KAISUN HOLDINGS LIMITED

凱 順 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8203)

A Belt & Road Participant

ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**35,958**	138,566	146,100	90,680	35,218
(Loss)/profit before tax	**(69,705)**	(339,491)	7,159	73,754	(3,665)
Income tax credit/(expense)	**5,438**	14,430	1,890	4,543	(9,864)
Less: Loss from discontinued operations	**—**	(3,408)	(4,071)	—	—
Less: Loss/(profit) attributable to non- controlling interests	**3,972**	10,339	5,532	(28,990)	113
(Loss)/profit attributable to owners of the Company	**(60,295)**	(318,130)	10,510	49,307	(13,416)

ASSETS AND LIABILITIES

	As at 31 December				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**353,790**	340,886	665,872	562,404	306,544
Total liabilities	**(255,690)**	(181,709)	(166,475)	(81,870)	(26,849)
Owners' funds	**75,151**	125,312	454,026	439,114	287,206

CHAIRMAN'S STATEMENT

Witnessing how the COVID-19 pandemic had changed the world in 2020, we need to redefine what we consider as "normal". The world is facing the worst recession since World War II.

Contraction in advanced economies went up to 5.6%, which in turn affected emerging markets and developing economies, leading to a contraction of 2.5% in 2020. Furthermore, emerging markets and developing economies faced plunging export revenues, uncertainties caused by large drop in demand for commodities amid sharp fall in remittances. China was the only major economy that recorded growth in 2020, delivering growth of 2.3% attributable to recovery of domestic economy in the 4th quarter.

Currently, we no longer can travel to Central Asia given their travel restrictions to outsiders are still uncertain while the UK still have lockdown measures in place. Except for China, we had regrettably left all other business arena in 2020 to avoid contracting COVID-19 pandemic in uncertain environment which without the pandemic would have been a good component of our Belt and Road value chain but the pandemic disrupted our game plan yet we quickly adapt to the changes.

China had always been our major business focus. While other countries were suffering from the pandemic, our far-sighted prediction that China will still be the major business focus paid off. China maintained its vitality in growth and lead the global economy.

Amid pandemic in 2020, quarantine policies in Hong Kong indirectly caused most of our business came to a halt. Starting from the 3rd quarter, Mainland China started to resume working, with domestic GDP recording a rise of 6.5% in the 4th quarter beating market expectations according to National Bureau of Statistics. The success of China in resuming work and production provided a blueprint for post-pandemic era.

Our management team overcame a lot of difficulties in 2020 and started a 63-days business trip to Mainland China, including a 14-days mandatory quarantine in Shenzhen, followed by travelling to Xinjiang Autonomous Region and met with Turpan government officials and our construction team to prepare for the coal mining, and ground work for 2020 annual audit. Based on our prediction that COVID-19 will still prevail in Hong Kong and globally during the first half of 2021, we curtail our operations in other regions and focus our effort in our business in Mainland China, so as to look forward to a breakthrough that can cover up our time lost in 2020. We are very positive on our Xingliang mine in Xinjiang and expected cash flow will turn good in the forthcoming 2nd quarter of 2021. As for Mongolia, COVID-19 is very uncertain in Mongolia and management can only be cautious on returning to Mongolia, it is expected revisiting the Mongolia Choir Project can start in 3rd quarter 2021.

By adapting ourselves to changing business environment amid pandemic in 2020, our Group adopted new business model of using Cloud by shifting our focus from offline to online. Our quick adaption kept our business in line with market. At time of writing this Chairman statement, "China Digital International Travel Pass" was launched providing digital health certificate for international travellers. Upon worldwide rolling out of vaccines against COVID-19, international trade and travel can gradually resume, when our business can gradually resume to normal.

Upon a much greater understanding of the virus now, I think overall situation had improved compared to a year ago. In times of difficulties that we now faced, our original inspirations remain intact for us to overcome the challenges ahead.

I would like to wish our shareholders, business partners, and every stakeholder to stay safe so we can all get out of this stronger and better, and express my sincere thanks to all our shareholders as well as investors of Kaisun Holdings.

MANAGEMENT DISCUSSION AND ANALYSIS

The global economy in 2020 was hardly hit by the unprecedented COVID-19 pandemic, when the world faced the greatest recession since World War II.

2020 was an extremely difficult year for Hong Kong when Hong Kong economy contracted 6.1% for the year, the worst decline since record. With underemployment rate surging to a 16-year high at 6.6% in the fourth quarter, the employment market deteriorated in 2020 resulting in an annual decline of 5.9%. Amid COVID-19 pandemic and the development of China-US relations in 2020, market sentiment remained uncertain causing great fluctuations in local stock market. As for tourism, an important sector for Hong Kong, visitors arrivals to Hong Kong of only 3.57 million was recorded for 2020, a drop of 93.6% compared to previous year, and was a 36-year low.

Adapting to COVID-19, our way of life and work had changed. Amid various partial border closures, curfews and lockdowns adopted by many countries to contain spread of COVID-19 during the first half of 2020, production and business activities were reduced. Our business activities that are not in Hong Kong were greatly restricted because of travel restrictions imposed under COVID-19.

Therefore, "Towards the New Normal" became the Group's main theme from second half to 2020, adopting new concepts and new business models for our business trasnformation. Operationalwise, we shifted focus from physical to online services. Financialwise, we kept cost under control and reduced administrative cost. These will be carried forward to 2021. The Group will work together under this crisis.

Looking Forward

A rebound in global economy is expected in 2021 amid the implementation of mass vaccinations campaign. In late January 2021, the International Monetary Fund (IMF) predicted a rise of 5.5% in 2021, however such recovery is affected by uncertainties and will be spread unevenly across the globe.

Though seriously impacted by COVID-19, Hong Kong finance market showed its resilience and vitality. Fuelled by 154 IPO listings in the Hong Kong Stock Exchange, reaching a 10-year record high of HK$397.7 billion in 2020, an increase of 26% from HK$315.5 billion in 2019. It is expected that 120–130 companies will choose to have IPO listing in Hong Kong, raising more than HK$400 billion.

"The 14th Five-Year Plan" and its draft long-range objectives to 2035 has designated a chapter for the Hong Kong and Macao special administrative regions, including positioning "Hong Kong as 3 Centres": Hong Kong as International Aviation Centre, International Centre of Innovation and Technology, International Centre of Art and Cultural Exchange.

In addition, it was mentioned in this draft that building Belt and Road Initiative platform, developing Guangdong-Hong Kong-Macao Greater Bay Area and the Pan-Pearl River Delta Regional Co-operation continued to drive Hong Kong's economic growth. Leveraging on competencies of both, China and Hong Kong can cooperate in future development, further improving existing industrial structures and enhancing resource allocation in Hong Kong. Having confidence that the new role of Hong Kong will revive Hong Kong's economy, the Group believes we can benefit from new opportunities arising in the upcoming three to five years.

"For moving fast, one can walk alone, while for moving far, we need to walk together" Our sincere thanks to all the shareholders and investors of the Group who supported us through this journey. In 2021, management of the Group will enhance communication and cooperation throughout the Group, steadily improve our performance and hoping that our hard work will bring return.

KAISUN ENERGY GROUP

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 mining machinery manufacturing industry in 2021

The tightening of coal import policy including an official ban on imports of Australian coal lead to significant drop in China's coal import last year. According to the National Bureau of Statistics, there was a decrease of 46.56% in October 2020 compared to the same period last year with only around 13.72 million tonnes of coal imported; a decrease of 43.8% in November 2020 compared with same period last year with only around 11.67 million tonnes of coal. From January to November, coal import decreased by 10.8% and was 265 million tonnes.

Amid low temperatures prevalent last year, demand for coal from electricity power stations, steel and construction industry increased compared with previous year according to the National Development and Reform Commission.

Our view is China will continue to adopt its current policy of reducing its reliance on foreign coal while utilizing domestic coal. Such policy together with increase in domestic demand for coal will likely result in increasing the demand for mining machineries, creating an expanded market for mining machineries where Tengzhou Kaiyuan will benefit.

