KAISUN HOLDINGS LIMITED
凱順控股有限公司

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8203)

A Belt & Road Participant

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Kaisun Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *for identification purpose only*

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out as below:

RESULTS

	Year ended 31 December				
	Unaudited	Audited	Audited	Audited	Audited
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**138,370**	149,076	90,680	35,218	18,673
(Loss)/profit before tax	**(226,019)**	3,088	73,754	(3,665)	(107,476)
Income tax credit/(expense)	**6,847**	1,890	4,543	(9,864)	23,936
Less: Loss/(profit) attributable to non-controlling interests	**10,622**	5,532	(28,990)	113	(7,534)
(Loss)/profit attributable to owners of the Company	**(208,550)**	10,510	49,307	(13,416)	(91,074)

ASSETS AND LIABILITIES

	As at 31 December				
	Unaudited	Audited	Audited	Audited	Audited
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**393,765**	665,872	562,404	306,544	311,784
Total liabilities	**(187,564)**	(166,475)	(81,870)	(26,849)	(15,782)
Owners' funds	**171,453**	454,026	439,114	287,206	304,253

CHAIRMAN'S STATEMENT

The 2019 real economic uncertainty globally saw slowdown in development in many emerging markets and frontiers markets in particular China which is the second largest economy of the world and the only growth engine in real infrastructure and export of funds to Belt and Road countries. The slow down saw the drop in commodity prices and many major mineral and energy suppliers felt the pinch. Australia, Canada, Brazil to mention a few. But the more virtual capital markets however continue to surge in particular in the US which created a bubble and gave a wrong impression as to the global economy was not that bad.

The 2019 anti-extradition bill almost wiped out Hong Kong's domestic economy and as China's window to the West under a One Country Two System for 22 years, many economists foreign and local, investment commentators, business people and politicians also held very negative view on Hong Kong's future being a SAR and a miniature of our Chinese economy.

Kaisun was badly hit by the 2019 riot as we lost the support from financial institutions due to our historic focus on commodities trading and mining operations in the Belt and Road context. "Hong Kong Company" is no longer the favourite of our counterparts. We barely committed new business in the third and fourth quarter of 2019.

The COVID-19 virus did not help either and in 2020 this pandemic finally shut down our business operations of any sort because we could go nowhere to strike new deals nor continue what we had planned in previous year business operations. We cannot even organize our auditors to perform their annual duties in our Mainland and overseas operations and this is the first time in my 35 years of working career I have come across such a situation. My fellow board members also hold similar views.

At the time of writing this Chairman statement we are in March 2020 and I do not expect we can do anything meaningful till June or July when we have a clear picture of the real effect of this pandemic.

Our management team is not stopping our effort to try turnaround this situation but rather busy with internal personnel restructuring and streamlining of our business scope to focus on something we all believe would create value to Kaisun and our shareholders.

In our MD&A our management would walk our shareholders through our business strategies and our action plan so that shareholders can exercise careful and cautious decision on their investments in Kaisun. I believe we can sail through trouble water if we apply our strategy right and timely.

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

In 2019, there was a great feeling of economic uncertainty worldwide as many countries, governments and businesses experienced great pressure from global growth slowdown resulted from trade tensions (China and US), European politics complexity (Brexit, Italy) and geopolitical situations (Iran, Hong Kong SAR, Chile). Then comes 2020, when the Corona virus takes the world from murky waters into totally uncharted territories setting the world on fire. What the world is facing now is unprecedented where economies had been effectively shutdown; cross border travels discouraged and physical transportation capacity kept to bare minimum; production and services all over the world came to a grinding halt or at least greatly reduced; events of all scales around the world mostly cancelled or postponed indefinitely. In addition, this epidemic made China realise that we lack enough supply of food. The food price in Mainland shot up 5 times since January. The full economic impact of the virus is difficult to estimate but immediately we saw stock markets around the world experienced the worst performance in the recent 3–4 years. Management of the Group believes there will be a long adjusting period when the pandemic is over because legacy left by this virus will be world changing. Nonetheless, before we get to that point the Group will try to adapt and prepare the best we can.

Overall effect of the Pandemic on the Group

Firstly, this pandemic greatly affected the Group administratively as there had been a number of preventive measures put in place to ensure the health and safety of our employees in Hong Kong and Mainland China to the best of our abilities such as a flexible working hour and work from home protocol, temperature taken and masks distributed to our employees daily if they decide to work in office. The Group will remain vigilant as we navigate through this situation.

On the production side, our mainland operations had been affected by the virus but recently under close monitoring resumed manufacturing. On the events and services front our Girlgamer eSports Festival world finals was successfully held in February 2020 prior to the worldwide virus outbreak. However, this event was very likely the last physical event our division will produce in the near future as clients and brands travelling halted over health concerns and public safety.

Another major effect of the epidemic had been its impact on travelling due to health risks and related quarantine measures. And this affected the Group substantially on two issues, 1) on our ability to complete the annual audit as auditors were not willing to travel to complete the exercise in mainland China 2) on our ability to collect some of our receivables because we had been unable to be there physically and also most of our peers are heavily impacted by the downturn in economy.

After communicating with our auditor, it was estimated the earliest the audit work might resume will be around May. Hence, the results of this announcement are unaudited but we did work closely with all relevant parties to ensure the accuracy and proximity to its audited counterpart. Our audit committee fully endorsed our management accounts and believe that there should be no significant deviation from our contemplated audited report by our audits post May. Also, after continuous communication with our business partners, selling of some collaterals in mainland China that had been schedule in late 2019 but not able to carry out due to complicated legal process and the intervals caused by Lunar New Year leave and the subsequent novel coronavirus that halted all our business activities, writing off and provision were taken on some of our receivables as our confidence based on assets and cash recovered last year can no longer be a good indication of what is to come this year. We are having a tough lesson given current situation and sticking to our belief on delivering value to our shareholders.

What We Are doing Now under this Pandemic

While the pandemic is out of our control but management of the Group is focusing our efforts on a few core areas:

- On the resumption and ramping up of our energy related business
- Shift focus from physical to online services and taking care of our existing regular customers that signed a long-term contract with us
- Recovering our receivables that are lesser affected by this pandemic
- Potential exit and fundraising of a few businesses in our portfolio
- Continue to streamline our existing business and structure

All things considered, the items above is a continuation of targets set back in 2019 in which the Group went through a company wide review and some strategic actions have been taken.

Actions Taken in 2019

In 2019 the Group appointed 2 new joint CEO heading their respective businesses units and jointly managed the Group's headquarters as part of the group's succession plan. Both businesses underwent great maturity and growth last year and will be discussed in detail in later sections. Nonetheless, management of the Group believed a company wide review and assessment would help us move into the future, in 2019 we had:

(1) an overall assessment of our existing receivables and determine the probability of recovery (there had been changes in 2020 to the recovery confidence due to the pandemic as previously addressed).

(2) a company wide review for streamlining our business and corporate structure to better use our existing resources and hopefully can also cut down some costs.

(3) an overall assessment of our assets/businesses for potential exit plan and capture profits wherever possible.

The Results from the Assessment in 2019

(a) management of the Group decided to shut down the Central Asia business unit after analysing the overall country risk, exchange rate risk, commodity prices, our own personnel and capital resources against the potential returns from the Central Asia business and believed our we should direct our resources to other existing businesses. The discontinuation of the unit also affected part of our receivables because management of the Group believed it was no longer economical to spend extra resources to make the recovery as the net result was likely to be insignificant.

(b) a company wide reduction in administrative costs which included staff downsizing in addition to our Central Asia unit employees, closed of one of our physical office, some management took a significant pay-cut or no pay leave (action that carried through 2020 because of the pandemic). The effect of this exercise is reflected in our financials and is likely to carry forward to 2020.

The aforementioned had been very difficult decisions but also necessary. The necessity nature was even more apparent as we moved into 2020 due to immobility.

(c) pinpointed a few candidates for the exit of our assets in which a significant portion of our Hong Kong listed stock portfolio were sold. Also, a couple of mature businesses were identified as candidates of a potential exit in which management of the Group had been following up closely on the progress.

LOOKING FORWARD

Survival is main theme for a majority of companies worldwide, in the past few months there has been already a numerous of companies in trouble and we believe it will be the trend for at least a while. The positive factor is that the Group went through an exercise to release some of the burden last year which will make our journey this year a bit easier. However, management of the Group still sees very rough roads ahead and would like to wish our shareholders, business partners, and every stakeholder to stay safe and hopefully we can all get out of this stronger and better.

MANAGEMENT DISCUSSION AND ANALYSIS

Mining, Manufacturing of Machinery & Supply

i. Shandong — Mining and Metallurgical Machinery Production

Tengzhou Kaiyuan Industrial Co., Ltd. ("Tengzhou Kaiyuan"), a joint venture of a subsidiary company of the Group, specializes in mining and metallurgical machinery production and owns 32 sets of safety certificates for mining products. Its major products are overhead manned cableway device and its accessories, as well as technical consultancy services including equipment installation, technical support and after-sales services.

Updates on China's demand and regulations of coal mining machineries in 2020

China's growing demand for mining machineries is attributable to favorable coal prices, low capital expenditure over the years and lack of investment on mining machineries. In addition, amid growing mining accidents caused mainly by outdated mining machineries, mine owners are aware mining machineries with improved safety and automated features are important to achieve safer and stable mining out. Hence, mine owners are seeking to upgrade or replace their older mining equipments at hand.

The demand for mining machinery upgrades also comes from the need to maintain its current level of coal exploitation and output. As overall production environment for mining machineries are usually harsh and abrasive, mining machineries deteriorate at a rapid pace, ending up with a shorter lifespan. As a result, frequent upgrading is required for mining machineries, and frequent maintenance will result in frequent replacement of mining machineries.

The quality and safe modern product supplied by Tengzhou Kaiyuan fulfilled the need of clients who are mine owners, and is well recognized by the market.

(Retrieved source: https://www.zhitongcaijing.com/content/detail/239444.html)
(Retrieved source: http://www.bjxintian.net/jixiexinwen/4456.html)

Tengzhou Kaiyuan Highlight for the year

Tengzhou Kaiyuan's revenue in 2019 was HK$27.39 million, representing a year-on-year increase of 36.9%. Net profit in 2019 amounted to HK$3.55 million, representing a year-on-year increase of 69%.

Mr. Joseph Chan, Kaisun's Chairman, delivered the opening speech at the opening ceremony of Tengzhou Kaiyuan moving into Mo Zi Innovation and Technology Park in early 2019.

- As the results of Tengzhou Kaiyuan was rising steadily with its production capacity expanded, Tengzhou Kaiyuan was well recognized by local government of Tengzhou, and was invited by Tengzhou government to enjoy preferential rental policy. Having started moving into Mo Zi Innovation and Technology Park at the beginning of 2019, Tengzhou Kaiyuan subsequently moved the production facilities into the Park in the second and third quarter, and the production team started working in the new Park.

