



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



INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

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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 GEM of The Stock Exchange (the “GEM Listing Rules”) 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

* for identification purpose only

The board of Directors (the “Board”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2022 together with the unaudited comparative figures period in 2021 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2022

		Unaudited		Unaudited	
		Three months ended		Six months ended	
		30 June		30 June	
	Note	2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	44,504	24,987	131,336	46,606
Cost of goods sold		(40,735)	(23,348)	(120,627)	(41,222)
Gross profit		3,769	1,639	10,709	5,384
(Loss)/gain on disposal of financial assets at fair value through profit or loss (FVTPL)		(542)	—	(191)	1,719
Fair value loss on financial assets at FVTPL		(2,516)	(2,076)	(6,016)	(2,358)
Reversal of impairment loss/ (Impairment loss) on trade and other receivables		36,511	(949)	31,033	632
Other income and gains		14,281	90	14,491	172
Administrative and other operating expenses		(15,076)	(12,501)	(30,805)	(26,446)
Profit/(loss) from operations		36,427	(13,797)	19,221	(20,897)
Finance costs		(4,950)	(1,283)	(6,631)	(2,573)
Profit/(loss) before tax		31,477	(15,080)	12,590	(23,470)
Income tax credit	6	985	747	2,219	1,444
Profit/(loss) for the period	7	32,462	(14,333)	14,809	(22,026)
Attributable to:					
Owners of the Company		29,756	(13,103)	13,760	(19,990)
Non-controlling interests		2,706	(1,230)	1,049	(2,036)
Profit/(loss) for the period		32,462	(14,333)	14,809	(22,026)
Profit/(loss) per share (HK Cents)					
— Basic	9	5.16	(2.27)	2.39	(3.47)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2022

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period	32,462	(14,333)	14,809	(22,026)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Fair value loss on equity instruments at fair value through other comprehensive income	—	—	—	—
Exchange differences on translating foreign operations	(6,455)	1,851	(5,769)	2,710
Other comprehensive income for the period, net of tax:	(6,455)	1,851	(5,769)	2,710
Total comprehensive income for the period	<u>26,007</u>	<u>(12,482)</u>	<u>9,040</u>	<u>(19,316)</u>
Attributable to:				
Owners of the Company	24,753	(11,632)	9,211	(17,641)
Non-controlling interests	1,254	(850)	(171)	(1,675)
	<u>26,007</u>	<u>(12,482)</u>	<u>9,040</u>	<u>(19,316)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Non-current assets			
Property, plant and equipment	10	34,386	34,780
Right-of-use assets		13,136	14,379
Goodwill		—	—
Intangible assets	11	116,932	128,035
Exploration and evaluation assets	12	55,647	53,906
Financial assets at fair value through other comprehensive income (FVTOCI)		17,400	17,400
Deferred tax assets		8,071	7,078
		<u>245,572</u>	<u>255,578</u>
Current assets			
Inventories		7,212	8,416
Financial assets at FVTPL	18	15,819	19,205
Trade and bills receivables	13	53,060	23,894
Deposits, prepayments and other receivables		108,019	24,134
Deposits in a licensed corporation		26,075	28,883
Bank and cash balances		4,758	8,279
		<u>214,943</u>	<u>112,811</u>
Current liabilities			
Trade payables	14	16,143	4,150
Other payables and accruals		217,330	164,945
Contract liabilities		62,949	40,982
Bond payables		46,800	50,000
Other financial liabilities		29,681	29,681
Lease liabilities		950	1,012
Redeemable convertible preference shares		541	541
Current tax liabilities		3,471	3,657
		<u>377,865</u>	<u>294,968</u>
Net current liabilities		<u>(162,922)</u>	<u>(182,157)</u>
Total assets less current liabilities		<u>82,650</u>	<u>73,421</u>

	Unaudited	Audited
	30 June	31 December
	2022	2021
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Other financial liabilities	11,457	11,457
Lease liabilities	692	826
Deferred tax liabilities	27,677	30,379
	<u>39,826</u>	<u>42,662</u>
NET ASSETS	<u>42,824</u>	<u>30,759</u>
Capital and reserves		
Share capital	57,657	57,657
Reserves	(36,657)	(45,868)
Equity attributable to owners of the Company	21,000	11,789
Non-controlling interests	21,824	18,970
TOTAL EQUITY	<u>42,824</u>	<u>30,759</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Shares held under share award scheme <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Financial assets at FVTOCI reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2021	57,657	1,361,095	(3,371)	720	2,400	(1,343,350)	75,151	22,949	98,100
Total comprehensive income for the period	—	—	—	2,351	—	(19,990)	(17,639)	(1,675)	(19,314)
Changes in equity for the period	—	—	—	2,351	—	(19,990)	(17,639)	(1,675)	(19,314)
At 30 June 2021	<u>57,657</u>	<u>1,361,095</u>	<u>(3,371)</u>	<u>3,071</u>	<u>2,400</u>	<u>(1,363,340)</u>	<u>57,512</u>	<u>21,274</u>	<u>78,786</u>
At 1 January 2022	<u>57,657</u>	<u>1,361,095</u>	<u>(3,371)</u>	<u>5,421</u>	<u>700</u>	<u>(1,409,713)</u>	<u>11,789</u>	<u>18,970</u>	<u>30,759</u>
Capital injection by non-controlling interest in a subsidiary	—	—	—	—	—	—	—	3,025	3,025
Total comprehensive income for the period	—	—	—	(4,549)	—	13,760	9,211	(171)	9,040
Changes in equity for the period	—	—	—	(4,549)	—	13,760	9,211	2,854	12,065
At 30 June 2022	<u>57,657</u>	<u>1,361,095</u>	<u>(3,371)</u>	<u>872</u>	<u>700</u>	<u>(1,395,953)</u>	<u>21,000</u>	<u>21,824</u>	<u>42,824</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2022