(Retrieved source: https://www.hk01.com/%E5%8D%B3%E6%99%82%E4%B8%AD%E5%9C%8B/568973/%E7%85%A4%E5%83%B9%E5%A4%A7%E6%BC%B2-%E5%85%A7%E5%AA%92-%E8%8F%AF%E5%8D%97%E9%9B%BB%E5%BB%A0%E4%B8%8D%E5%B0%91%E5%8F%AA%E7%94%A8%E6%BE%B3%E6%B4%B2%E7%85%A4-%E9%99%90%E6%BE%B3-%E8%87%B4%E7%B5%90%E6%A7%8B%E6%80%A7%E7%9F%AD%E7%BC%BA)

Tengzhou Kaiyuan Highlights for the year

- Amid COVID-19 outbreak in 2020, lockdown policies were adopted in many cities in China to reduce the further spread of COVID-19, including mandatory requirement of workers to stay at home until central government allowed resumption of work. Such government policies resulted in slow down in operations of Tenzhou Kaiyuan in the 1st and 2nd quarter of 2020.

- During the 3rd quarter, our research provided 2 models of brand new mining machineries, with improved machinery performance and raised level of safety. Our effort in research succeeded in the 4th quarter when these 2 brand new mining machineries were launched into the market, enhancing competitiveness in our brand.

- In the 4th quarter, Tengzhou Kaiyuan actively followed up on the collection of accounts receivable in order to improve liquidity and alleviate cash flow pressure.

Production plant gradually resuming operations

- COVID-19 accelerated its spread globally, drag down China's economy growth and caused negative impact to coal industry. Amid such business environment, Tengzhou Kaiyuan generated revenue of approximately HK$20.07 million in 2020.

ii. Shandong — Supply Chain Management Services

Shandong Kailai Energy Industrial Co., Limited ("Shandong Kailai") is a joint venture between a subsidiary of the Company and Shandong Bayi Coal Electrochemical Co., Ltd.

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 enterprises nearby. At present, Shandong Kailai's logistics centre, including environmental protection facilities and storage centre, has a total area of 110,000m², with an annual loading capacity of 3 million tons.

Updates on the impact of COVID-19 on China's coal rail transportation in 2021

Amid epidemic came under control in China, economic recovery is underway and downstream demand gradually recovered. According to China Railway, China's rail cargo volume reached 3.58 billion tons in 2020, an increase of 141 million tons and 4.1% compared to that of last year, supporting rail transportation already returned to normal.

As China continued its policy to tightening import of coal, in order to ensure that supply of coal is steady to meet the demand, China's domestic production of coal increased significantly, resulting in raising coal supply chain business as well. In January 2021, coal transportation volume by rail increased by 23% compared to that of last year, and reached 1.2 million tonnes.

Increase in coal demand will lead to increase in demand for coal supply chain business. The Group is of the view that when the epidemic gradually comes under control, Shandong Kailai's coal supply chain business will benefit.

(Retrieved source: http://www.xinhuanet.com/politics/2021–02/05/c_1127066090.htm)
(Retrieved source: http://www.hkcna.hk/content/2021/0203/877558.shtml)

Shandong Kailai for the year

- Amid nationwide lockdown, Shandong Kailai could only maintain limited services in the 1st and 2nd quarter.

- During the low season in the 3rd and 4th quarter, Shandong Kalai made use of such opportunity to implement internal renovation, including construction of a brand new storage centre by expanding its eastern platform so as to raise overall storage capacity, introducing a fully enclosed environmental friendly design facility so as to suppress dust pollution.

- The expansion of the eastern platform of Shandong Kailai was close to completion in the 4th quarter. The platform is planned to commence operations in the 1st quarter of 2021.

- The outbreak of COVID-19 caused major supply chain disruptions in the coal industry, resulting in an oversupply of coal, stocks of coal were piled up caused by reduced transportation of coal. As a result, Shandong Kailai recorded revenue approximately HK$10.40 million in 2020.

Preparation work for the expansion of Eastern Platform

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 coal fields in Xinjiang province. Long-flame coal used mainly by power station and chemical industries is the core product of Xingliang Mine. In 2018, an integrity agreement was signed between Xingliang Mine and the Turpan Gaochang District Government for the consolidating the nearby small-scale coal, with Xingliang Mine as the main body of the consolidation project.

To facilitate the consolidation project, Xingliang Mine was officially granted exploration license of 1.2 million tons on 11 August 2020. Moreover, the application for coal fire extinguishment work is under processing, and is expected to be approved in the 1st quarter of 2021. To prepare for the commencement of coal fire extinguishment work, a cooperation agreement has been reached with Shannxi Jinyuetai Engineering Company for the coal fire extinguishment project.

Analysis of Xinjiang's coal industry in 2021

Being rich in coal resources, Xingjiang is one of China's largest bases in coal, coal power and coal chemical. In 2020, the National Energy Administration approved a total of 22 coal projects, of which 20 were in Xinjiang, reflecting China's shift in selecting Xinjiang in coal production and the region's importance in the nation's coal production.

According to National Bureau of Statistics, Xinjiang transmitted 11.2 billion kWh of electricity, an increase of 55% in January 2021 compared to that of last year. In addition, according to the Xinjiang Power Trading Centre, Xingjiang plans to export a record-high 110 billion kWh of electricity in 2021, reflecting Xinjiang's all-round supporting facilities for coal industry and its adequate supply in coal and electricity.

Xingliang Mine enjoys strategic geographic advantages, as it is surrounded by power stations and chemical companies nearby. With steady demand for coal and the support of macro policy of the government, it is expected that Xingliang Mine will bring steady revenue to the Group.

Xingliang Mine for the year

- During the 2nd quarter, a public auction was held to complete the consolidation of nearby small-scale mines, and as a result, our mining area was increased from 1.1 sq.km. to 8.864 sq.km.

- As there were spontaneous combustions in the mining area, construction teams were invited by Xingliang mine and collaboration was reached with Joint Geological Survey Team of Coal Geology Bureau of Xinjiang Uygur Autonomous Region for preparing technical report to be submitted to the Turpan government for application for coal fire extinguishment project.

The coal fire extinguishment project will be carried out in the form of stripping and leveling

- Xingliang Mine had completed the preliminary application for the coal fire extinguishment project in the 2nd quarter. The project is in the final stages of application in the 3rd quarter.

- Under the collaboration with the Joint Geological Survey Team of Coal Geology Bureau of Xinjiang Uygur Autonomous Region, Xingliang Mine preliminarily completed the technical report for the coal fire extinguishment project in the 3rd quarter, and had reached an agreement with a construction team to conduct fieldwork for the project. More teams will be introduced for the project.

- Xingliang Mine had been preparing the application for the mining license of 1.2 million tons in the 4th quarter.

iv. Mongolia — Supply Chain Management Business

The railway logistics platform in Choir, Mongolia is located at a strategically important conduit between Russia and China, and has a unique geographical advantage on the trilateral trade between China, Mongolia and Russia. The railway logistics platform covers a total area of 35,000m² with an annual loading capacity of 1.8 million tons. It mainly provides loading and unloading services, customs declaration, warehousing and logistics services.

Analysis of Mongolia's mining industry amid COVID-19 pandemic in 2021

Due to the unprecedented COVID-19 pandemic, Mongolia's coal output and exports declined significantly in 2020, in particular from February to August. As improvement in pandemic was seen in September and October, its coal output and exports increased significantly. However, since November, its coal output and exports saw a steep decline again as Mongolia experienced another wave of COVID-19.

Mongolia produced 40.486 million tons of coal in 2020, a decrease of 10.337 million tons and 20.3% compared to the same period last year, according to National Statistical Office of Mongolia.

In view of Mongolia's recurrence of COVID-19 cases and its stringent containment measures, the Group has temporarily suspended the construction of Choir Logistics Centre. The Group, however, believes that the escalation in Sino-Australian trade tensions would prompt China to strengthen trade ties with Mongolia and deepen their comprehensive strategic partnership, which will benefit the business development of Choir Logistics Centre in the long run.

(Retrieved source: https://coal.in-en.com/html/coal-2590587.shtml)

Choir Project for the year

- Due to the stringent COVID-19 containment measures, the construction of Choir Logistics Centre was temporarily halted in the 1st and 2nd quarter of 2020.