Mo Zi Innovation and Technology Park

During the fourth quarter, production increased as production capacity was raised.

- By putting resources on researching on new types of mining machineries and following market trends in 2019, raising the safety standard of our products and after sales services, Tengzhou Kaiyuan had raised its brand awareness in the market, and extend its sales network across the nation.

Safety Certificates for Mining Equipment

ii. Shandong — Supply Chain Management Services

Shandong Kailai Energy Industrial Co., Limited ("Shandong Kailai") is a joint venture of the Company's subsidiary and Shandong Baiyi Coal and Electricity Company Limited.

Shandong Kailai specializes in coal supply chain management, warehouse and logistics management as well as loading and unloading service. It has the right to use a section of railway permitted by China's Jinan Railway Bureau. Shandong Kailai's logistics centre is located at China's railway hub with a number of state-owned factories nearby. It has a total area of 40,000m^2 with an annual loading capacity of 3 million tons.

Eastern Platform of the logistics centre

Western Platform of the logistics centre

Updates on China's policy on Coal Transportation and the Growth of Transportation in 2020

China State Railway Group announced that "Road-to-Rail" policy would be the main theme for 2020, further promoting and expanding the use of railway as the better method of transport, raising overall railway capacity to facilitate transportation of coal especially in northern China where major production centre for coal are located.

Moreover, according to statistics of China State Railway Group, the total freight volume of by railway reached 3.44 billion tons in 2019, an increase of 7.8% compared to that of previous year. Looking forward for the year of 2020, it is expected to increase by 6.1% reaching 3.65 billion tons of which transport of coal will account for 60% of transport by railway.

As one of the major provinces for electricity production and consumption, Shandong is located at the hub of China's coal transportation network. As Kailai Logistics Centre is well located near the railway, the supply chain management business of Shandong Kalai will benefit from the increase in adopting railway as the transport method for coal throughout the whole country.

(Retrieved source: http://www.xinhuanet.com/english/2020–01/02/c_138674344.htm)
(Retrieved source: http://www.huanancoal.com/html/wuliu/meitanjiance/20191223/67290.html)

Shandong Kailai for the year

- Shandong Kailai is in discussion with state-owned enterprises over possible cooperation. In addition, our clients have placed trust in our business, which helps us improve our collection of accounts receivables and overall business performance. Shandong Kailai generated approximately HK$28.88 million in revenue in 2019.

Daily operations

- During the year, to support China's Blue Sky Protection campaign and contributing to corporate social responsibility for sustainable development, Shandong Kailai installed eco-friendly facility upgrades including modern sprinkler system, dust screens and high walls for lowering the level of dust, so as to become an environmental friendly enterprise.

Environmentally friendly measures — dust screens

- As site location, production scale, manufacturing technology, pollution creation, pollution mitigation measures of Shandong Kailai meet the high standard required by the local government, Shandong Kailai received approval of Environmental Impact Assessment (EIA) from local government of Tengzhou City, Shandong.

- After completion of coal yard expansion, revenue from both loading and unloading business and coal transportation business of Shandong Kailai increased. In order to comply with stricter safety regulations, Shandong Kailai laid out plans for steel reinforcement and widening of cargo platform at the beginning of the year and above work was completed.

Environmentally friendly measures — high walls

iii. Xinjiang — Coal Exploitation Business (wholly owned subsidiary of Shandong Kailai)

Xinjiang Turpan Xingliang Mining Co., Limited ("Xingliang Mine") is a wholly owned subsidiary of Shandong Kailai. It is located in Qiquanhu Town, Turpan City within the Tuha coal field area, which is one of the four major fields in Xinjiang province. Long-flame coal used mainly by power plants and chemical industries is the major composition of Xingliang Mine. Xingliang Mine signed an integrity agreement with Turpan Gaochang District Government in 2018 for the consolidation of nearby small-scale mines. At present, Xingliang Mine has a mining license with an authorized annual capacity of 90,000 tons, and has begun the application process for an exploration license and advanced mining license with an authorized annual capacity of 1.2 million tons.

Analysis on the coal industry of Xinjiang in 2020

Located in the far northwest of China and earning the label "China last coal unexploited coal mine", Xinjiang is a major region for coal mining. With abundant coal resources stretching over 76,000 square kilometers. Xinjiang possesses estimated coal reserves of 2.2 trillion tons, accounting for 40% of China's coal reserves and rank 1st in China, and holds 24.2% of China's proven coal reserves, or about 380.9 billion tons, and rank 2nd in China.

Following management reform and moving in of large enterprises outside Xinjiang, the Xinjiang coal industry improved with increased modernization. From economic perspective of coal industry, as the advantages of structural reform on supply of coal started, both the supply in volume and price in coal in Xinjiang increased, and market of coal is expected to be good.

Furthermore, with implementation of China's strategy of "Coal in West transport to the East", accelerating trend of shifting focus towards the western region, enhancing status of Xinjiang as resourceful region for development of coal. During the period of 13th Five-Year Plan, production in mines in Xinjiang, Inner Mongolia and Shaanxi account for 80% of the country's total. It is expected that coal production in Xinjiang to rise from 190 million tons in 2018 to 250 million tons in 2020.

(Retrieved source: https://www.cctd.com.cn/show-176–194277–1.html)

As one of the main coal mines in Turpan and recognized by local government for providing supply of coal for nearby power plant in Turpan, Xinliang mine is a key business project for the Group. Under the demand for coal by nearby power plant and favourable local government policy, it is expected to benefit Xinliang Mine and the Group positively.

Mining area

Outdoor Coal Mine

Outdoor Coal Mine under Spontaneous Combustion

Xingliang Mine for the year

- Being recognized by the local government in Turpan Gaochang District for consolidating nearby small mines, mining area of Xingliang Mine expanded from 1.1 km² to 8.8 km². Xingliang Mine provided preliminary work for road repair and construction of ground surface of ground surface, to match with future consolidation work which will be provided by local government. During 2019, Xingliang Mine improved environment of coal mine, further raising capability of Xingliang Mine for consolidating small mines.

Drilling Site

Drilling in Progress

- All relevant reports were completed in the 4th quarter of 2019, including feasibility report, social stability risk analysis report, geological disaster assessment report, environmental assessment report, exploration report, etc.

- Xingliang team worked with 156 Team of Xinjiang Mining Geological Bureau for outdoor exploration work, and preliminary work was completed in the 4th quarter.

- As spontaneous combustion appeared in mining areas which will soon be consolidated, Xingliang mine team currently prepares for application for coal fire extinguishment work, for implementing open area coal fire extinguishment work. It is expected approval from local government can be obtained in 2020, after which coal fire extinguishment work can start.

Extracted Coal

iv. Mongolia — Supply Chain Management Business

The railway logistics platform in Choir City of Mongolia acquired by Kaisun is located at a strategically important path between Russia and China, and must be passed through for transport between China, Mongolia and Russia, and has a unique geographical advantage on the trilateral logistics and trade between China, Mongolia and Russia.

The railway logistics platform has a total area of 35,000m^2 with an annual loading capacity of 1.8 million tons. It mainly provides loading and unloading services, customs declaration, warehousing and logistics services.

Analysis on the coal industry of Mongolia in 2020

China's Belt and Road Initiative is providing great economic opportunities for Mongolia, as it helps landlocked Mongolia connect with neighboring countries in particular linking trade with China and Russia. According to the National Statistical Office of Mongolia, during the first 11 months of 2019, Mongolia exports rose by 575 million US dollars, or 8.9% compared to that of previous year, to 7.056 billion US dollars, of which coal exports saw a 12.0% increase by 316 million US dollars to 2.948 billion US dollars, reflecting the increase of overall export and coal export of Mongolia.

Being rich in natural resources in particular coal with wide distribution across the country, Mongolia relies heavily on coal, which accounts for 40% of the country's export income and providing over 90% of sources of electricity for the country. Hence, coal has important influence on the economy of Mongolia.

Being the world's second largest landlocked country with no direct coastal access to the sea and having under-developed road network, Mongolia need to reply on railway transport for its foreign trade and development.

Because of proximity of between China and Mongolia, transport cost of goods is low. Together with the low cost of goods, trading and export of mineral products is envisaged to increase. This will be advantageous to business development of Choir Logistics Centre.

(資料來源：https://www.en.nso.mn/content/322)
(資料來源：https://www.spglobal.com/platts/en/market-insights/latest-news/coal/090519-mongolia-eyes-higher-value-coking-coal-exports-logistics-key-challenge)


Bird's eye view of Choir Logistics Centre

Choir Project Highlights

- Choir team began negotiation at start of the year with China Railway Engineering Construction Mongolia (CREC) for completion of the remaining construction work of Choir Logistics Centre, and reached consensus with CREC near year end of 2019 to start to prepare for specific infrastructure project.

Close-up of Choir Logistics Centre

- Choir team was in discussions with various parties over future cooperation, so that business operation can commence once the infrastructure is completed.

v. ***Commodities trade***

Trend on the Development of China's Cement Industry in 2020

Amid the coronavirus, demand in the first quarter of 2020 cannot reach the normal level. However, resumption of demand to normal is anticipated by the end of March or beginning of April, and it is expected that the annual demand will remain at around 2.3 billion tons, hence maintaining profit of the industry.

China government, at both central and local level, adopted policies that facilitate enterprises to resume work and move specific investment projects forward.

According to incomplete statistics, since February 2020, Beijing, Fujian, Henan, Yunnan and Jiangsu had released list of 2020 specific investment projects, with total investment over ten trillion yuan. Among specific investment projects, infrastructure projects and projects that improve the livelihood of people takes priority.

Analysis revealed that amid containment of coronavirus, the economic stimulation offered by these policies will act to smoothen up cyclical fluctuations. After resumption of work, it is expected investment in infrastructure will increase. As demand for investment in infrastructure sector will only experience delay but not cancellation, it is expected that the infrastructure sector will perform better.

(Retrieved source: https://www.yicai.com/news/100533285.html)
(Retrieved source: https://www.yicai.com/news/100524020.html)

Kaisun is optimistic on cement market. The resumption of work in China together with starting of infrastructure projects will bring positive influence to cement market.

Commodities Trade Highlights

Commodity trade recorded annual revenue of HK$61.1 million for 2019, including commodities trade of cement of around HK$51.56 million.

AGRICULTURAL INVESTMENT AND DEVELOPMENT

Kaisun Group continues to provide professional guidance and service on internal control and audit to support the business development of Cheung Lee Agricultural Co., Limited ("Cheung Lee") such as daily operation, financial control, legal advice and development in other aspects.

At present, Cheung Lee has 4 main core businesses, namely vegetables, fresh fruits, tea and nuts, and owns 11,000 acres of agricultural base for vegetables, 1,500 acres of fruit plantation base and 25,000 acres of Pu'er Terrace Tea and Pu'er Ancient Tree Tea plantation base.

