the consolidated statement of financial position as at 31 December 2022 was investment in unlisted investment funds (the "**Fund**") of approximately HK\$94,522,000.

The fair value of the Fund as at 31 December 2022 was determined by the directors of the Company with reference to the portfolio of the investments held by the Fund, including the valuation reports of the unlisted fixed income debt instruments and private bonds held by the Fund performed by an independent valuer as at 31 December 2022.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves whether the source data was complete and accurate in carrying out the valuation to determine the fair value of the Fund of approximately HK\$94,522,000 as at 31 December 2022. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether (i) the fair value of the Fund, as included in the consolidated statement of financial position as at 31 December 2022; and (ii) fair value change of the Fund, as included in the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2022 were free from material misstatements. Any adjustment found to be necessary in respect of above would affect the Group's net liabilities as at 31 December 2022 and the Group's financial performance for the year then ended, and the related disclosures thereof in the consolidated financial statements.

## 2. *Multiple material uncertainties relating to going concern*

As disclosed in Note 2 to the consolidated financial statements, the Group recorded a net loss of approximately HK\$34,859,000 for the year ended 31 December 2022 and, as of 31 December 2022, the Group had net current liabilities of approximately HK\$60,875,000 and net liabilities of approximately HK\$90,374,000 respectively while the Group's cash and cash equivalents was only approximately HK\$3,068,000. In addition, as at 31 December 2022, i) the principal amount and the interest on the matured convertible bonds of approximately HK\$57,411,000 and ii) borrowings and related interests of approximately HK\$26,388,000 were defaulted in repayment. Up to the date of this report, corporate bonds and related interests of approximately HK\$23,902,000 were also defaulted in repayment. Such defaults entitled the convertible bondholders, loan creditors and corporate bondholders a right to demand immediate repayment from the Group. On 22 February 2022 and up to the date of this report, the Company received a winding-up petition filed by a holder of the matured convertible Bonds (the "**Convertible Bonds**") to the Court of First Instance of the High Court of the Hong Kong for the winding-up of the Company in relation to the default payments of the principal amount of the Convertible Bonds in the sum of HK\$39,996,000 and the accrued interest in the sum of approximately HK\$3,200,000 and further interest following from the maturity date, calculated at 8% per annum on a 365-day-year basis until payment in full.

In view of such circumstances, the directors of the Company have been undertaking certain measures to improve the Group's liquidity and financial position, which are set out in Note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcome of these measures, which are subject to the following uncertainties, including the Group is able to: (i) successfully obtain the extension of repayments of aforesaid convertible bonds and corporate bonds, (ii) successfully obtain additional financing as and when required, (iii) redemption of its investment products, and (iv) implement its operation plans to control costs and to generate adequate cash flow from operations.

These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

We consider that the going concern basis of preparation of the consolidated financial statements has been adequately disclosed in the consolidated financial statements. Up to the date of this report, no information or agreement is obtained about the approval from the loan lenders and bondholders as to whether they will not exercise their rights to demand immediate repayment of these balances or to extend the repayment. In addition, we were not able to be satisfied whether the redemption of the Fund could be completed within the time frame as certain underlying investments held by the Fund have already matured in or before March 2023. We were unable to obtain sufficient appropriate audit evidence in relation to the adoption of the going concern basis in preparing the consolidated financial statements.

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

The results announcement is required to be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under “Listed Company Information” and the website of the Company at <http://www.goldstoneinvest.com> respectively. The annual report of the Company for the year ended 31 December 2022 will be dispatched to the shareholders of the Company and published on the Stock Exchange’s and the Company’s websites in due course.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2023. In accordance with Rule 13.50A of the Listing Rules, the suspension will remain until further notice.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 21 April 2023

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