- Due to differing views between the Group and the vendor regarding the contractual interpretation of the clauses on the fulfillment of obligations of Choir Logistics Centre, the aforementioned clauses are still under negotiation with the vendor.

AGRICULTURAL INVESTMENT AND DEVELOPMENT

Kaisun Group continues to provide professional guidance and services 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.

Over the past two decades Cheung Lee has evolved into an agricultural integrator that provides unique green agri-food industry chain solutions, consisting of modern farming, cultivation management as well as physical and online sales platforms connecting both Chinese and international green food wholesale and retail businesses.

At present, Cheung Lee owns approximately 8,000 mu of agricultural base and 1,500 mu of fruit plantation base.

Cheung Lee Highlights for the year

- To expand the sales channels of "Natural Vegetable", Cheung Lee launched a flagship store on online shopping platform HKTVmall in the 3rd quarter, and began exporting its vegetables to supermarkets in North London.

- In the 4th quarter, Cheung Lee formulated strategies on the sales of "Natural Vegetable" and tea, with the focus shifting towards to trading of tea, and had plans for its tea to enter the online leisure food sales platform in the Mainland as well as distributing them to various markets around the world.

FIRST QUARTER 2021 DEVELOPMENT GOALS

In order to meet our pre-pandemic targets, Kaisun Group will step up our efforts to make sure our production return in full force as soon as possible and accelerate business expansion. The Group's business goals in the 1st quarter are as follows:

Shandong — Mining and Metallurgical Machinery Production

- Due to the continuous spread of COVID-19, lockdown measures were implemented in a few cities including the suspension of work leading to slowdown of production, and delayed the delivery of products of Tengzhou Kaiyuan, resulting in below normal sales revenue in 2020. The logistics and transportation issues were expected to be improved in the 1st quarter of 2021, after which steady growth with more revenue to the Company is expected.

Shandong — Supply Chain Management Services

- The newly constructed, fully-enclosed and environmentally-friendly storage centre located at the eastern platform will commence operations in the 1st quarter of 2021, increase storage capacity while meeting environmental standards and putting environmental sustainability into practice.

- Shandong Kailai tried to increase trade volume in 2021 as part of its plan to increase revenue.

Xinjiang — Coal Exploitation Business

- In light of the recurrence of COVID-19 cases, Xinjiang announced a region-wide lockdown again, which caused delay in the final stages of approval for the coal fire extinguishment project. Nevertheless, the construction team is on standby in Xingliang Mine in the 1st quarter of 2021 and will kickstart the coal fire extinguishment project once the final approval is completed. Not only can the project help to maintain a safe working environment at the mine, it can also generate extra revenue for the Group.

- The application procedures for the mining license of 1.2 million tons for Xingliang Mine is under preparation.

Mongolia — Supply Chain Management Business

- Due to stringent COVID-19 containment measures in Mongolia, the Group is unable to hold negotiations with the vendor regarding the contractual interpretation of the clauses on the fulfillment of obligations of Choir Logistics Centre, but remains optimistic of completing the entire acquisition and commencing construction as soon as possible.

Agricultural Investment and Development

- Cheung Lee plans to develop its vegetable segment, with plans to further improve its facilities in the Yunnan agricultural base and expand its business scale.
- Cheung Lee has been formulating domestic sales strategies for vegetables, fruits and tea, with plans to increase its market share and brand reputation in the Mainland.

KAISUN BUSINESS SOLUTIONS

Event Management & Media Production Services

People's Communication & Consultant Company Limited and VOV Studio were greatly affected by the pandemic in 2020 as almost all of the local events were delayed or cancelled. Moreover, Covid-19 has dramatically reshaped global MICE (Meetings, incentives, conferences and exhibitions) industry. Such changes in norms of industry render adaptation of business most important.

To adapt to such changes in industry, our team launched new services such as hybrid event & video conferencing full-service package, and launched its Wechat official account for offering more personalized services to customers.

Esports Business

2020 was year of change to the development of Evoloop Limited, our E-sport company. Since the launch of GIRLGAMER Esports IP in 2017, the team launched this offline international event for building brand influence every year. In February 2020, the team had successfully held GIRLGAMER Finals in Dubai. However, travel restrictions and social distancing rules during the pandemic resulted in offline events could not be held. In order to increase brand exposure and business revenue, the team decided to move this event from offline to online. The GIRLGAMER Challenge is the new online competition in 2021 under the GIRLGAMER brand, which will be held online across Europe, North and South America, Oceania, Africa and Asia. Best female esports teams from the globe will gather to compete for the titles. The competition will be held online from March to May of 2021.

Kaisun Trust

Since the establishment in 2019, Kaisun Trust and Trustee Services Limited ("Kaisun Trust") has been committed to providing fiduciary services and fund administration services. Having steady clients, Kaisun Trust was less affected by the pandemic. In 2020, Kaisun Trust made great efforts on market promotion and all the efforts paid off. The total size of assets under administration has increased during the year of 2020.

Looking into the future, Kaisun Trust believes that it will continue to witness growth in the total size of assets under administration, targeting to reach US$200,000,000 in the first half of 2021. Kaisun Trust will also strive to expand its client base and bring in steady cash flow for the Group.

Investment Platform Development

The cooperation between the group and fund company Sturgeon Capital Limited ("Sturgeon") started when Covid-19 pandemic had not started. In the second half of 2020, it was expected that the pandemic could be effectively controlled when citizens could be vaccinated and normal daily travelling and economic activities in the UK as well as Belt and Road countries and regions could resume. However, Covid-19 pandemic worsened in UK and Belt and Road countries, impeding the region's economic activities. As London was locked down in the past year, Sturgeon, our UK fund company had also been seriously affected, resulting in stagnation of its business activities for a long period. Therefore, the company is facing deficiency in its operating capital. We do not expect UK and any of the Central Asia Belt and Road markets to recover anytime soon and we can only reduce our resources in this regard.

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. As the US-China trade war was still stalemate at the end of 2019, the unexpected COVID-19 outbreak in 2020 had beaten all social, political, and financial market forecasts. It also brought economic activities to a near-standstill as countries around the world suffered from lockdown, curfews, wave of closures and lay-offs. The pandemic is still not under control as the number of confirmed cases and deaths continued to rise. Nevertheless, in view of availability of COVID-19 vaccine in 2021, market confidence was raised and it is hoped that by the end of the year, global economy can return to normal level before the coronavirus outbreak.

As at 31 December 2020, the fair value of listed investment was approximately HK$36.3 million. The cost of listed investment was approximately HK$57.4 million.

In 2020, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was approximately HK$18.1 million. Dividend received from listed securities was approximately HK$71,000.

Hong Kong stock market last year lagged behind compared to the other countries during the reporting period. The Investment Committee is looking forward to a recorrection to the more positive side in 2021 when the vaccine are in full service. The investment committee will put more resources into value stock in the big data new economy sector.

FINANCIAL REVIEW

Revenue of the Group for the year ended 2020 amounted to approximately HK$36.0 million, represented a decrease of approximately 74.0% when compared with the same period in 2019 (2019: HK$138.6 million). Revenue arising from the sales of goods and provision of services amounted to approximately HK$24.9 million and HK$11.1 million respectively. Drop in revenue was mainly attributable to outbreak of coronavirus which stopped most of our operations since the first quarter in 2020.

The Group's gross profit for the year ended 2020 decreased approximately 38.8% to approximately HK$13.4 million when compared with the same period in 2019 (2019: HK$21.9 million). Gross profit arising from the sales of goods and provision of services amounted to approximately HK$9.2 million and HK$4.2 million respectively. Drop in gross profit was due to drop in revenue caused by the reason mentioned in previous paragraph.

For the year ended 2020, the total administrative and other operating expenses was approximately HK$60.2 million, a decrease of approximately 15.1% as compared with the same period in 2019 (2019: HK$70.9 million). Such drop of total administrative and other operating expenses for the year ended 2020 was mainly attributable to human resources restructuring in late 2019.

For the year ended 2020, the loss from continuing operations was approximately HK$64.3 million (2019: loss from continuing operations HK$325.1 million). The loss from continuing operation was mainly attributable to the impairment loss on trade and other receivables of approximately HK$4.8 million and fair value loss on financial assets at fair value through profit or loss ("FVTPL") of approximately HK$18.1 million. The Group recorded loss for year ended 2020 of approximately HK$64.3 million (2019: HK$328.5 million).