Over the past two decades Cheung Lee has evolved into an agricultural integrator that provides unique comprehensive agricultural supply chain consisting of modern farming, cultivation management as well as store and online sales platforms connecting wholesale and retail business in green food both in China and internationally.

Ningxia Agricultural Base

Yunnan Agricultural Base

At present, Cheung Lee has 4 main core businesses, namely vegetables, fresh fruits, tea and nuts, and owns 11,000 acres of agricultural base for vegetables, 1,500 acres of fruit plantation base and 25,000 acres of Pu'er Terrace Tea and Pu'er Ancient Tree Tea plantation base.

Yunnan Tea Plantation Base

Fujian Tea Plantation Base

Cheung Lee Highlights for 4th Quarter

- Adopting "Safe Vegetable" as mission where use of chemical fertilizers and pesticides are eliminated, Cheung Lee will launch "Natural Vegetable" with "zero residue" in the market.

- Increasing product mix by adding tea, nuts, health food to Cheung Lee's products for sale.

- A subsidiary of Cheung Lee provide loan guarantee to agricultural cooperatives and wholesalers to facilitate enterprises upstream and downstream of the agriculture industry chain obtain loan in cash for use or expand business.

FIRST QUARTER 2020 DEVELOPMENT GOALS

Kaisun Group will continue our effort on our existing businesses and look to expand our services and business. The Group's business goals in the 1st quarter are as follows:

Shandong — Mining and Metallurgical Machinery Production

- Shandong Kaiyuan strives to strengthen customer relationships and develop effective collection strategies in order to lower risks of bad debts and maintain its record of zero bad debts.

- Shandong Kaiyuan plans for recruitment of senior technicians. Extensive training programs will be offered to them to unleash the potential, raising their confidence, enhancing cooperation which will in turn improve service quality and increase productivity.

Shandong — Supply Chain Management Services

- By future cooperation with state-owned enterprises, Shandong Kailai hopes to expand business scope through providing professional logistics services. Leveraging on its own competencies such are raising railway transportation capabilities and service quality, lowering operating costs, Shandong Kailai can maintain and improve its existing market share.

- By raising staff awareness on environmental protection and upgrading our environmental friendly facilities, Shandong Kailai aims to provide for sustainable environmental friendly and less polluted working environment.

Xinjiang — Coal Exploitation Business

- Xingliang Mine's team is now actively preparing for the application for coal fire extinguishment work and is expected to receive approval from the government in the 3rd quarter of 2020.

- Xingliang Mine's team is in preliminary discussion with related teams for coal fire extinguishment work. Coal fire extinguishment work will begin once government approval is obtained and be prepared to consolidate nearby mines.

- Xingliang Mine's team is in contact with potential clients, including nearby power stations, over possible cooperation to establish long-term partnership for securing steady stream of revenue.

Mongolia — Supply Chain Management Business

- Amid impact of coronavirus, travel restrictions imposed between Mongolia and China render original planned work of Choir Project to be delayed. It is expected that preparatory work can commence in the third quarter during which original plan can be implemented.

Commodities trade

- The impact of high level of uncertainty on Chinese economy resulting from coronavirus outbreak is expected to last for half a year. Under such economic environment, the Group's commodities trade will halt for time being until the 3rd quarter of 2020, as it is expected that the infrastructure investment can provide suitable opportunities for commodities trading of cement.

Agricultural Investment and Development

- Cheung Lee is actively promoting "Natural Vegetable" with strict "zero residue" standards to distributors and potential buyers. With concept of "Safe Vegetable", we are confident that "Natural Vegetable" can enter local market.

- By adding new products of tea, nuts, health food, Cheung Lee expanded its business segment and build a one-top supply platform for each business segment.

- By adding new partners who can provide professional advice, insights and experience to help the business, Cheung Lee hope to expand its business.

BUSINESS SOLUTIONS & EVENT MANAGEMENT BUSINESS

From the second quarter of 2019, "Kaisun Business Solutions Limited" ("KBS") (formerly known as "Kaisun New Economy Rangers" featured a selection of corporate services, including public relations services, event organizing, video production and trust & trustee services. Rising against the wind, in 2019 KBS had full-year revenue of over HK$14 million. The following sections will provide more details about each business unit.

In 2019, almost 30 projects were completed by People's Communications & Consultancy Company Limited ("PCCC"). PCCC held many cultural and art related exhibitions in the first half of 2019 and received consistent positive feedbacks from the clients. In the second half of the year, political turmoil began to eat into the city's various industries, many local events had been forced to be postponed or cancelled. Rising up to challenges, in September and October, PCCC has successfully organized a high-level forum and a large-scale trade promotion conference, meeting clients' quality requirement and expectations for the events.

To cope with changes in the market, in 2020, PCCC will introduce new services and approaches，such as by increasing the portion of online services to offset the consequences of coronavirus to the offline events, while focusing on domestic and international promotional events.

2019 Zhaoqing — Hong Kong Greater Bay Area Economic and Trade Promotion Conference

Splitting from event organizing business for tapping into particular niche market, VOV Studio Limited ("VOV") was established in early 2019 for featuring film and media production services with the support from the Group. In merely few months, VOV was invited for production of RTHK'S programme — New Talent Drama Series. In addition, VOV also served many organizations, including foreign companies on the Fortune 500 list and Mainland government-owned enterprises in Hong Kong, providing VOV with experience and building a steady client base. In 2020, VOV will try to bid on various production and advertisement projects, hoping to deliver a sustainable revenue model.

Kaisun Trust and Trustee Services Company Limited ("Kaisun Trust") was established in early 2019 to and mainly provide fund administration and related company secretarial services. Kaisun Trust had developed 9 long-term clients and the team had also expanded as business was getting on the right track. In fourth quarter of 2019, Kaisun Trust has launched custodian services bringing in new source of income with new client. In 2020, Kaisun Trust will further expand revenue streams based on last year's success.

ESPORTS BUSINESS

2019 is a crucial year for Kaisun's Esports subsidiary EvoLoop and its signature Esports IP GIRLGAMER Esports Festival. In 2019, the team launched GIRLGAMER franchising concept. Through close cooperation with global partners, we have upgraded the past once-a-year event to regional qualifiers and world finals, which efficiently maximized its global influence.

At the time of writing, all GIRLGAMER 2019–2020 regional qualifiers and World Finals were successfully held. GIRLGAMER World finals was held in Meydan Grandstand in Dubai, UAE. Nine of the world's best all-female esports teams from Oceania, Asia, Europe, America gathered to crown for world champions. In addition to the esports tournament and business conference, there were also cosplay competition, education & career seminars, exhibition and etc. For the very first time, we have invited Gucci Mane, the world-renowned rapper to perform on the GIRLGAMER stage. Depending upon the level of development of the Esports Business and the market sentiment, in 2020, the Group planned to put the exit plan of Esports Business on the agenda in due course.

GIRLGAMER World Finals in Dubai, UAE

INVESTMENT PLATFORM DEVELOPMENT

As stated in the Company's announcement dated 11 November 2019, the Group signed a Sale and Purchase agreement for acquiring the shares of SCH Limited, the holding company of Sturgeon Capital Limited (Sturgeon), a London based Belt and Road investment manager, by increasing stake of 41.02% indirectly in Sturgeon, the Group's stake in Sturgeon became 50.98% from the original holding of 9.96%. For details on the acquisition, please refer to the Company's announcement dated 11 November 2019.

The Group started out specialising in coal production in the Belt regions, and now has evolved to various investments in key areas of Belt and Road, while Sturgeon has also focused on managing funds that invest in Belt and Road private and publicly traded securities, specializing and focusing on the Belt regions for more than a decade. In general, the development direction of both companies is coherent. Acquiring Sturgeon Capital could help the group to understand more about the region and consolidate group's status within the region.

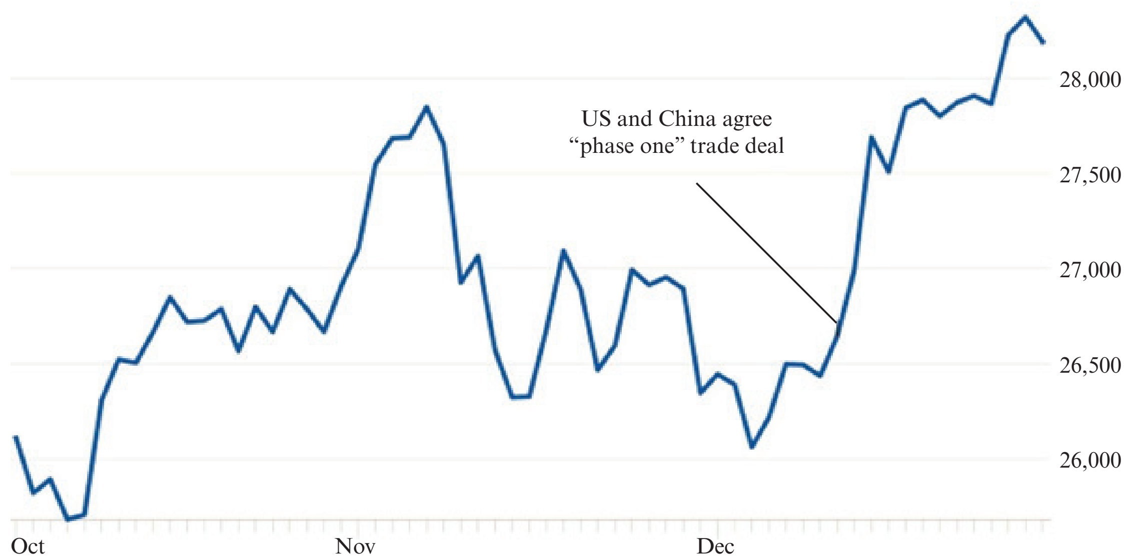
Crisis creates opportunities. Although the Brexit may damage the economy of the United Kingdom, the Group believes that there are some opportunities springing up especially in the UK's mature and developed financial market. Moreover, the economy of the Greater China region is slowed by the coronavirus outbreak, the bonuses from the Mainland China's rapid economy growth no longer existed. Hence, it is important to strike the balance of the global market and explore more opportunities along the Belt and Road. The current situation further validates the group's strategy on leveraging on Sturgeon to find quality investment along the Belt and Road, in order to mitigate the impact of a possible downturn in the Chinese economy. At the same time, Chinese manufacturing companies also need to get back on track through the foundation of the Belt and Road established for many years, benefitting the Group and Sturgeon which had years of experience along Belt and Road.

At the time of writing, the synergistic effect of the two sides has begun to appear, Sturgeon successfully raised and launched US$10 million for an Uzbekistan fund, one of the states along the Belt countries with best potential.

SECURITIES TRADING BUSINESS

The Group's listed-securities trading business continued to be monitored by the investment committee with analytical and performance reports generated regularly. Regular meetings to review and evaluate the risks of our securities portfolio were held. In 2019, because of uncertainties of the US-China trade war, the Brexit, and the inverted yield curve for US Treasury bonds, the global and Hong Kong economies looms over possibilities of economic recession. Nevertheless, the market and investor sentiment improved after the United States and China agreed on the terms of a "Phase One" trade deal that reduces some tariffs on both sides in the 4th quarter of 2019.

