

TARGET

Intelligence Report

VOLUME XXV No. 265

SATURDAY

December 9, 2023

GOLDSTREAM INVESTMENT LTD: CUTTING OUT THE NO-HOPER: HERE COMES THE NEOPHYTE

On or about Thursday, April 27, 2023, Management of Goldstream Investment Ltd (金涌投資有限公司) (Code: 1328, Main Board, The Stock Exchange of Hongkong Ltd) published and disseminated its 2022 Annual Report in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

At Page Three of the 2022 Annual Report, Mr John Zhao Huan (趙令歡), the Chairman of the Company, in his six-paragraph '**CHAIRMAN'S STATEMENT**,' went on record, making the following comments with regard to the Financial Year, ended December 31, 2022:

'... 2022 was an important year in the strategic development of the Group. In the first quarter of 2022, the Group completed the disposal of its customers relationship management ("CRM") services ("CRMS") business and further focused the development of its investment management business and strategic direct investment business.

'Throughout the year 2022, the market condition was full of surprises and continued to be turbulent and challenging. Most of the major equity markets have suffered historical rate of decline and volatilities. The drivers have been dramatic slowdown in Hong Kong and the US's IPO (Initial Public Offering) markets, rampant inflation, anxiety of recession, Russia-Ukraine war, and several major central banks pursuing the most aggressive series of policy on rate increases. Due to weaken market sentiment and sharp market corrections, the Group continued to record losses in its proprietary investments.

'Supported by China's policies to cancel the "zero-Covid" policy, kick-start the country's growth, coupled with the increased clarity on various industry regulations, China and Hong Kong secondary market bottomed out. A remarkable rebound of Hong Kong Index from a low of 14,687 at the end of October 2022 to 19,781 at the end of December 2022, the market outlook is more optimistic. Over the past years, the Company has built up solid infrastructure, products and platform. We are confident that 2023 would offer more opportunities for returns. Value and growth stocks

have tended to be cheap, there are rooms for them to trade back to normalized level or reasonable valuations. Therefore, the Company will continue building on its capacity for asset allocation, security selection, and risk management to accelerate realization of returns to its clients.

‘Looking ahead, we strongly believe it is the right time and the right place for the Company to focus its growth on the development of investment management business. International macro uncertainties and volatile market sentiments call for skillful and disciplined investment managers more than ever...’.

On the following Page Four of the 2022 Annual Report of the Company, under the headline, ‘**MANAGEMENT DISCUSSION AND ANALYSIS**,’ amplification was given in respect of the above-mentioned, first paragraph of the Chairman’s Statement:

‘BUSINESS OVERVIEW

*Whilst the Group’s CRMS business was continuously facing rapidly declining profit and had limited growth prospects (sic). A strategic decision was taken to dispose CRMS business. On 22 December 2021 (ten days prior to the closure of the 2022 Financial Year), the Company and Ms. Li Yin (李燕) (“**Ms. Li**”), a former 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 (together with its subsidiaries, the “**Disposal Group**”), 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 the year ended 31 December 2022, the Company and its subsidiaries (excluding the Disposal Group) engaged in investment management (“**IM**”) business and strategic direct investment (“**SDF**”) business (the “**Continuing Operations**”).*

‘The Board believes the completion of the Disposal will enable the Group to focus its effort to manage the remaining two adjacent and related businesses, and release internal resources of the Group to develop the Continuing Operations to seize potential investment opportunities. The IM business is expected to generate a steady revenue stream and sustainable cashflow for the Group.

‘The Board believes that the Group business will continue to expand and generate greater value to our investors. The principal business of the Group during the year ended 31 December 2022 is classified into the following segments:

'IM Business

'IM business includes (i) the provision of advisory services on securities and asset management; and (ii) securities trading.'

'SDI Business

'SDI business of the Group includes proprietary investments in the financial market.'

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