The total comprehensive loss attributable to owners of the Company for the year 2020 amounted to approximately HK$50.3 million (2019: HK$323.8 million).

As at 31 December 2020, the Group held financial assets at FVTPL of approximately HK$36.3 million, wholly comprised of listed investment in securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market in 2020, the gain on disposal of financial assets at FVTPL amounted to approximately HK$1.0 million (2019 loss on disposal: HK$28.6 million), whilst the fair value loss on financial assets at FVTPL was approximately HK$18.1 million for the year ended 2020 (2019: HK$24.5 million). The details of financial assets at FVTPL are set out as follow:

Company Name	**Number of shares held as at 31 December 2020**	**% of share-holding as at 31 December 2020**	**Unrealized gain/(loss) on fair value change for the year ended 31 December 2020**	**Dividends received for the year ended 31 December 2020**	**Fair value as at 31 December 2020**	Fair value as at 31 December 2019	**% of the Group's net assets as at 31 December 2020**	**Investment cost**	**Reasons for fair value loss**
			HK$	*HK$*	***HK$***	*HK$*		*HK$*	
Hong Kong Listed Securities									
BOC Hong Kong (Holdings) Limited (2388) *(Note 1)*	15,000	0.0001%	(53,250)	21,585	**352,500**	405,750	0.36%	462,750	Drop in share price
EJE (Hong Kong) Holdings Limited (8101) *(Note 2)*	9,800,000	2.82%	(6,340,796)	—	**4,557,000**	10,323,000	4.65%	14,020,604	Drop in share price
HSBC Holdings plc (0005) *(Note 3)*	20,000	0.0001%	(200,000)	—	**815,000**	—	0.83%	1,015,000	Drop in share price
Wealthking Investments Limited (1140) *(Note 4)*	17,476,000	0.60%	(11,033,680)	—	**14,679,840**	26,496,000	14.96%	24,943,440	Drop in share price
Target Insurance (Holdings) Limited (6161) *(Note 5)*	18,052,000	3.46%	269,480	—	**10,470,160**	9,956,100	10.67%	10,783,610	—
Tesson Holdings Limited (1201) *(Note 6)*	13,215,000	1.10%	(781,155)	—	**5,418,150**	—	5.52%	6,199,305	Drop in share price
Cathay Pacific Airways Limited (0293) *(Note 7)*	—	—	—	—	**—**	345,600	—	—	—
China Petroleum & Chemical Corporation (0386) *(Note 8)*	—	—	—	—	**—**	938,000	—	—	—
Hong Kong Exchanges and Clearing Limited (0388) *(Note 9)*	—	—	—	—	**—**	3,795,000	—	—	—
Tsui Wah Holdings Limited (1314) *(Note 10)*	—	—	—	—	**—**	229,620	—	—	—
Total			(18,139,401)	21,585	**36,292,650**	52,489,070	36.99%	57,424,709	

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. 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.

3. HSBC Holdings plc (HKEx: 0005) — HSBC Holdings plc products and services are delivered to clients through four global businesses: Retail Banking and Wealth Management ("RBWM"), Commercial Banking ("CMB"), Global Banking and Markets ("GB&M") and Global Private Banking ("GPB").

4. Wealthking Investments Limited (Formerly known as OP Financial Limited) (HKEx: 1140) — The principal investment objective is to achieve earnings for the Company in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises.

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

6. Tesson Holdings Limited (HKEx: 1201) — Tesson Holdings Limited is principally engaged in Lithium Ion Motive Battery Business and Property and Cultural Business during the year.

7. 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.

8. 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.

9. 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.

10. 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.

As at 31 December 2020, the Group held financial assets at fair value through other comprehensive income ("FVTOCI") and investment in associates of approximately HK$19.1 million and HK$nil respectively, wholly comprised of unlisted equity securities in Hong Kong and United Kingdom and redeemable preference shares. The details of financial assets at FVTOCI and investment in associates at investment cost are set out as follow:

Company Name	Number of shares held as at 31 December 2020	% of shareholding as at 31 December 2020	% of the Group's net assets as at 31 December 2020	Investment cost as at 31 December 2020 HK$	Investment cost as at 31 December 2019 HK$
Financial assets at FVTOCI					
Cheung Lee Farming Corporation *(Note 1)*	870	8.7%	**8.87%**	**8,700,000**	8,700,000
Connect-Me Technologies Limited *(Note 2)*	990	9.9%	**0.001%**	**990**	990
Xin Ying Holdings Limited *(Note 3)*	8,000,000	N/A	**8.15%**	**8,000,000**	8,000,000
			17.02%	**16,700,990**	16,700,990
Investment in associates					
SCH Limited *(Note 4)*	45,560	45.56%	—	**8**	8
Sturgeon Capital Limited *(Note 4)*	24,999	9.96%	—	**7,800,000**	7,800,000
			—	**7,800,008**	7,800,008

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. 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.

4. Sturgeon Capital Limited ("Sturgeon Capital") is a London-based investment manager specializing in Belt and Road. As stated in the Company's announcement dated 11 November 2019, we acquired 45.56% equity interest in SCH Limited, the company which holds approximately 90.04% of equity interest in Sturgeon Capital ("Acquisition").

   For more information on this Acquisition, please refer to Note 23 to the Consolidated Financial Statements in P.142–143 of Annual Report 2019 dated 23 November 2020.

   During the year ended 31 December 2020, the directors of the Company had negotiation with the controlling parties of SCH Group for cancellation of share swap and restructuring arrangement.

   To provide cash flow for running Sturgeon Capital, on 25 January 2021, Sturgeon Capital issued and allotted 750,000 ordinary new shares, when Kaisun's Energy Management Limited effective shareholdings in Sturgeon Capital was diluted to 12.8%.

   The directors of the Company confirmed that the negotiation has not finalised up to the date of approval of these consolidated financial statements. As such, the management of the Group determined to make full impairment on the investment amount in the associates at the end of the year so as to reflect the potential risk of loss.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group has bank and cash balances of approximately HK$24.3 million (2019: HK$27.5 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.

During the year, a supplementary agreement was entered by the Company and holders of the Bonds in which the repayment date of the Bonds was extended to 23 August 2021 and the interest rate had been increased from 8% per annum to 10% per annum.

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.14 as at 31 December 2020 (2019: 0.15).

FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), United States dollars and Tajikistan Somoni. As at 31 December 2020, 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 2020 are set out in note 6.

HUMAN RESOURCES

As at 31 December 2020, the Group had 117 (2019: 123) 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 2020, 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$23.8 million (2019: HK$26.9 million) for the year 2020.

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 2020.

LITIGATION

As at 31 December 2020, the Group had no significant pending litigation.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are set out in note 15.

CORPORATE SOCIAL RESPONSIBILITY

Amid coronavirus, our effort to enhance Corporate Social Responsibility continued in 2020. We promoted cultural exchange between Hong Kong, Belt and Road Countries and Greater Bay Area in 2020 by supporting Silk Road Economic Development Research Centre. Major events in 2020 included co-organizing Belt and Road Events as follow:

1. April to August 2020 — Webinars

In 2020 amid coronavirus, webinars were co-organised instead of physical seminars so as to observe social distancing practice. Four seminars titled "The Silk Road Webinar Series" were organized as follow:

Date	**Webinar Topic**
24–29 April 2020	Post pandemic development: Hong Kong and the world Session 1, 2, 3
19 June 2020	Post pandemic business development potential in Belt and Road Malaysia (i) Trade and Investment Opportunities with Malaysia (ii) Starting your business in Malaysia (iii) Industrial and Commercial Properties in Malaysia
10 August 2020	Risk of Crew Changes and Sustainability of Global Supply Chain during Covid-19 Pandemic
21 August 2020	Why Hong Kong should be chosen as a venue for commercial dispute resolutions in the projects under the Greater Bay Area and Belt and Road Initiative

2. November 2020

"Greater Bay Area Conference: The way forward for Hong Kong" held on 18 November 2020 was co-organized by Silk Road Economic Development Research Centre and China Daily.

Keynote address were delivered by Mr. Leung Chun-ying, Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference, and Chief Executive Mrs. Carrie Lam. Various distinguished speakers were invited.