Heng Sang Index (Performance in Q4 2019)



Source: Refinitiv (formerly Thomson Reuters)

The investment committee had decisively lowered the weight of the securities that were originally with higher shareholdings, partly realizing profit and cash in 2019. Cash realized was used to cover operating cost of our Belt and Road business. In addition, OP Financial Limited (HKEx:1140) had brought return and dividend income to the group for the past three years with an average purchase price of HKD 1.45, and the closing price on the 31 December 2019 was HKD 1.50. The investment committee agreed to continue holding OP Financial Limited (HKEx:1140) and lower its target selling price.

As at 31 December 2019, the fair value of listed investment was HK$52,489,070. The cost of listed investment was HK$55,830,838.

In 2019, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK$24,455,928. Dividend received from listed securities was HK$764,715.

The Investment Committee believes that although the market had experienced sluggish economic growth for some time and China and the United States agreed parts of the trade deal, the 2020 United States presidential election will increase the market's uncertainties and the investment sentiment remain cautious. The Company's investment strategy is not only to lower the target selling price, but also continue to hold or diversify our securities investment in different sectors that pay dividend.

FINANCIAL REVIEW

Revenue of the Group for the year ended 2019 amounted to approximately HK$138.4 million, represented a decrease of approximately 7.18% when compared with the same period in 2018 (2018: HK$149.1 million). Revenue arising from the sales of goods and provision of services amounted to HK$27.4 million and HK$111.0 million respectively. Drop in revenue was mainly caused by drop of corporate services business from approximately HK$22.7 million last year to approximately HK$5.8 million this year.

The Group's gross profit for the year ended 2019 decreased approximately 36.53% to approximately HK$21.2 million when compared with the same period in 2018 (2018: HK$33.4 million). Gross profit arising from the sales of goods and provision of services amounted to HK$13.3 million and HK$7.9 million respectively. Drop in gross profit was mainly attributable to drop in revenue of high margin corporate services business from approximately HK$22.7 million last year to approximately HK$5.8 million this year.

For the year ended 2019, the total administrative and other operating expenses was approximately HK$68.0 million, a decrease of approximately 6.07% as compared with the same period in 2018 (2018: HK$72.4 million). Such drop of total administrative and other operating expenses for the year ended 2019 was mainly caused by restructuring of our human resources leading to a drop in salary expenses by HK$2.9 million.

For the year ended 2019, the loss from continuing operations was approximately HK$218.4 million (2018: profit from continuing operations HK$4.1 million). The loss from continuing operation was mainly attributable to an amount of approximately HK$101.1 million receivables written off, an impairment loss on trade and other receivables of approximately HK$18.9 million, fair value loss on financial assets at fair value through profit or loss ("FVTPL") by approximately HK$24.5 million and loss on disposal of financial assets at FVTPL by HK$27.8 million. The Group recorded loss for year ended 2019 of approximately HK$219.1 million (2018: profit for year HK$4.98 million).

The total comprehensive loss attributable to owners of the Company for the year 2019 amounted to approximately HK$269.8 million (2018: HK$10.0 million).

As at 31 December 2019, the Group held financial assets at FVTPL of approximately HK$52.5 million, wholly comprised of listed investment in securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market in 2019, the loss on disposal of financial assets at FVTPL amounted to approximately HK$27.8 million (2018: HK$727,000), whilst the fair value loss on financial assets at FVTPL was approximately HK$24.5 million for the year ended 2019 (2018: HK$17.5 million). The details of financial assets at FVTPL are set out as follow:

Company Name	Number of shares held as at 31 December 2019 Unaudited	% of share-holding as at 31 December 2019 Unaudited	Unrealized gain/(loss) on fair value change for the year ended 31 December 2019 Unaudited *HK$*	Dividends received for the year ended 31 December 2019 Unaudited *HK$*	Fair value as at 31 December 2019 Unaudited *HK$*	Fair value as at 31 December 2018 Audited *HK$*	% of the Group's net assets as at 31 December 2019 Unaudited	Investment cost as at 31 December 2019 Unaudited *HK$*	Reasons for fair value loss
Hong Kong Listed Securities									
BOC Hong Kong (Holdings) Limited (2388) *(Note 1)*	15,000	0.0001%	(57,000)	8,175	405,750	—	0.20%	462,750	Drop in share price
Cathay Pacific Airways Limited (0293) *(Note 2)*	30,000	0.001%	16,800	5,400	345,600	—	0.17%	328,800	—
China Petroleum & Chemical Corporation (0386) *(Note 3)*	200,000	0.001%	37,000	—	938,000	—	0.45%	901,000	—
EJE (Hong Kong) Holdings Limited (8101) *(Note 4)*	93,000,000	3.22%	(3,122,808)	—	10,323,000	21,560,000	5.01%	13,445,808	Drop in share price
Hong Kong Exchanges and Clearing Limited (0388) *(Note 5)*	15,000	0.001%	(207,000)	55,800	3,795,000	—	1.84%	4,002,000	Drop in share price
OP Financial Investments Limited (1140) *(Note 6)*	17,664,000	0.61%	(20,308,440)	690,000	26,496,000	107,273,160	12.85%	25,690,280	Drop in share price
Target Insurance (Holdings) Limited (6161) *(Note 7)*	18,102,000	3.47%	(680,980)	—	9,956,100	—	4.83%	10,637,080	Drop in share price
Tsui Wah Holdings Limited (1314) *(Note 8)*	534,000	0.04%	(133,500)	5,340	229,620	—	0.11%	363,120	Drop in share price
361 Degrees International Limited (1361) *(Note 9)*	—	—	—	—	—	617,770	—	—	—
MTR Corporation Limited (0066) *(Note 10)*	—	—	—	—	—	288,400	—	—	—
Sau San Tong Holdings Limited (8200) *(Note 11)*	—	—	—	—	—	1,260,000	—	—	—
Wang Yang Holdings Limited (1735) *(Note 12)*	—	—	—	—	—	342,400	—	—	—
Yield Go Holdings Limited (1796) *(Note 13)*	—	—	—	—	—	2,793,000	—	—	—
Total			(24,455,928)	764,715	52,489,070	134,134,730	25.46%	55,830,838	

Notes:

1. BOC Hong Kong (Holdings) Limited (HKEx: 2388) — The principal activities of BOC Hong Kong (Holdings) Limited is the provision of banking and related financial services.

2. Cathay Pacific Airways Limited (HKEx: 0293) — Cathay Pacific Airways Limited is principally engaged in operating scheduled airline services, airline catering, aircraft handling, aircraft engineering and cargo terminal operation.

3. China Petroleum & Chemical Corporation (HKEx: 0386) — China Petroleum & Chemical Corporation is principally engages in oil and gas and chemical operations in the People's Republic of China (the "PRC"). Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil and natural gas by pipelines; refining crude oil into finished petroleum products; and marketing crude oil, natural gas and refined petroleum products. Chemical operations include the manufacture and marketing of a wide range of chemicals for industrial uses.

4. EJE (Hong Kong) Holdings Limited (HKEx: 8101) — The principal activity of EJE (Hong Kong) Holdings Limited is investment holding. The principal activities of the EJE (Hong Kong) Holdings Limited's subsidiaries are: (i) The design, manufacture and sales of mattress and soft bed products; (ii) property investment; (iii) securities investment; and (iv) the provision of property management and property agency services.

5. Hong Kong Exchanges and Clearing Limited (HKEx: 0388) — Hong Kong Exchanges and Clearing Limited is Own and operate the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, trading of base metals forward and options contracts operating in the UK.

6. OP Financial Investments Limited (HKEx: 1140) — OP Financial Investments Limited ("OP Financial") is a Hong Kong listed Investment Company with the mandate allowing the Company to invest in various assets, financial instruments, and businesses globally. OP Financial produce medium to long term shareholder returns by developing customized investment solutions for and alongside institutional and corporate investors in the region. OP Financial's co-investors are mainly large financial institutions and organizations targeting either high growth opportunities within China or strategic investments outside the region. OP Financial also invests in funds of listed and unlisted equities to generate diversified returns. Over time, these funds will serve as the foundation of a marketable proprietary financial services platform for attracting new investment partners.

7. Target Insurance (Holdings) Limited (HKEx: 6161) — Target Insurance (Holdings) Limited is principally engaged in writing of motor insurance business in Hong Kong.

8. Tsui Wah Holdings Limited (HKEx: 1314) — Tsui Wah Holdings Limited is principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants in Hong Kong, the People's Republic of China (the "PRC" or "Mainland China") and Macau.

9. 361 Degrees International Limited (HKEx: 1361) — The principal activities of 361 Degrees International Limited are manufacturing and trading of sporting goods, including footwear, apparel and accessories in the PRC.

10. MTR Corporation Limited (HKEx: 0066) — MTR Corporation Limited is principally engaged in the following core businesses — railway design, construction, operation, maintenance and investment in Hong Kong, the Mainland of China and a number of major overseas cities; project management in relation to railway and property development businesses; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the Mainland of China; and investment in Octopus Holdings Limited.

11. Sau San Tong Holdings Limited (HKEx: 8200) — Sau San Tong Holdings Limited is principally engaged in the provision of beauty and slimming services from slimming centres, distribution sales of cosmetic and skin care products and sale of other health and beauty products. The slimming centres, which are operated under the "Sau San Tong" brand name, provide services such as whole and partial body slimming, weight management, body treatment services and facial treatment services to its customers.

12. Wang Yang Holdings Limited (HKEx: 1735) — Wang Yang Holdings Limited is a contractor in Hong Kong undertaking (i) foundation works which include piling works, excavation and lateral support works, and pile cap construction; (ii) superstructure works which include building works in relation to the parts of the structure above the ground level; and (iii) other construction works such as demolition works, site formation works, ground investigation works, minor works, hoarding works, A&A works and fitting-out works

13. Yield Go Holdings Limited (HKEx: 1796) — Yield Go Holdings Limited is an established fitting-out contractor in Hong Kong with over 22 years of experience since the establishment of one of the group's principal operating subsidiaries, Hoi Sing Decoration, in 1995.