	Unaudited	
	Six months ended	
	30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	5,064	5,486
Net cash used in investing activities	(10,416)	(35)
Net cash generated from/(used in) financing activities	1,955	(1,291)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(3,397)	4,160
Effect of foreign exchange rate changes	(124)	1,155
	<hr/>	<hr/>
	(3,521)	5,315
Cash and cash equivalents at beginning of period	8,279	24,331
	<hr/>	<hr/>
Cash and cash equivalents at end of period	4,758	29,646
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Major non-cash transactions:

During the six months ended 30 June 2022, the Group entered into a deed of novation with certain creditors of the Group, for which the Group assigned approximately receivables of approximately HK\$29,978,000 to certain creditors of the Group to set off the same amount of debts due to the creditors, resulted in a reversal of impairment loss on trade and other receivables of approximately HK\$29,978,000 and a reduction in other payables, interest payable and bonds payable of approximately HK\$10,000,000, HK\$16,778,000 and HK\$3,200,000 respectively.

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 Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, 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. The Group is principally engaged in coal mining business, consulting and media services business and corporate and investment business.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group’s condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”). The condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”).

The condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statement for the year ended 31 December 2021, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses based on the current situation. Actual results may differ from these estimates.

The Group had net current liabilities of approximately HK\$162,922,000 as at 30 June 2022. 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.

The directors has given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering the next twelve months from 30 June 2022 prepared by the management of the Company, and after taking into consideration the following:

- (i) having regard to the gradual resumption of normal business activities of the Group following the ease of COVID-19 Pandemic, the directors believe that the Group is able to continue to generate sufficient cash flows from operations;
- (ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts; and
- (iii) consideration of future fund raising activities of the Company in the open stock market.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the condensed 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. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to International Financial Reporting Standards ("IFRS") issued by IASB to these financial statements for the current accounting period:

- Amendments to IFRS 16, Covid-19-related Rent Concessions beyond 30 June 2021
- Amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use
- Annual Improvements to IFRSs 2018–2020 Cycle
- Amendments to IFRS 3, Reference to the Conceptual Framework

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

4. REVENUE

Disaggregation of revenue

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

	Unaudited		Unaudited	
	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
Sale of goods:				
— Provision of supply chain management services business	32,858	17,229	75,353	28,545
— Mining and metallurgical machineries production	6,718	3,054	15,972	8,789
— Coal fire extinguishment project	(556)	—	31,470	—
Provision of services:				
— Logistics services for mineral business	3,322	1,692	5,267	3,086
— Corporate services business	1	134	133	239
— Media services	—	—	—	65
— Trust and trustee services	494	492	1,082	1,224
— Event management services	1,379	2,386	1,771	4,658
— Land Rental services	288	—	288	—
	44,504	24,987	131,336	46,606

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 six months ended 30 June (unaudited)	Provision of supply chain management services business		Mining and metallurgical machineries production		Coal fire extinguishment project		Logistics services for mineral business		Land Rental services		Corporate services business		Media services		Trust and trustee services		Event management services		Total		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Revenue by primary geographical markets																					
– Hong Kong	–	–	–	–	–	–	–	–	–	–	133	127	–	65	–	–	1,771	3,801	1,904	3,993	
– PRC except Hong Kong	75,353	28,545	15,972	8,789	31,470	–	5,267	3,086	288	–	–	6	–	–	–	–	–	–	128,350	40,426	
– Dubai	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	357	–	357	
– Others	–	–	–	–	–	–	–	–	–	–	–	106	–	–	1,082	1,224	–	500	1,082	1,830	
Revenue from external customers	75,353	28,545	15,972	8,789	31,470	–	5,267	3,086	288	–	133	239	–	65	1,082	1,224	1,771	4,658	131,336	46,606	
Timing of revenue recognition																					
Products transferred at a point in time	75,353	28,545	15,972	8,789	31,470	–	5,267	3,086	–	–	–	–	–	–	–	–	–	–	128,062	40,420	
Products and services transferred over time	–	–	–	–	–	–	–	–	288	–	133	239	–	65	1,082	1,224	1,771	4,658	3,274	6,186	
Total	75,353	28,545	15,972	8,789	31,470	–	5,267	3,086	288	–	133	239	–	65	1,082	1,224	1,771	4,658	131,336	46,606	

5. 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.