When delivering the welcoming speech, Mr. Joseph Chan, Kaisun's Chairman, expressed his view that Hong Kong and cities in the Greater Bay Area can complement each other, and Hong Kong will not be replaced.

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 2020.

Audit Committee Report

Composition of the Audit Committee ("AC")

Committee Chairman	Mr. Liew Swee Yean*
Members	Dr. Wong Yun Kuen*
	Mr. Anderson Brian Ralph*
	Mr. Siu Siu Ling, Robert* (retired on 30 December 2020)

* *Independent Non-executive Director*

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 2020, the AC had held six 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 2020 was set out as follows:

Number of Audit Committee Meetings	**6**	
Mr. Liew Swee Yean *(Committee Chairman)*	6/6	100%
Mr. Siu Siu Ling, Robert	6/6	100%
Dr. Wong Yun Kuen	6/6	100%
Mr. Anderson Brian Ralph	6/6	100%
Average attendance rate	100%	

During the year 2020, 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 2020, 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 2020.

The Group's financial statements for the year ended 31 December 2020 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 2020, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities.

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 2020 under review.

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 2020. 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 2020 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 2020, 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.

The Board is pleased to announce the audited results of the Group for the year ended 31 December 2020 together with the audited comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 *HK$'000*
Continuing operations			
Revenue	5	**35,958**	138,566
Cost of goods sold		**(22,585)**	(116,707)
Gross profit		**13,373**	21,859
Gain/(loss) on disposal of financial assets at FVTPL		**1,000**	(28,584)
Fair value loss on financial assets at FVTPL		**(18,139)**	(24,456)
Fair value gain on financial liabilities at FVTPL		**6,347**	2,989
Impairment loss on trade and other receivables		**(4,762)**	(114,164)
Impairment loss on intangible assets		**—**	(23,288)
Impairment loss on investment in associates		**(1,959)**	—
Impairment loss on goodwill		**(1,118)**	—
Recovering income from trade and other receivables written off/(trade and other receivables written off)		**161**	(101,063)
Loss on disposal of subsidiaries		**—**	(281)
Other gains and losses		**563**	2,759
Administrative and other operating expenses		**(60,229)**	(70,890)
Loss from operations		**(64,763)**	(335,119)
Finance costs		**(4,942)**	(4,372)
Loss before tax		**(69,705)**	(339,491)
Income tax credit	6	**5,438**	14,430
Loss for the year from continuing operations		**(64,267)**	(325,061)
Discontinued operations			
Loss for the year from discontinued operations	13	**—**	(3,408)
Loss for the year		**(64,267)**	(328,469)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(60,295)**	(314,730)
Loss for the year from discontinued operations		**—**	(3,400)
Loss attributable to the owners of the Company		**(60,295)**	(318,130)
Non-controlling interests			
Loss for the year from continuing operations		**(3,972)**	(10,331)
Loss for the year from discontinued operations		**—**	(8)
Loss attributable to non-controlling interest		**(3,972)**	(10,339)
		(64,267)	(328,469)
Loss per share (cents)			
From continuing and discontinued operations			
Basic	9	**(10.46)**	(55.18)
From continuing operations			
Basic	9	**(10.46)**	(54.59)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
Loss for the year	**(64,267)**	(328,469)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at FVTOCI	—	(5,841)
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**4,900**	195
Other comprehensive income for the year, net of tax	**4,900**	(5,646)
Total comprehensive income for the year	**(59,367)**	(334,115)
Attributable to:		
Owners of the Company		
Loss for the year from continuing operations	**(50,288)**	(321,039)
Loss for the year from discontinued operations	—	(2,740)
Loss attributable to owners of the Company	**(50,288)**	(323,779)
Non-controlling interests		
Loss for the year from continuing operations	**(9,079)**	(10,330)
Loss for the year from discontinued operations	—	(6)
Loss attributable to non-controlling interests	**(9,079)**	(10,336)
	(59,367)	(334,115)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**12,650**	22,633
Right-of-use assets		**15,490**	17,521
Goodwill		**—**	1,118
Intangible assets	10	**166,398**	114,099
Investment in associates		**—**	1,959
Financial assets at FVTOCI		**19,100**	19,100
Long-term deposits		**20,000**	20,000
Deferred tax assets		**6,173**	3,180
		239,811	199,610
Current assets			
Inventories		**6,996**	5,063
Financial assets at FVTPL		**36,293**	52,489
Trade and bills receivables	11	**27,284**	27,063
Deposits, prepayments and other receivables		**19,075**	29,154
Bank and cash balances		**24,331**	27,507
		113,979	141,276
Current liabilities			
Trade payables	12	**5,312**	4,478
Other payables and accruals		**130,423**	47,428
Bond payables		**50,000**	50,000
Other financial liabilities		**14,713**	30,646
Lease liabilities		**1,231**	1,703
Redeemable convertible preference shares		**525**	—
Current tax liabilities		**4,132**	4,382
		206,336	138,637
Net current (liabilities)/assets		**(92,357)**	2,639
Total assets less current liabilities		**147,454**	202,249

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
Non-current liabilities		
Other financial liabilities	**21,951**	12,365
Lease liabilities	**1,390**	3,158
Redeemable convertible preference shares	**—**	511
Deferred tax liabilities	**26,013**	27,038
	49,354	43,072
NET ASSETS	**98,100**	159,177
Capital and reserves		
Share capital	**57,657**	57,657
Reserves	**17,494**	67,655
Equity attributable to owners of the Company	**75,151**	125,312
Non-controlling interests	**22,949**	33,865
TOTAL EQUITY	**98,100**	159,177

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 GOING CONCERN

These 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 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.

The Group incurred a loss of approximately HK$64,267,000 during the year ended 31 December 2020 and, as of that date, the Group had net current liabilities of approximately HK$92,357,000. These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of Mr. Chan Nap Kee, Joseph, a substantial shareholder of the Company who has significant influence over the Group and being a director of the Company, at a level sufficient to finance the working capital requirements of the Group. The substantial shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standard Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to IFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

These amendments had no impact on the consolidated financial statements but may impact future periods should the Group enter into any business combination.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(a) Application of new and revised IFRSs (continued)

Amendments to IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The application of the amendments had no impact on the consolidated financial statements.

(b) New and revised IFRSs in issue but not yet effective

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 16 COVID-19 Related Rent Concessions	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to IAS 37 Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRSs 2018–2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair value, at the end of each reporting period.

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 from continuing operations is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sales of goods:		
— Provision of supply chain management services for mineral business	**4,813**	83,964
— Mining and metallurgical machineries products	**20,065**	27,390
— Trading of electronic products	**—**	7,154
Provision of services:		
— Logistics services for mineral business	**5,597**	6,017
— Organising eSports event	**421**	1,140
— Corporate services business	**1,792**	2,679
— Media services	**462**	6,025
— Trust and trustee services	**2,288**	3,292
— Event management services	**520**	905
	35,958	138,566

5. REVENUE (continued)

Disaggregation of revenue (continued)

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:

For the year ended 31 December	Provision of supply chain management services for mineral business		Mining and metallurgical machineries products		Trading of electric products		Logistics services for mineral business		Organising eSports event		Corporate service business		Media services		Trust and trustee services		Event management income		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets																				
— Hong Kong	—	15,152	—	—	—	1,377	—	—	—	—	**1,792**	2,679	**462**	6,025	**2,288**	3,292	**520**	905	**5,062**	29,430
— PRC except Hong Kong	**4,813**	22,867	**20,065**	27,390	—	—	**5,597**	6,017	—	—	—	—	—	—	—	—	—	—	**30,475**	56,274
— Australia	—	—	—	—	—	1,404	—	—	—	515	—	—	—	—	—	—	—	—	—	1,919
— Taiwan	—	36,497	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	36,497
— Vietnam	—	9,448	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9,448
— Dubai	—	—	—	—	—	4,373	—	—	**421**	—	—	—	—	—	—	—	—	—	**421**	4,373
— Others	—	—	—	—	—	—	—	—	—	625	—	—	—	—	—	—	—	—	—	625
Revenue from external customer	**4,813**	83,964	**20,065**	27,390	—	7,154	**5,597**	6,017	**421**	1,140	**1,792**	2,679	**462**	6,025	**2,288**	3,292	**520**	905	**35,958**	138,566
Timing of revenue recognition																				
Products transferred at a point in time	**4,813**	83,964	**20,065**	27,390	—	7,154	**5,597**	6,017	—	—	**311**	—	**271**	—	**2,218**	—	—	—	**33,275**	124,525
Products and services transferred over time	—	—	—	—	—	—	—	—	**421**	1,140	**1,481**	2,679	**191**	6,025	**70**	3,292	**520**	905	**2,683**	14,041
Total	**4,813**	83,964	**20,065**	27,390	—	7,154	**5,597**	6,017	**421**	1,140	**1,792**	2,679	**462**	6,025	**2,288**	3,292	**520**	905	**35,958**	138,566