As at 31 December 2019, the Group held financial assets at fair value through other comprehensive income ("FVTOCI") of approximately HK$19.1 million, wholly comprised of unlisted equity securities in Hong Kong and United Kingdom and redeemable preference shares. The details of financial assets FVTOCI at investment cost are set out as follow:

Company Name	Number of shares held as at 31 December 2019 Unaudited	% of share-holding as at 31 December 2019 Unaudited	% of the Group's net assets as at 31 December 2019 Unaudited	Investment cost as at 31 December 2019 Unaudited *HK$*	Investment cost as at 31 December 2018 Audited *HK$*
Cheung Lee Farming Corporation *(Note 1)*	870	8.7%	4.22%	8,700,000	7,700,000
Connect-Me Technologies Limited *(Note 2)*	990	9.9%	0.0005%	990	—
Sturgeon Capital Limited *(Note 3)*	24,999	9.96%	3.78%	7,800,000	7,800,000
Xin Ying Holdings Limited *(Note 4)*	8,000,000	N/A	3.88%	8,000,000	8,000,000
			11.88%	24,500,990	23,500,000

Notes:

1. Cheung Lee Farming Corporation incorporated under the laws of the British Virgin Islands with limited liability. The principal activities of the company together with its subsidiaries are engaged in the business of production and distribution of pollution-free vegetables.

2. Connect-Me Technologies Limited under the laws of the Hong Kong SAR with limited liability. They engaged in sale of electronic consumer products, key products including tablet PCs, smartphones, smartwatches, smart crutches, VR, electric self-balancing scooters, etc.

3. Sturgeon Capital Limited ("Sturgeon Capital") is an independent alternative investment manager specializing in frontier and emerging markets. Sturgeon Capital manages the Sturgeon Central Asia fund, a multi-strategy investment fund focused on Central Asia and the surrounding region. The Sturgeon Capital management team have been investing in the region since 2005 and is made up of industry professionals with diverse professional background of regional and industry specific experience.

4. The principal activity of Xin Ying Holdings Limited ("Xin Ying") is investment holding. Xin Ying's subsidiaries combine the development of financial globalization and internet information technology innovation mean to provide innovative and efficient financing, assessment, consulting management, interconnection, financial e-commerce and more professional financial services for domestic enterprises and individual customers in PRC. Xin Ying's subsidiaries hold two types of credit license — 融資性擔保機構經營許可證 and 深圳市小額貸款業務資格.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group has bank and cash balances of approximately HK$25.9 million (2018: HK$20.7 million).

On 24 August 2018, the Company issued an 8% unlisted straight bonds due 2020 in an aggregate principal amount of HK$50,000,000. Of this principal amount, HK$30,000,000 of net proceeds was allocated for our acquisition of Mongolia Choir Railway Platform and used in manner as set out in the Company's announcement dated 20 December 2018, and the remaining net proceed will be used for trading business.

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.13 as at 31 December 2019 (2018: 0.08).

FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), Sterling Pound, United States dollars and Tajikistan Somoni. As at 31 December 2019, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

INCOME TAX

Details of the Group's income tax expense for the year 2019 are set out in note 6.

HUMAN RESOURCES

As at 31 December 2019, the Group had 123 (2018: 122) staffs in Hong Kong and China.

The Group continues to employ, promote and reward its staff with reference to their performance and experience. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality. During the year 2018, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK$25.7 million (2018: HK$28.6 million) for the year 2019.

SEGMENT REPORT

The detailed segmental analysis are provided in note 14.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2019.

LITIGATION

As at 31 December 2019, the Group had no significant pending litigation.

EVENTS AFTER THE REPORTING PERIOD

The outbreak of coronavirus disease 2019 (COVID-19) has caused disruptions to many industries, including manufacturing, mining, corporate services and so on, in Hong Kong and China as well as other countries and regions. Despite the challenges, governments and international organizations have implemented a series of measures to contain the epidemic. The Group will closely monitor the development of the epidemic and assess its impact on its operations.

Progress of Preparation of Annual Report

The preparation of the Company's Annual Report including financial statements and completion of the auditing process has been delayed by mainland China Government-imposed quarantines, office closings and travel restrictions which affect both the Company's and its service provider's personnel. Specifically, the Company has significant operations in Tengzhou City, Shangdong Province, China and the area of Qiquanhu, Turpan City, Xinjiang Province, China. From the end of January to February 2020, the mainland China Government has gradually locked down the cities in order to control the spread of the Coronavirus, including Tengzhou City and Turpan City had been locked down and limitation of travel had been imposed. All people travelling into these cities had been required by the local government to stay at home or specific premises until further notice, subject to the containment of the coronavirus. Banks in these cities are not engaged in normal operations and specific bank confirmations required to complete the audit process cannot be obtained at this moment. Due to mainland China Government-imposed quarantines, office closings and travel restrictions affecting the Company's personnel and service providers, the Company's accounting department has been unable to process certain of its accounting records and receipts required to complete the auditing process.

On 17 March 2020, Tuesday evening, the Hong Kong Government issued a red outbound travel alert for the entire world, except mainland China, Macau and Taiwan, as the coronavirus continues to spread rapidly across the globle. Even mainland China is now viable to visit, our management has come across that the local government of Qiquanhu, Turpan City, Xinjiang Province, China is still stopping the non-local visitors to entering this area, which would affect the process of audit.

However, the Company is looking for all alternatives to complete the audit as soon as possible.

CORPORATE SOCIAL RESPONSIBILITY

We continued our effort to enhance Corporate Social Responsibility in 2019. We promoted cultural exchange between Hong Kong and Belt and Road countries and Greater Bay Area in 2019 by supporting Silk Road Economic Development Research Centre. Major events in 2019 included organizing sports events, and organizing and participating in Belt and Road Events.

Hence, Kaisun was awarded outstanding award on Corporate Social Responsibility by "The Mirror Magazine 8th outstanding award on Corporate Social Responsibility" in 2019.

1. Actively Organized and Participated in Belt and Road Events

1.1 March 2019

On March 27, 2019, Mr. Joseph Chan, Kaisun's Chairman was invited by Department of Politics and Public Administration, The University of Hong Kong, as guest speaker on "The China Dream and the Belt and Road Initiative".

Starting with the Coverage of Belt and Road and Greater Bay Area initiative, Mr. Chan went on insight discussions on energy and infrastructure including Notable Projects such as China-Pakistan-Economic — Corridor and Sri-Lanka port. Furthermore, Mr. Chan shared his business experiences and challenges in Belt and Road countries.

1.2 October 2019

Co-organized "Greater Bay Area Conference — Inclusive Growth through Innovation and Sustainability"

"Greater Bay Area Conference — Inclusive Growth through Innovation and Sustainability" held on October 10, 2019 was co-organized by Silk Road Economic Development Research Centre and China Daily.

Keynote addresses were delivered by Mr. C Y Leung, GBM, GBS, JP, Vice Chairman, The National Committee of the Chinese People's Political Consultative Conference, and various distinguished speakers were invited for panel discussions.

Kaisun believed that Hong Kong is well positioned for tapping opportunities in Greater Bay Area. Through sharing and discussion by guests and attendees, potential opportunities in Greater Bay Area can be explored. During the conference, Mr. Joseph Chan, Kaisun's Chairman gave the welcoming remarks.

1.3 November 2019

Mr. Joseph Chan, Kaisun's Chairman, joined "Hong Kong Business and Professional Delegation to Malaysia and Thailand"

Mr. Joseph Chan, Kaisun's Chairman, joined the business delegation led by Mr. Edward Yau Tang-wah, the Secretary for Commerce and Economic Development of the Hong Kong Government. Around 50 members of business and professionals from Hong Kong joined this visit to Malaysia and Thailand from November 25–29, 2019.

The delegation visited Kuala Lumpur (Malaysia) and Bangkok (Thailand) on November 25 and 27 respectively. On November 29, Hong Kong chief executive Carrie Lam joined the delegation and co-chaired the first meeting of the Hong Kong-Thailand High-Level Joint Committee (HJLC) in Bangkok together with Deputy Prime Minister Somkid Jatusripitak.

1.4 December 2019

On December 14, 2019, Mr. Joseph Chan attended the opening ceremony for the Yau Tsim Mong Multicultural Activity Centre. Mr. Lau Kong-wah, the Secretary for Home Affairs was one of the guests of honor and gave a welcome speech.

As one of the Signature Project Scheme (SPS) of Yau Tsim Mong District, the Yau Tsim Mong Multicultural Activity Centre aims at promoting multiculturalism and advancing community cohesion.

Located at 59 Battery Street, Jordan, starting this October, the Centre provides services such as venue rental, translation, cultural exchange activities and training programmes. In addition, different types of shops in the Centre offer business or job opportunities, providing one-stop social services for new arrivals, ethnic minorities and the disabled.

By promoting racial harmony through this Centre, we believe greater inclusiveness will foster community cohesion, leading to development of healthy community.

2. Enhancing multicultural exchange and supporting development of local ethnic minorities through co-organizing sports events

April 2019

We continued our effort of co-organizing Belt and Road Friendly Basketball Tournament in 2017, 2018 and co-organized the "3rd Belt and Road Friendly Basketball Tournament". The 3rd Belt and Road Friendly Basketball Tournament was held on 27 and 28 April, 2019 at Confucius Hall Secondary School, To Kwan Wan and Chuk Yuen Sports Centre where Kaisun was an event partner.

This year, eight participating teams comprises teams from ethnic minorities in Hong Kong and came from Belt and Road countries, secondary school and local social service organizations. The 8 teams were Team Pakistan, Team Philippines, Team Singapore, Team Malaysia, Team Nepal, Confucius Hall Secondary School, Team Hubei and Team New Home Association.

3. Kaisun was awarded outstanding award on Corporate Social Responsibility by "The Mirror Magazine 8th outstanding award"

Kaisun was awarded the outstanding award on Corporate Social Responsibility in recognition of our contributions on Corporate Social Responsibility, including areas such as organizing and participation in various Belt and Road forums and supporting Belt and Road friendly basketball tournament.

The Mirror Magazine 8th award on outstanding Corporate Social Responsibility was held on 28 October 2019. Mr. Joseph Chan, Kaisun's Chairman (photo centre), received the award for Kaisun.

CORPORATE GOVERNANCE

Based on principles of transparency and independence, the Board of Directors and management are committed to principles of good corporate governance consistent with enhancement of shareholder value.

The Board has established the following committees with written terms of reference which are in line with the Corporate Governance Code (the "CG Code") and Corporate Governance Report stated in Appendix 15 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). Details of written terms of reference are available on the Company's website:

www.kaisun.hk under "Investor Relations" section with heading of "Corporate Governance":

- Audit Committee
- Remuneration Committee
- Nomination and Corporate Governance Committee

All the committees comprise a majority of Independent Non-Executive Directors. Each of the Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee is chaired by an Independent Non-executive Director.

Full details of the Company's corporate governance practices are set out in Company's Annual Report 2019.

APPOINTMENT OF JOINT CHIEF EXECUTIVE OFFICERS

As part of the Group's long term management succession plan which promote our professional and younger members of the Company that facilitates better business development of the Company, and to implement the aspect of good corporate governance of the Company where the role Chairman and Chief Executive Officer should be separated and should not be performed by the same individual, Mr. Chen Chun Long and Mr. Ching Ho Tung, Philip were appointed as joint Chief Executive Officers (CEOs) of the Company with effect from 19 June 2019. The Company is better prepared for future strategic growth of the Group with above changes.