The Group has three reportable segments namely coal mining business segment, consulting and media service business segment and corporate and investment business segment.

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.

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

	Coal mining business segment <i>HK\$'000</i>	Consulting and media services business segment <i>HK\$'000</i>	Corporate and investment business segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
For six months ended 30 June 2022				
(unaudited)				
Revenue from external customers	128,351	2,865	120	131,336
Segment profit/(loss)	1,946	(921)	13,784	14,809
Interest revenue	8	—	—	8
Interest expenses	859	15	5,757	6,631
Depreciation and amortisation	9,159	1	4	9,164
Income tax credit	1,226	—	993	2,219
Other material items of income and expense:				
Staff costs	5,846	1,441	4,324	11,611
Other material non-cash items:				
Reversal of impairment loss/ (impairment loss) on trade and other receivables	1,109	(24)	29,948	31,033
Impairment loss on property, plant and equipment	—	—	—	—
Impairment loss on right-of-use assets	—	—	—	—
Reversal of impairment loss on intangible assets	—	—	—	—
Additions to segment non-current assets	3,284	—	—	3,284
As at 30 June 2022 (unaudited)				
Segment assets	390,229	2,605	67,681	460,515
Segment liabilities	268,175	2,159	147,357	417,691

	Coal mining business segment <i>HK\$'000</i>	Consulting and media services business segment <i>HK\$'000</i>	Corporate and investment business segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
For six months ended 30 June 2021				
(unaudited)				
Revenue from external customers	40,421	6,065	120	46,606
Segment profit/(loss)	(12,261)	(268)	(9,497)	(22,026)
Interest revenue	3	—	—	3
Interest expenses	2,517	—	56	2,573
Depreciation and amortisation	7,563	1	296	7,860
Income tax credit	1,055	—	389	1,444
Other material items of income and expense:				
Staff costs	4,453	2,082	5,091	11,626
Other material non-cash items:				
Reversal of impairment loss/ (impairment loss) on trade and other receivables	652	(15)	(5)	632
Impairment loss on property, plant and equipment	—	—	—	—
Impairment loss on right-of-use assets	—	—	—	—
Reversal of impairment loss on intangible assets	—	—	—	—
Additions to segment non-current assets	35	—	—	35
As at 30 June 2021 (unaudited)				
Segment assets	280,654	3,635	77,148	361,437
Segment liabilities	131,392	3,075	148,185	282,652

	Unaudited	
	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reconciliations of segment profit or loss:		
Total profit/(loss) of reportable segments	14,809	(22,026)
Other loss	—	—
Consolidated profit/(loss) for the period	14,809	(22,026)

6. INCOME TAX CREDIT

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax				
— Hong Kong & PRC				
Income tax expenses	99	277	141	305
Deferred tax credit	(1,084)	(1,024)	(2,360)	(1,749)
	(985)	(747)	(2,219)	(1,444)

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% (2021: 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.

No provision for the Hong Kong Profit Tax is required since the Group has no assessable profit for the year.

7. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is arrived at after charging/(crediting) the following:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' remuneration	1,046	1,046	2,092	2,092
Cost of inventories sold of supply chain management services for mineral business	35,207	18,347	78,936	30,762
Cost of mining and metallurgical machineries production	4,933	3,105	11,568	6,714
Depreciation				
— owned property, plant and equipment	1,898	179	3,058	1,513
— right-of-use assets	301	469	618	904
Amortisation of intangible assets (included in administrative and other operating expenses)	2,695	2,649	5,488	5,442
Loss/(gain) on disposal of financial assets at FVTPL	542	—	191	(1,719)
Fair value loss on financial assets at FVTPL	2,516	2,076	6,016	2,358
Staff costs (including directors' emoluments)				
Basic salaries, bonuses, allowances, and benefits in kind	5,219	5,829	11,425	11,390
Retirement benefits scheme contributions	86	117	186	236
(Reversal of impairment loss)/ impairment loss on trade and other receivables	(36,512)	949	(31,033)	(632)

8. DIVIDENDS

No dividend has been declared by the Company the six months ended 30 June 2022 (Six months ended 30 June 2021: Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculations of the basic and diluted earnings/(loss) per share are based on the following data:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share	<u>29,756</u>	<u>(13,103)</u>	<u>13,760</u>	<u>(19,990)</u>
Number of shares (<i>Thousand shares</i>)				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u>576,566</u>	<u>576,566</u>	<u>576,566</u>	<u>576,566</u>

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 June 2022 and 2021.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$3.28 million (Six months ended 30 June 2021: HK\$35,000).