6. INCOME TAX CREDIT

	2020 *HK$'000*	2019 *HK$'000*
Current tax — Hong Kong		
Provision for the year	**—**	—
Over-provision for prior years	**—**	36
Current tax — Overseas		
Provision for the year	**—**	(38)
Under-provision for prior years	**(102)**	(37)
	(102)	(39)
Deferred tax	**5,540**	14,469
	5,438	14,430

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

PRC enterprise income tax has been provided at a rate of 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 and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2020 *HK$'000*	2019 *HK$'000*
Loss before tax	**(69,705)**	(339,491)
Tax at the domestic income tax rate of 16.5%	**(11,501)**	(56,016)
Tax effect of income that is not taxable	**(1,329)**	(1,707)
Tax effect of expenses that are not deductible	**12,409**	29,347
Tax effect of tax loss not recognised	**2,844**	18,323
Tax effect of utilisation of tax losses not previously recognised	**(86)**	(723)
Temporary differences not recognised	**(2,930)**	14
Under-provision for prior years	**102**	37
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(4,947)**	(3,705)
Income tax credit	**(5,438)**	(14,430)

7. LOSS FOR THE YEAR

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

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**2,800**	3,000
Cost of inventories sold of coal mining business	**16,257**	96,349
Depreciation on property, plant and equipment	**1,000**	3,300
Depreciation on right-of use assets	**1,849**	2,322
Amortisation of intangible assets (included in administrative and other operating expenses)	**10,190**	10,305
Property, plant and equipment written off	**—**	148
(Recovery income from trade and other receivables written off)/trade and other receivables written off	**(161)**	101,063
Loss on disposal of subsidiaries	**—**	281
Loss on disposal of property, plant and equipment	**26**	60
(Gain)/loss on disposal of financial assets at FVTPL	**(1,000)**	28,584
Fair value loss on financial assets at FVTPL	**18,139**	24,456
Fair value gain on financial liabilities at FVTPL	**(6,347)**	(2,989)
Impairment loss on trade and other receivables	**4,762**	114,164
Impairment loss on intangible assets	**—**	23,288
Impairment loss on investment in associates	**1,959**	—
Impairment loss on goodwill	**1,118**	—
Net exchange loss/(gain)	**14**	(48)

8. DIVIDEND

	2020	2019
	HK$'000	*HK$'000*
2018 Final dividend of HK0.17 cents per ordinary share paid	**—**	980
2018 Special dividend of HK0.17 cents per ordinary share	**—**	980
	—	1,960

No final dividend for the year ended 31 December 2020 has been declared by the Company.

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share is based on the following:

	2020	2019
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic loss per share	**(60,295)**	(318,130)

9. LOSS PER SHARE (continued)

From continuing and discontinued operations (continued)

	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**576,766,055**	576,566,055

From continuing operations

The calculation of the basic loss per share from continuing operations is based on the following:

	2020	2019
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic earnings per share	**(60,295)**	(318,130)
Loss for the year from discontinued operations	**—**	3,400
Loss for the purpose of calculating basic loss per share from continuing operations	**(60,295)**	(314,730)

The weighted average numbers of ordinary shares used as denominators in calculating the basic earnings per share are the same.

From discontinued operations

Basic loss per share from the discontinued operations is HKNil cent per share (2019: HK0.58 cent per share) based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK$Nil (2019: HK$3,400,000) and the denominators used are the same as those detailed above for both basic earnings per share.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the year ended 31 December 2019 and 2020.

10. INTANGIBLE ASSETS

	Mining rights *HK$'000*	Exploration and evaluation assets *HK$'000*	Total *HK$'000*
Cost			
At 1 January 2019	234,614	—	234,614
Written off	(63,232)	—	(63,232)
Exchange differences	(5,017)	—	(5,017)
At 31 December 2019 and 1 January 2020	166,365	—	166,365
Transferred from construction in progress	—	9,759	9,759
Additions	—	43,251	43,251
Exchange differences	10,265	3,019	13,284
At 31 December 2020	176,630	56,029	232,659
Accumulated amortisation and impairment losses			
At 1 January 2019	84,842	—	84,842
Amortisation for the year	10,305	—	10,305
Impairment loss	23,288	—	23,288
Written off	(63,232)	—	(63,232)
Exchange differences	(2,937)	—	(2,937)
At 31 December 2019 and 1 January 2020	52,266	—	52,266
Amortisation for the year	10,190	—	10,190
Exchange differences	3,805	—	3,805
At 31 December 2020	66,261	—	66,261
Carrying amount			
At 31 December 2020	110,369	56,029	166,398
At 31 December 2019	114,099	—	114,099

Mining rights

At 31 December 2020, the Group's mining rights represent the rights for production and exploitation of a coal mine in Xinjiang, PRC. The major content of the coal mine is thermal coal. The mining rights are stated at cost less accumulated amortisation and impairment losses over the term of the mining rights.

For the year ended 31 December 2019, the directors of the Company decided to shut down the operation of mining business located in Tajikistan and thus to fully write off the mining right of Tajikistan with net carrying amounts of HK$Nil.

10. INTANGIBLE ASSETS (continued)

Mining rights (continued)

Having regard to the change in production plan to operate the mine at a significantly reduced annual production capacity, the Group carried out reviews of the recoverable amount of its mining rights for the year ended 31 December 2019. These assets are used in the Group's coal mining business segment. The review led to the recognition of an impairment loss of approximately HK$23,288,000 for mining rights that have been recognised in profit or loss. The recoverable amount of approximately HK$114,099,000 for the relevant assets has been determined on the basis of their value in use method using discounted cash flow method. The discount rate used was 25.30%.

Exploration and evaluation assets

Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

During the year, the Group obtained a mineral exploration license with a mining area of 7.35 km^2 located in Xinjiang, PRC. The exploration license has a legal life of 5 years ending in August 2025. The mining area is under the exploration and evaluation stage as at 31 December 2020 and the exploration and evaluation assets is not subject to amortisation until it can be reasonably ascertained that the mining area is capable of commercial production and the exploration license is transferred to mining right.

11. TRADE AND BILLS RECEIVABLES

	2020 ***HK$'000***	2019 *HK$'000*
Trade receivables	**72,953**	67,966
Allowance for doubtful debts	**(46,310)**	(41,351)
	26,643	26,615
Bills receivables	**641**	448
	27,284	27,063

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

11. TRADE AND BILLS RECEIVABLES (continued)

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**16,376**	14,759
31–60 days	**2,718**	7,489
61–90 days	**2,794**	292
91 days–1 year	**7,578**	8,388
Over 1 year	**44,128**	37,486
	73,594	68,414

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

	2020	2019
	HK$'000	*HK$'000*
HK$	**323**	960
RMB	**26,961**	26,103
	27,284	27,063

12. TRADE PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**3,027**	2,076
31–60 days	**1,180**	1,469
61–90 days	**135**	337
91–180 days	**442**	103
Over 365 days	**528**	493
	5,312	4,478

The carrying amounts of the Group's trade payables are denominated in RMB.

13. DISCONTINUED OPERATION

On 6 November 2019, the Group dissolved the wholly owned subsidiary, Better Business International Limited ("Better Business"). Better Business and its subsidiaries were principally engaged in the coal mining business in Tajikistan. In view of the political instability and devaluation currency in Tajikistan Somoni, the directors of the Company decided to shut down the operations in Tajikistan.