Following the appointment of above joint Chief Executive Officers, Mr. Joseph Chan Nap Kee relinquished as Chief Executive Officer, and remain as Chairman and Executive Director of the Company.

For details on appointment of Joint CEOs, please refer to the Company's announcement dated 18 June 2019.

AUDIT COMMITTEE REPORT

Composition of the Audit Committee ("AC")

Committee Chairman	Mr. Liew Swee Yean*
Members	Dr. Wong Yun Kuen*
	Mr. Siu Siu Ling Robert*
	Mr. Anderson Brian Ralph*

* *Independent Non-executive Director*

The primary duties of the AC are to review and supervise the financial reporting process and internal control and risk management systems of the Group, maintain an appropriate relationship with the Company's auditors and provide advice and comments to the Board.

During the year 2019, the audit committee held four meetings to review and supervise the financial reporting process. The results for the year 2019 had been reviewed by the Audit Committee who was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and adequate disclosures have been made.

Role and Function of the Audit Committee

The primary duties of the AC are to review and supervise the financial reporting process and internal control system of the Group and provide an important link between the Board and the Company's auditors on those matters within the scope of the Group's audit. It also reviews the effectiveness of the external and internal audit and conducts risk evaluation.

The AC is provided with sufficient resources to discharge its responsibilities and is supported by the Finance Department of the Company. The AC is accountable to the Board.

Audit Committee Meetings

During the year 2019, the AC had held four meetings to review and supervise the financial reporting process and the AC had reviewed the quarterly, interim and annual results, internal controls and risk management systems. The AC was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The AC also carried out and discharged its other duties as set out in the Corporate Governance Code (the "CG Code").

Attendance of each of the independent non-executive directors at the AC meetings during the year ended 31 December 2019 was set out as follows:

Number of Audit Committee Meetings	**4**	
Mr. Liew Swee Yean *(Committee Chairman)*	4/4	100%
Mr. Siu Siu Ling, Robert	4/4	100%
Dr. Wong Yun Kuen	4/4	100%
Mr. Anderson Brian Ralph	3/4	75%
Average attendance rate	93.75%	

During the year 2019, the AC had undertaken the following duties:

(i) made recommendations to the Board on the appointment, reappointment or removal of the external auditors (the "Auditors") and approved the audit fees and terms of engagement of the Auditors, or any questions of resignation or dismissal of the Auditors;

(ii) reviewed the quarterly, interim and annual financial statements prior to recommending them to the Board for approval;

(iii) reviewed the Auditors' management letter and the management's response thereto, and to ensure that recommendations made by the Auditors are carried out;

(iv) reviewed the operation and effectiveness of the Company's financial control, internal control and risk management systems;

(v) reviewed the appropriateness of reporting and accounting policies and disclosure practices; and

(vi) reviewed the work of the Internal Audit Department, ensuring coordination between the Internal Audit Department and the Auditors, and reviewing and monitoring the effectiveness of the internal audit function.

During the year 2019, the Board, through the AC, reviewed the effectiveness of the Group's system of internal control over financial, operational and compliance issues, broad-based risk management processes, and physical and information systems security. To formalize the annual review of internal control system, the AC made reference to the globally recognised framework with modifications to include some controls which are specific to the Group's operation. The AC concluded that, in general, the Group has set up a sound control environment and installed necessary control mechanisms to monitor and correct noncompliance.

The Board, through the review of the AC, was satisfied that the Group had fully complied with the Code Provisions on internal controls as set forth in the CG Code for the year 2019.

The Group's financial statements for the year ended 31 December 2019 has been reviewed by the AC, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 12,440,000 Shares of the Company at a total consideration of about HK$2,977,966.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain good standard of corporate governance practices and procedures. Except for the deviation described below, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG code") contained in Appendix 15 to the GEM Listing Rules throughout the year 2019 under review.

Under Code Provision A 6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Anderson Brian Ralph was not in Hong Kong, he was unable to attend the annual general meeting of the Company held on 29 June 2019.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors ("Directors") of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year 2019. The Company has also made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

RISK MANAGEMENT AND INTERNAL CONTROL REPORT

The Board has overall responsibility for the risk management and internal control systems of the Company and for reviewing their effectiveness. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an Internal Audit Function, and Risk Management and Internal Control System are reviewed throughout the year 2019 and any findings in this regard will be reported to the Audit Committee on a quarterly basis. Our Internal Auditor has performed the Internal Audit Function of the Company throughout the Period.

Review of Risk Management and Internal control Effectiveness

The Board had conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2019, covering the material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems are effective and adequate. The Audit Committee had also annually reviewed the adequacy of resources, qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff and because most of our accounting staff have professional qualifications with audit and financial experience as well, the Audit Committee considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities.

AUDIT COMMITTEE

Review of Unaudited Annual Results

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed on or before 15 May 2020 if the COVID-19 coronavirus outbreak is improved.

The Board is pleased to announce the unaudited results of the Group for the year ended 31 December 2019 together with the audited comparative figures for the year ended 31 December 2018 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019

	Note	**Unaudited 2019 *HK$***	Audited 2018 *HK$*
Revenue	5	**138,370,134**	149,076,343
Cost of goods sold		**(117,184,567)**	(115,688,041)
Gross profit		**21,185,567**	33,388,302
Loss on disposal of financial assets at fair value through profit or loss		**(27,826,544)**	(726,860)
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(24,455,928)**	17,521,600
Fair value loss on remeasurement of previously held interest upon step acquisition of a subsidiary		**—**	(545,996)
Excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of a subsidiary		**1,927,183**	—
(Impairment loss)/reversal of impairment loss on the trade and other receivable		**(18,949,675)**	16,860,578
Other income and gains and losses		**2,280,275**	10,034,511
Fair value loss on financial liabilities at FVTPL		**(3,378,706)**	—
(Loss) on disposal of subsidiaries		**(136,230)**	—
Bad debts written off		**(101,056,970)**	—
Administrative and other operating expenses		**(68,023,758)**	(72,406,855)
(Loss)/profit from continuing operations		**(218,434,786)**	4,125,280
Share of profit of associates		**—**	296,491
Finance costs		**(4,136,820)**	(1,333,333)
(Loss)/profit before tax from continuing operations		**(222,571,606)**	3,088,438
Discontinued Operation			
Loss from discontinued operations	13	**(3,447,824)**	—
(Loss)/profit before tax		**(226,019,430)**	3,088,438
Income tax credit	6	**6,846,784**	1,889,807
(Loss)/profit for the year	7	**(219,172,646)**	4,978,245

	Note	Unaudited 2019 HK$	Audited 2018 HK$
Attributable to:			
Owners of the Company			
(Loss)/profit for the year from Continuing Operations		**(205,102,995)**	10,510,099
Loss for the year from discontinued operations		**(3,447,824)**	—
(Loss)/profit for the year attributable to owners of the Company		**(208,550,819)**	10,510,099
Non-controlling interests			
Loss for the year from Continuing Operations		**(10,621,827)**	(5,531,854)
Loss for the year from discontinued operations		**—**	—
Loss for the year attributable to non-controlling interests		**(10,621,827)**	(5,531,854)
(Loss)/profit for the year		**(219,172,646)**	4,978,245
(Loss)/earning per share (cents)			
Basic	9	**(38.01)**	1.82

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Unaudited 2019 HK$	Audited 2018 HK$
(Loss)/profit for the year		**(219,172,646)**	4,978,245
Other comprehensive income:			
Items that will not reclassified to profit or loss:			
Fair value changes of equity instruments at fair value through other comprehensive income (FVTOCI)		**(7,792,190)**	1,200,000
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(53,501,890)**	(4,291,732)
Other comprehensive income for the year, net of tax		**(61,294,080)**	(3,091,732)
Total comprehensive income for the year		**(280,466,726)**	1,886,513
Attributable to:			
Owners of the Company			
(Loss)/profit for the year from continuing operations		**(269,844,899)**	9,993,524
Loss for the year from discontinued operations		**—**	—
(Loss)/profit for the year attributable to owners of the Company		**(269,844,899)**	9,993,524
Non-controlling interests			
Loss for the year from continuing operations		**(10,621,827)**	(8,107,011)
Loss for the year from discontinued operations		**—**	—
Loss for the year attributable to owners of the Company		**(10,621,827)**	(8,107,011)
Total Comprehensive income attributable to:			
Owners of the Company		**(269,844,899)**	1,886,513
Non-controlling interests		**(10,621,827)**	—
		(280,466,726)	1,886,513

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	**Unaudited 2019 HK$**	Audited 2018 HK$
Non-current assets			
Fixed assets		**29,086,507**	24,272,793
Prepaid land lease		**12,041,494**	12,761,666
Goodwill		**1,118,218**	1,118,218
Intangible assets	10	**130,912,749**	149,771,920
Investment in associate		**1,959,222**	—
Financial assets at FVTOCI		**19,108,800**	25,900,000
Long-term deposits		**20,000,000**	20,000,000
ROU Assets		**1,878,579**	—
		216,105,569	233,824,597
Current assets			
Prepaid land lease		**498,269**	507,086
Inventories		**4,813,458**	3,700,112
Trade and bills receivables	11	**53,584,078**	90,298,411
Deposits, prepayments and other receivables		**40,333,668**	182,677,157
Bank and cash balances		**25,926,453**	20,729,996
Assets of a disposal group classified as held for sale	13	**14,922**	—
Financial assets at FVTPL		**52,489,070**	134,134,730
		177,659,918	432,047,492
Current liabilities			
Trade payables	12	**3,672,069**	2,479,827
Other payables and accruals		**42,479,110**	37,551,527
Bonds payable		**50,000,000**	50,000,000
Financial liabilities at amortised cost with put option		**49,878,705**	33,000,000
Liabilities of a disposal group classified as held for sale	13	**5,048,411**	—
Current tax liabilities		**3,904,002**	4,623,675
		154,982,297	127,655,029
Net current assets		**22,677,621**	304,392,463
Total assets less current liabilities		**238,783,190**	538,217,060

	Note	Unaudited 2019 *HK$*	Audited 2018 *HK$*
Non-current liabilities			
Deferred tax liabilities		**31,093,933**	38,820,400
Lease liabilities		**1,487,838**	—
NET ASSETS		**206,201,419**	499,396,660
Capital and reserves			
Share capital		**57,656,606**	57,656,606
Reserves		**113,796,360**	396,369,774
Equity attributable to owners of the Company		**171,452,966**	454,026,380
Non-controlling interests		**34,748,453**	45,370,280
TOTAL EQUITY		**206,201,419**	499,396,660

NOTES

1. GENERAL INFORMATION

Kaisun Holdings Limited ("the Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 11/F, 46 Lyndhurst Terrace, Central, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable International Financial Report Standards ("IFRSs") issued by the International Accounting Standards Board. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The International Accounting Standards Board has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Application of new and revised IFRSs

The International Accounting Standards Board has issued a number of new and revised IFRSs that are first effective for annual periods beginning on or after 1 January 2019. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) IFRS 16 Leases

(ii) IFRIC 23 Uncertainty over Income Tax Treatments

(iii) Annual Improvements to IFRSs 2015–2017 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any significant impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g. property management services for leases of properties) as a single lease component at the date of initial application.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognize and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying assets). The Group has elected not to recognize right-of-use assets and lease liabilities for (i) leases of low value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognized based on the present value of the remaining lease payments discounted using the incremental borrowing rate at 1 January 2019 and included in non-current liabilities or current liabilities.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

	Increase/ (Decrease) *HK$'000* (Unaudited)
Assets	
Increase/(Decrease) in right-of-use assets	3,761
Increase/(Decrease) in total assets	3,761
Liabilities	
Increase/(Decrease) in non-current portion of lease liabilities	2,708
Increase/(Decrease) in current portion of lease liabilities	1,053
Increase/(Decrease) in total liabilities	3,761
Increase/(Decrease) in retained earnings	—

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 9%.