11. INTANGIBLE ASSETS

	Mining rights <i>HK\$'000</i>
Cost	
At 1 January 2021	176,630
Exchange differences	<u>5,839</u>
At 31 December 2021 and 1 January 2022	182,469
Exchange differences	<u>(8,254)</u>
At 30 June 2022	<u>174,215</u>
Accumulated amortisation and impairment losses	
At 1 January 2021	66,261
Amortisation for the year	10,936
Reversal of impairment loss	(24,714)
Exchange differences	<u>1,951</u>
At 31 December 2021 and 1 January 2022	54,434
Amortisation for the period	5,488
Exchange differences	<u>(2,639)</u>
At 30 June 2022	<u><u>57,283</u></u>
Carrying amount	
At 30 June 2022	<u><u>116,932</u></u>
At 31 December 2021	<u><u>128,035</u></u>

At 30 June 2022, 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 long-flame coal. The mining rights are stated at cost less accumulated amortisation and impairment losses over the estimated useful lives of mining rights.

12. EXPLORATION AND EVALUATION ASSETS

	Exploration and evaluation assets <i>HK\$'000</i>
At 1 January 2021	56,029
Additions	8,281
Exploration expenses recognised	(12,189)
Exchange differences	<u>1,785</u>
At 31 December 2021 and 1 January 2022	53,906
Additions	4,319
Exchange differences	<u>(2,578)</u>
At 30 June 2022	<u>55,647</u>

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 ended 31 December 2020, the Group obtained a mineral exploration license with a mining area of 7.35 km² 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 30 June 2022 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.

13. TRADE AND BILLS RECEIVABLES

	Unaudited as at 30 June 2022 HK\$'000	Audited as at 31 December 2021 HK\$'000
Trade receivables	94,722	66,329
Allowance for doubtful debts	(42,960)	(43,333)
	<u>51,762</u>	22,996
Bills receivables	1,298	898
	53,060	23,894

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

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

	Unaudited as at 30 June 2022 HK\$'000	Audited as at 31 December 2021 HK\$'000
0–30 days	47,311	2,680
31–60 days	1,475	1,944
61–90 days	1,687	5,100
91 days–1 year	3,743	12,003
Over 1 year	41,804	45,500
	<u>96,020</u>	<u>67,227</u>

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

	Unaudited as at 30 June 2022 HK\$'000	Audited as at 31 December 2021 HK\$'000
HK\$	53	1,479
RMB	53,007	22,415
	<u>53,060</u>	<u>23,894</u>

14. TRADE PAYABLES

At 30 June 2022, the ageing analysis of trade payables based on the date of receipt of goods, is as follows:

	Unaudited as at 30 June 2022 HK\$'000	Audited as at 31 December 2021 HK\$'000
0–30 days	15,425	805
31–60 days	385	—
61–90 days	—	—
91 days–1 year	106	2,916
Over 1 year	227	429
	<u>16,143</u>	<u>4,150</u>

The carrying amounts of the Group's trade payables are denominated in United States dollars and RMB.

15. SHARE CAPITAL

	Unaudited as at 30 June 2022 <i>HK\$'000</i>	Audited as at 31 December 2021 <i>HK\$'000</i>
Authorised: 5,000,000,000 ordinary shares of HK\$0.10 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid: 576,566,055 Ordinary shares of HK\$0.1 each (31 December 2021: 576,566,055)	<u>57,657</u>	<u>57,657</u>

16. CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

17. COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	Unaudited as at 30 June 2022 <i>HK\$'000</i>	Audited as at 31 December 2021 <i>HK\$'000</i>
Capital contribution to a subsidiary	152,928	157,620
Capital expenditures to exploration and evaluation assets	161,562	9,901
Capital contribution to prepayment	<u>—</u>	<u>123</u>
	<u>314,490</u>	<u>167,644</u>

18. FINANCIAL ASSETS AT FVTPL

	Unaudited as at 30 June 2022 HK\$'000	Audited as at 31 December 2021 HK\$'000
Equity securities, at fair value		
— Listed in Hong Kong	<u>15,819</u>	<u>19,205</u>
Analysed as:		
Current assets	<u>15,819</u>	<u>19,205</u>

The carrying amounts of the above financial assets are classified as follows:

	Unaudited as at 30 June 2022 HK\$'000	Audited as at 31 December 2021 HK\$'000
Held for trading	<u>15,819</u>	<u>19,205</u>

The carrying amounts of the above financial assets are measured at FVTPL in accordance with IFRS 9.