As the business operations of production and exploitation of coal in Tajikistan are considered as a separate major line of business which was previously classified as the production and exploitation of coal business segment of the Group, it is accounted for as discontinued operations for the year ended 31 December 2019.

Since early 2020, COVID-19 had been widely spread in Tajikistan, the local staff had left Tajikistan due to safety reason and the management of the Group had been unable to travel to Tajikistan and obtain the related books and records in Tajikistan.

	2020	2019
	HK$'000	*HK$'000*
Loss for the year from discontinued operations:		
Revenue	—	923
Cost of goods sold	—	(1,026)
Gross loss	—	(103)
Other gains and losses	—	—
Administrative and other operating expenses	—	(3,305)
Loss before tax	—	(3,408)
Income tax expense	—	—
Loss for the year/period from discontinued operations	—	(3,408)
Loss for the year/period from discontinued operations attributable to		
— Owners of the Company	—	(3,400)
— Non-controlling interests	—	(8)
	—	(3,408)

13. DISCONTINUED OPERATION (continued)

None of the depreciation and amortisation and auditor's remuneration were included in loss for the year/period from discontinued operation.

	2020	2019
	HK$'000	*HK$'000*
Cash flows from discontinued operations:		
Net cash outflows from operating activities	—	(2,820)
Net cash inflows from financing activities	—	3,281
Net cash inflows	—	461

14. SEGMENT INFORMATION

IFRS 8 requires segmental disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purpose of assessing segmental performance and making decisions about operating matters.

For the year ended 31 December 2019, the Group has seven reportable segments which are production and exploitation of coal in Xinjiang, provision of supply chain management services for mineral business (including logistic services), trading securities, mining and metallurgical machineries production in Shandong, organising eSports event, corporate services business and media services.

During the year, the management of the Group has revisited the segment reporting information and rearranged the segments reporting structure to align with the internal financial information reported to the chief operating decision maker for making strategic decisions about resources allocation. The Group's reportable segments were rearranged as follows:

— The Group's three reportable segments previously namely (i) production and exploitation of coal in Xinjiang; (ii) provision of supply chain management services for mineral business (including logistic services) and (iii) mining and metallurgical machineries production in Shandong were aggregated into a single reportable segment — "coal mining business segment";

— The Group's three reportable segments previously namely (i) organising eSports event; (ii) corporate services business; and (iii) media services were aggregated into a single reportable segment — "consulting and media service business segment"; and

— The Group's reportable segments of trading securities business and other operating segment which does not meet any of the quantitative thresholds for determining reportable segments were aggregated into a single reportable segment — "corporate and investments business segment".

The comparative amounts of the segment information in 2019 has been reclassified to reflect such change.

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.

14. SEGMENT INFORMATION (continued)

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

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

	Coal mining business segment *HK$'000*	**Consulting and media service business segment** *HK$'000*	**Corporate and investment business segment** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2020				
Revenue from external customers	**30,475**	**5,046**	**437**	**35,958**
Segment loss	**(27,039)**	**(3,404)**	**(33,824)**	**(64,267)**
Interest revenue	**145**	**—**	**—**	**145**
Interest expenses	**119**	**15**	**4,808**	**4,942**
Depreciation and amortisation	**12,328**	**—**	**711**	**13,039**
Income tax credit	**2,445**	**—**	**2,993**	**5,438**
Other material items of income and expense:				
Staff costs	**9,240**	**3,730**	**10,844**	**23,814**
Other material non-cash items:				
Impairment loss on/(reversal of impairment loss on) trade and other receivables	**3,962**	**(7)**	**807**	**4,762**
Impairment loss on goodwill	**—**	**1,118**	**—**	**1,118**
Impairment loss on investment in associates	**—**	**—**	**1,959**	**1,959**
Additions to segment non-current assets	**43,300**	**—**	**—**	**43,300**
As at 31 December 2020				
Segment assets	**271,473**	**3,686**	**78,617**	**353,776**
Segment liabilities	**113,783**	**2,162**	**134,697**	**250,642**
Investment in associates	**—**	**—**	**—**	**—**

	Coal mining business segment *HK$'000* (Re-presented)	Consulting and media service business segment *HK$'000* (Re-presented)	Corporate and investment business segment *HK$'000* (Re-presented)	Total *HK$'000* (Re-presented)
Year ended 31 December 2019				
Revenue from external customers	119,779	11,361	7,426	138,566
Segment loss	(207,548)	(3,030)	(114,483)	(325,061)
Interest revenue	27	3	487	517
Interest expenses	166	10	4,196	4,372
Depreciation and amortisation	14,946	9	972	15,927
Income tax credit	8,323	36	6,071	14,430
Other material items of income and expense:				
Staff costs	12,452	3,278	11,139	26,869
Other material non-cash item:				
Impairment loss on trade and other receivables	75,534	24	38,606	114,164
Impairment loss on intangible assets	23,288	—	—	23,288
Additions to segment non-current assets	5,692	—	1,565	7,257
As at 31 December 2019				
Segment assets	237,182	5,857	95,874	338,913
Segment liabilities	57,358	1,973	117,330	176,661
Investment in associates	—	—	1,959	1,959

14. SEGMENT INFORMATION (continued)

Reconciliations of segment assets and liabilities:

	2020	2019
	HK$'000	*HK$'000*
		(Re-presented)
Assets		
Total assets of reportable segments	**353,776**	338,913
Investment in associate	**—**	1,959
Assets relating to discontinuing operations	**14**	14
Consolidated total assets	**353,790**	340,886
Liabilities		
Total liabilities of reportable segments	**250,642**	176,661
Liabilities relating to discontinued operations	**5,048**	5,048
Consolidated total liabilities	**255,690**	181,709

Geographical information:

The Group's information about its non-current assets (excluding financial assets at FVTOCI and deferred tax assets) by location of assets are detailed below:

Non-current assets

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**20,511**	24,622
PRC except Hong Kong	**194,027**	152,708
Consolidated total	**214,538**	177,330

14. SEGMENT INFORMATION (continued)

Revenue from major customers:

	2020	2019
	HK$'000	*HK$'000*
Coal mining business segment		
Customer a *(note i)*	**N/A**	36,497
Customer b *(note i)*	**N/A**	14,575
Customer c *(note i)*	**N/A**	15,150
Customer d *(note ii)*	**5,778**	N/A
Customer e *(note ii)*	**3,938**	N/A
Customer f *(note ii)*	**3,686**	N/A

(i) Customer a, b and c did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2020.

(ii) Customers d, e and f did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2019.

15. EVENTS AFTER REPORTING PERIOD

The outbreak of the COVID-19 pandemic is impacting global economic markets. The Directors continue to monitor the situation closely and have considered the impact of COVID-19 on the Group's business and financial performance. However, the situation is continually evolving and the consequences are therefore inevitably uncertain.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The new classification of the accounting items was considered to provide more appropriate presentation of the state of affairs of the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the drafted independent auditor's report from RSM, the external auditor of the Company (the "Auditor"), on the Company's consolidated financial statements for the year:

Qualified Opinion

In our opinion, except for the effects of matters described in the Basis for Qualified Opinion Section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

(a) Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 issued on 23 November 2020 (the "2019 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was modified because of the limitation on our scope of work described in paragraph (b) to paragraph (d) below on the 2019 Financial Statements in respect of investment in associates, long-term deposits and discontinued operations in the production and exploitation of coal business in Tajikistan. Any adjustments that might be found necessary as a result of the matters described in paragraph (b) to paragraph (d) below might have a consequential effect on the Group's results and cash flows for the year ended 31 December 2019 and the financial position of the Group as at 31 December 2019 and the related disclosures thereof in the 2019 Financial Statements.

The matters giving rise to the abovementioned limitations on our audit of work were not resolved in our audit of the Group's 2020 consolidated financial statements and are further detailed in paragraph (b) to paragraph (d) below.

Our opinion on the Group's consolidated financial statements for the year ended 31 December 2020 is also modified because of the possible effects of the matters on the comparability of the current year's figures and the corresponding figures.