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

  The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

  At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

  The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below HK$2,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options

  The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognized in the statement of financial position and comprehensive income

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			
(unaudited) *(HK$'000)*	**Land use rights**	**Motor vehicles**	**Total**	**Lease liabilities**
As at 1 January 2019	3,406	175	3,581	3,581
Additions	1,246	—	1,246	1,246
(Decrease)	(2,130)	—	(2,130)	(2,130)
Depreciation charge	(643)	(175)	(818)	—
Interest expense	—	—	—	443
Payments	—	—	—	(1,652)
As at 31 December 2019	1,879	—	1,879	1,488

The Group recognized rent expense from short-term leases of HK$1.49 million for the year ended 2019.

IFRIC 23 Uncertainty over income tax treatments

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. An entity can, on initial application, elect to apply this Interpretation either:

(i) retrospectively applying IAS 8, if possible without the use of hindsight; or

(ii) retrospectively, with the cumulative effect of initially applying the Interpretation recognized at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention unless mentioned (e.g. certain financial instruments that are measured at fair value).

The preparation of 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.

5. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	Unaudited 2019 *HK$*	Audited 2018 *HK$*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Continuing Operations		
Sale of goods:		
— Mining and metallurgical machineries production	**27,390,479**	20,015,021
— Production and exploitation of coal	**—**	2,976,107
Provision of services:		
— Provision of supply chain management services business	**97,134,607**	95,264,288
— Corporate services business	**5,775,875**	22,696,377
— Media services and organizing eSports event	**8,069,173**	8,124,550
	138,370,134	149,076,343
Discontinued operations		
— Production and exploitation of coal	**923,182**	—
	139,293,316	149,076,343

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Continued operations												Discontinued operations			
	Provision of supply chain management services business		Mining and metallurgical machineries production		Production and exploitation of coal		Corporate services business		Media services and organising eSports event		Total		Production and exploitation of coal		Total	
For the year ended 31 December	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
HK$	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited
Revenue by primary geographical markets																
— Hong Kong	**1,174,680**	—	**—**	—	**—**	—	**2,483,971**	23,411,537	**5,976,922**	6,804,464	**9,635,573**	30,216,001	**—**	—	**9,635,573**	30,216,001
— PRC except Hong Kong	**28,883,963**	42,366,074	**27,390,479**	20,015,021	**—**	—	**—**	—	**117,894**	297,835	**56,392,336**	62,678,930	**—**	—	**56,392,336**	62,678,930
— Australia	**1,404,000**	—	**—**	—	**—**	—	**—**	—	**514,873**	—	**1,918,873**	—	**—**	—	**1,918,873**	—
— Dubai	**4,575,918**	—	**—**	—	**—**	—	**—**	—	**—**	—	**4,575,918**	—	**—**	—	**4,575,918**	—
— Middle East	**—**	—	**—**	—	**—**	—	**—**	—	**398,580**	—	**398,580**	—	**—**	—	**398,580**	—
— Tajikistan	**—**	—	**—**	—	**—**	2,976,107	**—**	—	**—**	—	**—**	2,976,107	**923,182**	—	**923,182**	2,976,107
— Taiwan	**51,647,712**	23,689,926	**—**	—	**—**	—	**—**	—	**—**	—	**51,647,712**	23,689,926	**—**	—	**51,647,712**	23,689,926
— Vietnam	**9,448,334**	29,172,128	**—**	—	**—**	—	**—**	—	**—**	—	**9,448,334**	29,172,128	**—**	—	**9,448,334**	29,172,128
— Others	**—**	36,160	**—**	—	**—**	—	**3,291,904**	—	**1,520,404**	1,089,800	**4,812,308**	1,125,960	**—**	—	**4,812,308**	1,125,960
Segment revenue	**97,134,607**	95,264,288	**27,390,479**	20,015,021	**—**	2,976,107	**5,775,875**	23,411,537	**8,528,673**	8,192,099	**138,829,634**	149,859,052	**923,182**	—	**139,752,816**	149,859,052
Intersegment revenue																
— Hong Kong	**—**	—	**—**	—	**—**	—	**—**	(715,160)	**(459,500)**	(67,549)	**(459,500)**	(782,709)	**—**	—	**(459,500)**	(782,709)
Revenue from external customers	**97,134,607**	95,264,288	**27,390,479**	20,015,021	**—**	2,976,107	**5,775,875**	22,696,377	**8,069,173**	8,124,550	**138,370,134**	149,076,343	**923,182**	—	**139,293,316**	149,076,343
Timing of revenue recognition																
Products transferred at a point in time	**97,134,607**	89,990,914	**27,390,479**	20,015,021	**—**	2,976,107	**—**	—	**—**	—	**124,525,086**	112,982,042	**—**	—	**124,525,086**	112,982,042
Products and services transferred over time	**—**	5,273,374	**—**	—	**—**	—	**5,775,875**	22,696,377	**8,069,173**	8,124,550	**13,845,048**	36,094,301	**923,182**	—	**14,768,230**	36,094,301
Total	**97,134,607**	95,264,288	**27,390,479**	20,015,021	**—**	2,976,107	**5,775,875**	22,696,377	**8,069,173**	8,124,550	**138,370,134**	149,076,343	**923,182**	—	**139,293,316**	149,076,343

The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18.

6. INCOME TAX EXPENSE/(CREDIT)

	Unaudited	Audited
	2019	2018
	HK$	*HK$*
Current tax — Hong Kong		
Provision for the year	**(395,570)**	(1,909,800)
Over provision for prior years	**154,383**	1,069,200
Current tax — Overseas		
Provision for the year	**(75,476)**	(55,390)
Under-provision for prior years	**13,028**	(14,314)
Deferred tax	**7,150,419**	2,800,111
	6,846,784	1,889,807

Hong Kong Profits Tax has been provided at a rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year less allowable losses brought forward.

On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantively enacted. Under the two-tiered profits tax regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK$2 million will continue to be subject to the tax rate of 16.5%.

PRC enterprise income tax has been provided at a rate of 25% (2018: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax (credit)/expense and the product of (Loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	Unaudited 2019 *HK$*	Audited 2018 *HK$*
(Loss)/profit before tax	**(226,019,430)**	3,088,438
Tax at the domestic income tax rate of 16.5% (2018: 16.5%)	**395,571**	509,592
Tax effect of income that is not taxable	**(317,985)**	(3,449,615)
Tax effect of expenses that are not deductible	**13,507,160**	2,551,214
Tax effect of tax loss not recognised	**1,572,136**	2,099,863
Tax effect of utilisation of tax losses not previously recognised	**(10,134,382)**	(895,926)
Temporary difference not recognised	**16,674,400**	240,815
Over-provision for prior years	**(167,412)**	(1,054,886)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(28,376,272)**	(1,890,864)
Income tax expense/(credit)	**6,846,784**	(1,889,807)

7. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	Unaudited 2019	Audited 2018
	HK$	*HK$*
Auditor's remuneration	**3,000,000**	2,800,000
Cost of inventories sold of supply chain management services for mineral business and mining metallurgical machineries	**101,604,179**	106,725,914
Depreciation	**1,329,163**	1,501,114
Amortisation of intangible assets	**12,445,598**	13,009,473
Amortisation of prepaid land leases	**506,175**	528,466
Write off of fixed assets	**49,622**	—
Trade receivables written off	**14,973,720**	—
Other receivables written off	**86,083,250**	3,423
Loss on disposal of fixed assets	**49,622**	75,271
Loss on disposal of financial assets at fair value through profit or loss (held for trading)	**27,826,544**	726,860
Fair value (loss)/gain on financial assets at fair value through profit or loss	**24,455,928**	(17,521,600)
Fair value loss on put option	**3,378,706**	3,000,000
Reversal of allowance of doubtful debts	**(5,698)**	(15,675,686)
Operating lease rentals in respect of land and buildings	**1,651,861**	1,914,993
Net exchange (gain)/loss	**(2,519,762)**	2,608,126

8. DIVIDEND

	Unaudited 2019	Audited 2018
	HK$	*HK$*
Special — HK cents 0.17 per ordinary share	**—**	930,163
Proposed final — HK cents 0.17 per ordinary share	**—**	930,162
	—	1,960,325

No dividend has been paid or declared by the Company for the year ended 31 December 2019. During the year, the Company has declared and paid final dividend and special dividend in respect of the year ended 31 December 2018 of HK cents 0.17 and HK cents 0.17 respectively.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the following:

	Unaudited 2019 *HK$*	Audited 2018 *HK$*
(Loss)/Earnings for the purpose of calculating basic earnings per share	**(208,550,819)**	10,510,099

Number of shares

	2019	2018
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**576,566,055**	576,566,055

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2019.

10. INTANGIBLE ASSETS

	Mining rights *HK$*
Cost	
At 1 January 2018	248,233,754
Exchange differences	(13,619,689)
At 31 December 2018 and 1 January 2019 (audited)	234,614,065
Mining right written off (unaudited)	(13,058,344)
Exchange differences (unaudited)	(4,877,541)
At 31 December 2019 (unaudited)	216,678,180
Accumulated amortisation and impairment losses	
At 1 January 2018	77,099,105
Amortisation for the year	13,009,473
Exchange differences	(5,266,433)
At 31 December 2018 and 1 January 2019 (audited)	84,842,145
Amortisation for the year (unaudited)	12,445,598
Impairment loss for the year (unaudited)	3,988,820
Mining right written off (unaudited)	(13,058,344)
Exchange differences (unaudited)	(2,452,788)
At 31 December 2019 (unaudited)	85,765,431
Carrying amount	
At 31 December 2019 (unaudited)	130,912,749
At 31 December 2018 (audited)	149,771,920

At 31 December 2019, the Group's mining rights are the rights obtained by the Group for production and exploitation of one coal mine (2018: one) located in the PRC and one (2018: two) coal mines located coal mines located in Tajikistan. The major content of the coal mine in PRC and Tajikistan is thermal coal and anthracite and bituminous coal respectively. The terms of the mining rights of the coal mines in PRC and Tajikistan are from January 2019 to December 2019 and August 1997 to September 2018 respectively. The application of mining licenses renewal in Tajikistan are in progress. The mining rights are stated at cost less accumulated amortisation and impairment losses over the term of the mining rights.