The investments included above represent investments in listed equity securities that offering the Group the opportunity of return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

MANAGEMENT DISCUSSION & ANALYSIS

For the first half of 2022, the global economy was gradually putting the COVID-19 pandemic behind, with many parts of the world lifting restrictions, however, the ongoing conflict between Russia and Ukraine has showed its broad and far-reaching implications for economies all across the world, making it become the worst half of a year for global share prices on record and a deepening energy crisis is now threatening the world.

After a strong start in early 2022, the largest COVID-19 wave in two years has disrupted China's growth normalization. Economists expect China's growth to slow to 4.1% in 2022. The Group's business in mainland China had a false start this year, as many cities locked down and operations and businesses suspended from March to May. Moreover, the recurrent COVID-19 outbreaks keep weighing on our operations in mainland China. This year is no doubt an extremely challenging year for enterprise like us.

The good news is China just cut travel quarantine period to ten days recently (7-day centralized quarantine and 3-day home quarantine), business travel to and in mainland China is still time-consuming, but things start to move in a good direction. Also, with easing of travel restrictions in many countries, our overseas eSports business is finally making headway this year with GIRLGAMER World Tour officially resumed.

Hong Kong's economy saw a marked deterioration in the first quarter of the year and is now gradually recovering from it. Meanwhile businesses in Hong Kong are also recovering from the fifth wave of the pandemic, but their performance is still far below pre-pandemic levels, given the continuing economic uncertainty and strict border controls between Hong Kong and mainland China.

President Xi Jinping's visit to Hong Kong and his speech on the occasion of the 25th anniversary of Hong Kong's return to China on 1st July further provided a morale booster for the city and cleared up any doubts about "one country, two systems" also pointed out a clear direction for the city's future.

Looking into future, management of the Group still sees very rough roads ahead but we will keep working hard and be well prepared for the worst.

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 50 sets of safety certificates for mining products. Its major products are overhead manned cableway devices and its accessories, as well as technical consultancy services including equipment installation, technical support and after-sales services.

Analysis on China’s mining machinery manufacturing industry in 2022

Oil, gas and coal prices have been on a significant upward trend, driven by rapid global economic recovery in the post-COVID era and exacerbated by the Russia-Ukraine crisis. Soaring international coal prices affect China’s imports, which in turn affects the domestic supply-demand balance for coal. In March 2022, China imported 1.87 million tons of power coal, down 70.5% year-on-year and down 72.2% from January this year.

China’s coal production sees steady growth after policies were laid down to stabilize coal prices and safeguard energy security, which helps protect people’s livelihood and other electrical needs. In the first 5 months of 2022, China’s domestic coal production hit 1.81 billion tons, a year-on-year increase of 10.4%, and its average daily production of raw coal exceeded 12 million tons.

The Group believes that increasing domestic coal supply through mining investments and expansions will become the necessary means to stabilize coal prices. The Group also believes that the central government will continue to pump the supply of coal with supporting policies such as approved capacity increase, production expansion and new mine production, which can help drive domestic demand for mining machineries as well as the growth for Tengzhou Kaiyuan.

(Data from: <https://www.vzkoo.com/read/202205311feaccdd6fe78de120f52f.html>)

(Data from: <https://www.china5e.com/news/news-1137358-1.html>)

Tengzhou Kaiyuan Highlights for the 2nd quarter

- Tengzhou Kaiyuan continues to improve its inventory system for better inventory management. The system helps forecasting orders in terms of frequency and quantity through analysing customer demands, which helps maintain operational efficiency while successfully reduce inventory costs.
- Tengzhou Kaiyuan was granted a rent refund in the 1st quarter under the government’s favourable lease terms for a rent-free period of 2 years and a half-rent period of 3 years. Remaining paperwork will be submitted in this quarter.

- Successful inventory management and control led to an increase in turnover in the 2nd quarter, with cumulative sales revenue of approximately HK\$15.97 million, a year-on-year increase of 76%.



Daily operations of Tengzhou Kaiyuan

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 enjoys favorable geographical advantage as it is located at China’s railway hub with a number of state-owned enterprises nearby. At present, Shandong Kailai’s logistics centre, including its environmental protection facilities and storage centre, boasts a total area of 110,000m², with an annual loading capacity of 3 million tons.

Analysis on China's coal rail transportation in 2022

In order to ensure a safe and stable energy supply, China National Railway Group announced that it has deployed a special operation to ensure steady transportation of coal for electricity. Railroad departments strengthen efforts to increase coal transportation capacity, improve transportation of coal from main coal-producing regions, and further increase the proportion of coal loaded for power plants on the basis of achieving growth for total coal output. In May 2022, China's rail coal shipments reached 79,423 wagons per day, up 5,227 wagons year-on-year; of which 50,149 wagons a day were shipments to power plants, a year-on-year increase of 2,959 wagons.