(b) Investment in associates

As disclosed in note 22 to the consolidated financial statements, the Group acquired 45.56% equity interest in SCH Limited ("SCH") on 11 November 2019 (the "Acquisition Date") at the consideration of US$1 (equivalent to HK$8). SCH is an investment holding company and held 90.04% interest in Sturgeon Capital Limited ("Sturgeon Capital"). Prior to the acquisition, the Group held 9.96% interest in Sturgeon Capital and recorded the investment as financial assets at fair value through other comprehensive income ("FVTOCI") in the 2019 Financial Statements. As the directors considered the Group had significant influence over SCH and Sturgeon Capital, the acquisition resulted in SCH and Sturgeon Capital becoming the Group's associate, the Group derecognised the 9.96% interest in Sturgeon Capital recorded as financial assets at FVTOCI with an amount of approximately HK$7,800,000 at the Acquisition Date and a fair value loss of approximately HK$5,841,000 on the derecognition was recognised and charged to other comprehensive income in the 2019 Financial Statements.

Due to the outbreak of COVID-19 pandemic since early 2020, the operations of SCH and Sturgeon Capital were affected. The directors of the Company advised that the Group were unable to access the books and records of SCH and Sturgeon Capital since the Acquisition Date. As such, no adequate financial information of SCH and Sturgeon Capital was available for the preparation of purchase price allocation to assess (i) the fair value of the identifiable assets and liabilities of SCH and Sturgeon Capital at the Acquisition Date; (ii) fair value remeasurement of the 9.96% interest in Sturgeon Capital recorded as financial assets at FVTOCI held by the Group at the Acquisition Date and (iii) to account for SCH and Sturgeon Capital subsequent to the acquisition under the equity method in IAS 28 "Investments in Associates and Joint Ventures".

In view of the business and operations of SCH and Sturgeon Capital have been still affected by the pandemic recently, the directors of the Company are negotiating with the management of SCH and Sturgeon to terminate the share swap and restructuring arrangement as disclosed in note 22 and have decided to make a full impairment loss to the carrying amount of investment in associates and recognised the loss of approximately HK$1,959,000 in the consolidated statement of profit or loss for the year ended 31 December 2020.

In the absence of the relevant financial information of SCH and Sturgeon Capital, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the (i) the fair value of the assets and liabilities of SCH and Sturgeon Capital at the Acquisition Date; (ii) fair value loss on remeasurement of the Group's previously held interest of 9.96% in Sturgeon Capital recognised in other comprehensive income of approximately HK$5,841,000 for the year ended 31 December 2019; (iii) the accounting for SCH and Sturgeon Capital under the equity method in IAS 28 "Investments in Associates and Joint Ventures" for the years ended 31 December 2019 and 2020; and (iv) whether the impairment loss of approximately HK$1,959,000 recognised for the year ended 31 December 2020 was fairly stated.

(c) Long-term deposits

Included in long-term deposits in the consolidated statement of financial position as at 31 December 2019 and 2020 were deposits of HK$20,000,000 paid to the vendor in relation to the proposed acquisition of the entire equity interest in Double Up Group Limited and its subsidiary ("Double Up Group") at the consideration of HK$30,000,000. As detailed in our auditor's report of the 2019 Financial Statements and note 24 to the consolidated financial statements, the directors of the Company consider that the Group is unable to exercise control over Double Up Group due to commercial disputes with the vendor which had delayed the completion of the acquisition. In addition, the Group was unable to access the accounting books and records of Double Up Group pending completion of the acquisition. The directors of the Company further advised that the Group continues its efforts to try to settle the disputes with the vendor and hence to complete the acquisition but the disputes remained unsettled and the acquisition of Double Up Group had not yet completed as at 31 December 2020 and up to the date of approval of these consolidated financial statements.

Due to the absence of the accounting records and other relevant information related to Double Up Group, we were unable to obtain sufficient appropriate audit evidence to determine whether the directors' assessment that the Group was not able to exercise control over Double Up Group was appropriate, and hence that Double Up Group should not be consolidated in accordance with IFRS 10 "Consolidated Financial Statements". Our audit opinion on the 2019 Financial Statements was modified accordingly. Our audit opinion on the consolidated financial statements for the year ended 31 December 2020 is also modified because of the limitations on our audit of work remained unresolved during our audit of the Group's consolidated financial statements for the year ended 31 December 2020.

(d) Discontinued operations in the production and exploitation of coal business in Tajikistan

The Group dissolved the entire issued share capital of Better Business International Limited ("Better Business") and shut down the production and exploitation of coal business in Tajikistan during the year ended 31 December 2019. As detailed in our auditor's report of the 2019 Financial statements and note 16 to the consolidated financial statements, because the complete set of books and records together with the supporting documents of a subsidiary of Better Business — Sangghat LLC, which mainly operated the production and exploitation of coal business in Tajikistan, were not available to the directors of the Company, accordingly we were unable to obtain sufficient appropriate audit evidence that the abandonment of the coal business in Tajikistan had been completed during the year ended 31 December 2019 and therefore that it was appropriate to classify the coal business in Tajikistan as discontinued operations. The limitations on our audit of work were remained unresolved during our audit of the Group's consolidated financial statements for the year ended 31 December 2020. In addition, we were unable to obtain sufficient appropriate audit evidence about (i) the cash and bank balance of approximately HK$14,000, other payables and accruals of approximately HK$4,569,000 and current tax liabilities of approximately HK$479,000 included in the Group's consolidated statement of financial position as at 31 December 2019 and 2020 and the relevant disclosures in the consolidated financial statements; and (ii) the loss of the discontinued operation of approximately HK$3,408,000 for the period from 1 January 2019 to 6 November 2019 as presented in the Group's consolidated statement of profit or loss for the year ended 31 December 2019 and the relevant disclosure in note 16 to the consolidated financial statements.

MANAGEMENT'S VIEW ON THE AUDIT QUALIFICATION

The management of the Company has given careful consideration to the Qualified Opinion and the basis of the Qualification and has had ongoing discussion with RSM when preparing the Group's consolidated financial statements.

The Qualification of (a) Opening balances and correspondence figures represented the brought forward effect of the Qualified Opinion on the consolidated financial statement from year ended 31 December 2019.

For Qualification of (b) Investment in associates and (d) Discontinued operations in the production and exploitation of coal business in Tajikistan, the management understand that the issue of the Qualified Opinion was caused by insufficient information provided to RSM due to the COVID-19 pandemic in United Kingdom and Tajikistan. Our management had urged the management of SCH Group and in Tajikistan to provide the requisite materials for the audit work of the Group's consolidated financial statements. Despite these efforts, they cannot promptly provide the information to RSM. As a result, RSM could not complete its audit work. The COVID-19 pandemic had seriously impacted United Kingdom and Tajikistan, the local staff was unable to access and obtain the information due to the local lockdown measures and hence, the preparation of the information requested was delayed.

For (c) Long term deposits, as certain precedent conditions for the completion of the acquisition as set out in the Agreement have not been completed, the directors of the Company considered the acquisition has not been completed as at 31 December 2019, 31 December 2020, and up to the date of approval of consolidated financial statements. In addition, the Group was unable to access the accounting books and records of Double Up Group pending completion of the acquisition. As a result, the Group is unable to exercise control over Double Up Group. Due to the COVID-19 pandemic and the travel restrictions, the management of the Company is unable to travel to Mongolia to complete the deal.

With respect to the type of audit opinion issued by RSM, the management of the Company acknowledged and agreed with the audit opinion RSM issued based on their professional and independent assessment.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

The audit committee of the Company confirmed that it had independently review and agreed with the management's position concerning the Qualified Opinion for reasons stated in paragraph headed "Management's View on the Audit Qualification".

REMOVAL OF AUDIT QUALIFICATION

After discussion with RSM, the management of the Company is of the view that the Qualified Opinion in relation to (b) Investment in associates and (d) Discontinued operations in the production and exploitation of coal business in Tajikistan will be removed when the COVID-19 pandemic is over and the operation resumes normal. For (c) Long term deposits, the management of the Company will travel to Mongolia once the travel restriction lifted and complete the deal as early as possible. When the management obtain accounting books and records and consolidate into Group's financial statements, the qualification will be removed. And (a) opening balances and correspondence figures will be removed accordingly after (b) to (d) removed.

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

Hong Kong, 22 March 2021

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 three independent non-executive directors of the Company Mr. LIEW Swee Yean, 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.