11. TRADE AND BILLS RECEIVABLES

	Unaudited	Audited
	2019	2018
	HK$	*HK$*
Trade receivables	**53,608,362**	87,012,336
Allowance for doubtful debts	**(807,318)**	(813,016)
	52,801,044	86,199,320
Bills receivables	**783,034**	4,099,091
	53,584,078	90,298,411

The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers.

An ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	Unaudited	Audited
	2019	2018
	HK$	*HK$*
0–30 days	**11,687,452**	46,475,730
31–60 days	**482,185**	2,294,642
61–90 days	**229,488**	1,244,124
91 days-1 year	**11,816,240**	9,080,218
Over 1 year	**29,368,713**	31,203,697
	53,584,078	90,298,411

As at 31 December 2019, an allowance was made for estimated irrecoverable trade receivables of approximately HK$807,318 (2018: HK$813,016).

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	Unaudited	Audited
	2019	2018
	HK$	*HK$*
USD	**—**	8,570,587
HK$	**21,107,435**	37,808,948
RMB	**32,476,643**	43,918,876
	53,584,078	90,298,411

12. TRADE PAYABLES

An ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	Unaudited	Audited
	2019	2018
	HK$	*HK$*
0–30 days	**2,105,353**	632,063
31–60 days	**900,926**	542,969
61–90 days	**—**	310,310
91–180 days	**—**	171,904
181–365 days	**—**	50,847
Over 365 days	**665,790**	771,734
	3,672,069	2,479,827

The Group's trade payables are denominated in the following currencies:

	Unaudited	Audited
	2019	2018
	HK$	*HK$*
HK$	**—**	8,000
RMB	**3,672,069**	2,471,827
	3,672,069	2,479,827

13. DISCONTINUED OPERATION

Analysis of the results, assets and liabilities of production and exploitation of coal in Tajikistan business is as follows:

(a) Discontinued operation

(i) Results

	Unaudited 2019 *HK$*
Revenue	**923,182**
Cost of goods sold	**(1,025,798)**
Gross loss	**(102,616)**
Other income and gains and losses	**157**
Administrative and other operating expenses	**(3,421,431)**
Loss for the year	**(3,523,890)**

Note:

The Directors have reassessed the presentation and consider it is more appropriate to reflect only the revenue and the results arising from transactions with third parties under the discontinued operation and the inter-company profits are under continuing operations.

(ii) Cash flows

	Unaudited 2019 *HK$*
Operating cash flows	**(3,463,056)**
Investing cash flows	**—**
Financing cash flows	**3,347,666**
Total cash flows	**(115,390)**

(b) Assets of a disposal group classified as held of sale

	Unaudited 2019 *HK$*
NON- CURRENT ASSETS	
Investment in subsidiaries	**205,597,040**
CURRENT ASSETS	
Cash and cash equivalents	**14,922**
Total assets (before intra-group elimination)	**205,611,962**
Less: Intra-group elimination	**(205,597,040)**
TOTAL ASSETS	**14,922**

(c) Liabilities of a disposal group classified as held for sale

	Unaudited 2019 *HK$*
CURRENT LIABILITIES	
Other payable & accruals	**4,569,687**
Provision for taxes	**467,946**
Current account with related companies	**362,985,189**
	368,022,822
NON-CURRENT LIABILITIES	
Deferred tax liabilities	**10,777**
Total liabilities (before intra-group elimination)	**368,033,599**
Less: Intra-group elimination	**(362,985,188)**
TOTAL LIABILITIES	**5,048,188**

Note:

Assets held for sale and liabilities directly associated with assets held for sale above are presented before elimination of intra-group balances of HK$205,597,040 and HK$362,985,188 respectively.

14. SEGMENT INFORMATION

The Group has six reportable segments which are Provision of supply chain management services business, Mining and metallurgical machineries production, Production and exploitation of coal, Securities trading, Corporate services business and Media services and organising eSports event for the year.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include dividend income. Segment assets do not include amounts due from related parties. Segment non-current assets do not include financial instruments.

Information about operating segment profit or loss, assets and liabilities:

	Continuing operations							**Discontined operations**	
(Unaudited)	**Provision of supply chain management services business** *HK$*	**Mining and metallurgical machineries production** *HK$*	**Production and exploitation of coal** *HK$*	**Securities trading** *HK$*	**Corporate services business** *HK$*	**Media services and organising eSports event** *HK$*	**Total** *HK$*	**Production and exploitation of coal** *HK$*	**Total** *HK$*
Year ended 31 December 2019									
Revenue from external customers	**97,134,607**	**27,390,479**	**—**	**—**	**5,775,875**	**8,069,173**	**138,370,134**	**923,182**	**139,293,316**
Intersegment revenue	**—**	**—**	**—**	**—**	**—**	**459,500**	**459,500**	**—**	**459,500**
Segment (loss)/profit	**(107,049,511)**	**3,486,882**	**(23,504,405)**	**(73,746,811)**	**2,141,118**	**(6,749,743)**	**(205,422,471)**	**(3,523,890)**	**(208,946,361)**
Interest revenue	**4,098**	**747**	**494,407**	**99,472**	**588**	**270,648**	**869,960**	**(157)**	**869,803**
Depreciation and amortisation	**529,991**	**117,376**	**633,254**	**—**	**—**	**9,472**	**1,290,093**	**—**	**1,290,093**
Income tax expense/(credit)	**12,119**	**197,815**	**12,575,542**	**—**	**—**	**(36,243)**	**12,749,233**	**—**	**12,749,233**
Other material non-cash items:	**—**								
Additions to segment non-current assets	**5,660**	**1,256,403**	**14,236**	**—**	**1,421,152**	**—**	**2,697,451**	**—**	**2,697,451**
As at 31 December 2019	**—**								
Segment assets	**35,316,310**	**41,792,299**	**158,633,106**	**65,710,634**	**24,139,440**	**321,740**	**325,913,529**	**14,922**	**325,928,451**
Segment liabilities	**3,750,303**	**7,774,922**	**47,871,037**	**16,334,090**	**2,341,495**	**1,873,744**	**79,945,591**	**5,048,411**	**84,994,002**

	Continuing operations							Discontinued operations	
(Audited)	Provision of supply chain management services business *HK$*	Mining and metallurgical machineries production *HK$*	Production and exploitation of coal *HK$*	Securities trading *HK$*	Corporate services business *HK$*	Media services and organising eSports event *HK$*	Total *HK$*	Production and exploitation of coal *HK$*	Total *HK$*
Year ended 31 December 2018									
Revenue from external customers	95,264,288	20,015,021	2,976,107	—	22,736,377	8,084,550	149,076,343	—	149,076,343
Intersegment revenue	—	—	—	—	—	782,709	782,709	—	782,709
Segment profit/(loss)	18,926,035	2,104,738	(16,566,706)	18,549,569	9,195,958	(2,417,011)	29,792,583	—	29,792,583
Interest revenue	322,853	915	810	—	—	1,579	326,157	—	326,157
Depreciation and amortisation	920,778	210,762	13,871,695	—	—	16,280	15,019,515	—	15,019,515
Income tax (credit)/expense	(1,069,200)	69,705	(3,252,368)	452,257	1,817,165	92,634	(1,889,807)	—	(1,889,807)
Other material non-cash items:									
Additions to segment non-current assets	17,000,376	880,126	5,516,061	—	—	67,300	23,463,863	—	23,463,863
As at 31 December 2018									
Segment assets	194,165,351	34,471,988	167,385,107	134,134,730	22,659,578	1,575,870	554,392,624	—	554,392,624
Segment liabilities	4,728,968	5,311,040	52,088,855	4,355,359	1,817,165	1,292,791	69,594,178	—	69,594,178

Reconciliations of segment revenue and profit or loss:

	Unaudited 2019 *HK$*	Audited 2018 *HK$*
Revenue		
Total revenue of reportable segments	**138,829,634**	149,859,052
Elimination of intersegment revenue	**(459,500)**	(782,709)
Consolidated revenue	**138,370,134**	149,076,343
Profit or loss		
Total profit or loss of reportable segments	**(205,422,471)**	29,792,583
Share of profits of associates	**—**	296,491
Staff costs	**(8,107,949)**	(9,315,463)
Unallocated corporate income	**—**	1,687,636
Unallocated corporate expense	**(5,642,226)**	(17,483,002)
Consolidated (loss)/profit for the year	**(219,172,646)**	4,978,245

Reconciliations of segment assets and liabilities:

	Unaudited 2019 *HK$*	Audited 2018 *HK$*
Asset		
Total assets of reportable segments	**325,928,451**	554,392,624
Unallocated corporate assets		
— Investments in associates	**1,959,222**	—
— Financial assets at FVTOCI	**19,108,800**	25,900,000
— Deposits placed with securities brokers	**14,653,446**	1,295,938
— Bank and cash balances	**11,273,007**	20,729,996
— Long-term deposits	**20,000,000**	20,000,000
— Others	**842,562**	43,553,531
Consolidated total assets	**393,765,488**	665,872,089
Liabilities		
Total liabilities of reportable segments	**84,994,002**	69,546,178
Bonds payables	**50,000,000**	50,000,000
Financial liabilities at amortised cost with put option	**49,878,706**	33,000,000
Unallocated corporate liabilities	**2,691,360**	13,929,251
Consolidated total liabilities	**187,564,068**	166,475,429

Geographical information:

The Group's non-current assets by location of assets are detailed below:

	Non-current assets	
	Unaudited	Audited
	2019	2018
	HK$	*HK$*
Hong Kong	**339,320**	598,581
PRC except Hong Kong	**171,701,430**	186,207,798
Consolidated total	**172,040,750**	186,806,379

Revenue from major customers:

	Unaudited	Audited
	2019	2018
	HK$	*HK$*
Provision of supply chain management services for mineral business		
Customer a	**51,647,712**	23,689,926
Customer b	**9,448,334**	22,012,751
Customer c	**19,900,544**	21,340,703
Corporate services business		
Customer d	**2,408,322**	22,655,677

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
KAISUN HOLDINGS LIMITED
CHAN Nap Kee, Joseph
Chairman

Hong Kong, 20 March 2020

The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.

As at the date of this announcement, the Board comprises two executive directors of the Company Mr. CHAN Nap Kee Joseph, Mr. YANG Yongcheng and four independent non-executive directors of the Company Mr. LIEW Swee Yean, Mr. SIU Siu Ling Robert, Dr. WONG Yun Kuen and Mr. ANDERSON Brian Ralph.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting, and on the Company's website at http://www.kaisun.hk.

* *for identification purpose only*