With a tight global energy market, the Group believes that the central government will continue its efforts to safeguard coal transportation, improve the organization for the transportation of coal and ensure steady supply of coal to power plants in key regions so as to avoid a repeat of last year's power restriction crisis. The domestic demand for mining machineries and equipment is expected to increase, which will drive Tengzhou Kaiyuan's business growth.

(Data from: <http://finance.people.com.cn/BIG5/n1/2022/0614/c1004-32446263.html>)

Shandong Kailai for the 2nd quarter

- Shandong Kailai has started constructing more environmentally-friendly sheds in this quarter, which can help suppress dust pollution, reduce negative impact on the environment as well as promote the concept of sustainable development and the coexistence between business and nature.
- Through market expansion, Shandong Kailai is able to capture more business opportunities, which in turn helps achieve higher revenue. Shandong Kailai recorded a cumulative total of approximately HK\$86.62 million in the 2nd quarter, 1.5 times higher than that of the previous year.



Daily operations of Shandong Kailai



Environmentally-friendly facilities — Construction of sheds

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. Xingliang Mine primarily contains long-flame coal, which is mainly used by power plants and chemical industries. In 2018, Xingliang Mine signed an integrity agreement with Turpan Gaochang District Government for the consolidation of nearby small-scale mines, with Xingliang Mine as the main body of the consolidation project.

To facilitate the consolidation project, Xingliang Mine was granted a prospecting license of 1.2 million tons on 11 August 2020. In addition, Xingliang Mine’s application for the coal fire extinguishment work has been submitted this year, and a cooperation agreement has been reached with the subcontractor for the project to kickstart the project.

Analysis of Xinjiang’s coal industry in 2022

Due to the uncertainties in the international energy market, the central government has been actively trying to increase domestic coal supply and improve its supporting facilities. Xinjiang plays a vital role in China’s energy supply, with consistent and rapid growth in recent years. It has further improved coordination to increase coal transport capacity in order to ensure steady domestic energy supply.

During the first half of the year, Xinjiang had delivered 57.79 million tons of coal via railway, a year-on-year increase of 30.5%. Daily rail coal shipments reached 3,232 wagons, an increase of 1,766 wagons. Outward shipment reached 23.32 million tons, a year-on-year increase of 42.6%. In addition, 10 mines from Xinjiang were listed for expansion following a preliminary approval from the National Development and Reform Commission, with an aim of increasing 52 million tons per year in total.

The Group believes that Xinjiang garners sufficient local and domestic coal demands, and has become an important piece of China's energy structure. The region's enormous coal production and transportation capabilities are of paramount importance to China's objective of securing steady coal supply amid current complex and rapidly changing global energy landscape, which helps secure Xingliang Mine steady stream of revenue and bring profit for the Group.

(Data from: <https://coal.in-en.com/html/coal-2616755.shtml>)

Xingliang Mine for the 2nd quarter

- The construction team of Xingliang Mine continues to undergo the coal fire extinguishment project, which includes excavation and separation works to differentiate coal among earth and rocks, and recorded sales revenue of approximately HK\$31.47 million. Meanwhile, the construction team has been carrying out road repair works to level the road and ensure that the working environment meets safety standards.
- Xingliang Mine has been preparing the applications and various supporting documents for the mining license of 1.2 million tons, and expects to obtain approval by the end of 2022.





Daily operations of Xingliang Mine

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 in 2022

As a result of the slowdown of COVID-19, the central government has relaxed some border controls and gradually boosted Mongolia coal imports. Statistics released by the Mongolian Customs General Administration shows that Mongolia's coal exports rose 225.8% year-on-year to 2.357 million tons in June, a record high in the past 16 months, of which 2.103 million tons were exported to China, a year-on-year increase of 224.2%.

The Group believes that the Mongolia coal industry will gradually be back on track thanks to the reduced spread of COVID-19. In addition, the stability of the global energy market has been challenged by complex geopolitical dilemma this year. The Group expects that the central government will increase both domestic coal supply and coal imports, and will take the opportunity to increase coal imports from Mongolia, which would help forge a closer geopolitical alliance and elevate bilateral trade ties and would in turn benefit the business development of Choir Logistics Centre in the long run.

(Data from: <http://news.steelcn.cn/a/105/20220715/1176425CBF6ADB0.html>)

Choir Project for the 2nd quarter

- Due to the COVID-19 situation in Mongolia, the management team was unable to oversee the project on site. The Group is joined by Sainsaikhan Consulting Services LLC as partner and also as the construction, operation and strategic contractor for the Choir project. During the quarter, our partner began the construction of electrical towers and had water works to perfect the station facilities. Most of the construction is expected to be completed in the 3rd quarter and operations will start thereafter.





Construction progress of the Choir Logistics Platform

AGRICULTURAL INVESTMENT AND DEVELOPMENT

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

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.

Cheung Lee Highlights for the 2nd quarter

- Cheung Lee continues to improve the quality and taste of vegetables to expand its market and improve brand reputation.
- Cheung Lee manages to explore different e-commerce channels to expand customer base and strengthen its tea segment.

THIRD QUARTER 2022 DEVELOPMENT GOALS

The Group will continue to build on existing business, maintain steady growth, solidify business network and accelerate business expansion. The Group’s business goals in the 3rd quarter are as follows:

Shandong — Mining and Metallurgical Machinery Production

- Tengzhou Kaiyuan will assign products into different categories according to their characteristics through data analysis, and will aim for targeted inventory management and formulate sales strategy with the help of data.

- Tengzhou Kaiyuan plans to develop a wide range of products, strengthen design efforts, and introduce brand new products to enhance the value of the brand.

Shandong — Supply Chain Management Services

- Shandong Kailai will continue to build sheds and carry out more environmental protection projects to fulfil corporate social responsibility, establish a positive green brand image so as to attract more partners.
- Shandong Kailai plans to increase its coal storage and distribution capacity, so as to increase its volume for the loading and trading of coal.

Xinjiang — Coal Exploitation Business

- Xingliang Mine is in close vicinity to an industrial area, with power plants and chemical plants as potential customers, including Xinjiang Huadian Turpan Power Plant, Xinjiang Guanghui Coal Cleaning Chemical Company Limited and Shenhong Industrial Park. As there is excess demand in the local area, Xingliang Mine will continue to initiate talks with potential customers with the aim to satisfy local demand for industrial coal with most of the coal produced by Xingliang Mine.
- Xingliang Mine will continue road repair works and mine periphery works to create a safe working environment and prevent accidents and casualties.
- Xingliang Mine has been preparing the applications for the mining license of 1.2 million tons, and expects the applications to enter the final stages and obtain approval in the 4th quarter.

Mongolia — Supply Chain Management Business

- The construction of the railroad logistics center is expected to be completed by the end of the 3rd quarter, and our partner, Sainsaikhan, will kickstart operations in the 4th quarter.
- Our Mongolian subsidiary will continue to monitor the progress of the project to ensure the project is completed on schedule, which will bring revenue to the Group.

Agricultural Investment and Development

- Cheung Lee will utilize its strengths to enhance competitiveness, and formulate marketing strategies to adapt to the constant market changes as ways to increase overall sales revenue.

KAISUN BUSINESS SOLUTIONS

EVENT MANAGEMENT & CONSULTING BUSINESS

For the first half of 2022, although there was no significant progress made in the border reopening with mainland China, President Xi Jinping's visit and his speech on the occasion of the 25th anniversary of Hong Kong's return to China on July 1st has rarely brought new vitality to the city. In the second quarter, entrusted by the clients, the team was engaged in intensive preparation for the upcoming celebration events, such as grand bus parade of Associations of Chinese fellow townsmen in HK, which is also the result of the team's unremitting efforts and adjustments of business strategy since the outbreak of the pandemic. During the period, the team has turned itself into one of the most reliable providers for the hybrid/physical event service in Hong Kong.

In the second half of the year, the team will strive to maintain its strong position in political public relations and video conference service sector and hopes to maximize its profits with the current team size, meanwhile make sure of timely adjustments in response to the Covid-19 policy changes and a potential border reopening with mainland China.

ESPORTS BUSINESS

With the easing of travel restrictions worldwide, the eSports subsidiary's signature IP — GIRLGAMER World Tour has officially resumed in the second quarter. This time, the team also procured sponsorship from world renowned brands including Logitech G. At the time of writing, the regional qualifiers in Cape Town and Romania have been successively held, audience from all around the globe has together witnessed the victory of best female eSports team from Africa and Europe. The qualifiers were live streaming in multiple mainstream platforms and commentated via multi-language for getting wider exposure.

In the second half of the year, the eSports IP will continue its journey in Argentina, Spain, the United States, UAE and other countries, to provide professional female e-sports players with more opportunities to show their abilities. The team believes that this world tour will further expand brand awareness, meanwhile provide a solid foundation for the upcoming IP leasing.

KAISUN TRUST

Having steady clients, Kaisun Trust remained stable in the first half of 2022 and on top of that, the team is exploring Greater Bay Area's family office opportunities. In recent years, the number of ultra-high-net-worth-individuals in Asia-Pacific and their assets both increased continuously and over 20% of ultra-high-net-worth families in Greater China live in the Greater Bay Area ("GBA"). Coupled with the launch the "Cross-border Wealth Management Pilot Scheme in GBA", the team believes that this will give Hong Kong a new competitive edge and is considering to take this as an opportunity to establish family office for expanding its business in the region.

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 and meetings regularly held to review and evaluate the risks of the portfolio. In the past six months, the Ukraine-Russia conflict and U.S. Fed interest rate hike was the major cause of the volatility in financial and stock market. Meanwhile, Hong Kong was hardly hit by the fifth wave of Covid-19, which has almost paralyzed the local economy. Although, many countries reopened the borders, as mainland still suffers from the recurring Covid-19 outbreaks, the time frame for border reopening with mainland remains unknown. Hong Kong Government has substantially relaxed the social distancing measures and eased border controls and Covid flight ban policy, still, these measures were not able to boost the market sentiment timely. The Hang Seng Index continues its weakness, hovering around 20000. The investment committee believes that even the Government is actively considering cutting mandatory quarantine period to further ease entry restrictions for travelers, yet the relevant policy has not implemented, the returning of investor confidence and local economy may not appear until the third quarter or the end of the year. As our investment strategy, the investment committee will use the current averaging down in Hong Kong to buy in blue chip stocks and stocks that pay dividend steadily to lower the risk of new economy stocks.

As at 30 June 2022, the fair value of listed investment was HK\$15,818,715. The cost of listed investment was HK\$47,392,899.

During the six months end 30 June 2022, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK\$6,016,416. Dividend received from listed securities was HK\$12,816, and 166 shares of JD.com (HKEx: 9618) as dividend was received with a cash value of HK\$41,965 (as of 30 June 2022).

FINANCIAL REVIEW

Revenue of the Group for six months ended 30 June 2022 amounted to approximately HK\$131.3 million, representing a increase of approximately 182% when compared with the same period in 2021 (six months ended 30 June 2021: HK\$46.6 million). The increase in revenue was mainly attributable to resumption of the operations of the Group following the ease of COVID-19 pandemic during the first half of 2022 when compared with the first half of 2021.

The Group gross profit for six months ended 30 June 2022 increase by approximately 98% to approximately HK\$10.7 million when compared with the same period in 2021 (six months ended 30 June 2021: HK\$5.4 million). The increase in gross profit was due to increase in revenue of the Group during the first half of 2022.

For six months ended 30 June 2022, the total administrative and other operating expenses was approximately HK\$30.8 million, increase of approximately 16.7% compared with the same period in 2021 (six months ended 30 June 2021: HK\$26.4 million), the increase in the administrative and other expenses was in line with the increase in business activity associated with the increase in revenue.

For six months ended 30 June 2022, the profit from operations was approximately HK\$19.2 million (six months ended 30 June 2021 loss from operations: HK\$20.9 million). The profit from operation was increased primarily due to combined effects of the increase in gross profit of the Group and the reversal of impairment loss on trade and other receivables during the first half of 2022.

The Group recorded a profit of approximately HK\$14.8 million for six months ended 30 June 2022, achieved a turnaround when compared with the same period in 2021 (loss for six months ended 30 June 2021: HK\$22.0 million).

The total comprehensive income attributable to owners of the Company for six months ended 30 June 2022 amounted to approximately HK\$9.2 million (The total comprehensive loss attributable to owners of the Company for six months ended 30 June 2021: HK\$17.6 million).

As at 30 June 2022, the Group held financial assets at FVTPL of approximately HK\$15.8 million, wholly comprised of securities listed in Hong Kong. In the uncertain performance of Hong Kong stock market as at 30 June 2022, the loss on disposal of financial assets at FVTPL amounted to approximately HK\$0.2 million (as at 30 June 2021 gain: HK\$1.7 million), whilst the fair value loss on financial assets at FVTPL was approximately HK\$6.0 million for six months ended 30 June 2022 (fair value loss for six months ended 30 June 2021: HK\$2.4 million). The details of financial assets at fair value through profit or loss are set out as follow:

Company Name	Number of shares held as at 30 June 2022	% of share-holding as at 30 June 2022	Unrealized gain/(loss) on fair value change for the year ended 30 June 2022	Fair value as at		% of the Group's net assets as at 30 June 2022	Investment cost	Reasons for fair value loss
			30 June 2022	30 June 2021	30 June 2022			
			HK\$	HK\$	HK\$		HK\$	
Hong Kong Listed Securities								
Baidu, Inc.(9888) (Note 1)	1,100	0.00004%	4,290	163,350	159,060	0.38%	182,700	—
Bilibili Inc. (9626) (Note 2)	660	0.00017%	(104,016)	132,660	236,676	0.31%	391,610	Drop in share price
EJE (Hong Kong) Holdings Limited (8101) (Note 3)	9,800,000	2.82388%	—	—	—	0.00%	14,020,604	Suspension of trading
ENN Energy Holdings Limited (2688) (Note 4)	10,000	0.00088%	317,505	1,289,000	—	3.01%	971,495	—
Hong Kong Exchanges and Clearing Limited (0388) (Note 5)	5,000	0.00039%	131,000	1,930,000	—	4.51%	1,799,000	—
HSBC Holdings plc (0005) (Note 6)	30,000	0.00015%	81,000	1,549,500	938,000	3.62%	1,468,500	—
JD.com Inc. (9618) (Note 7)	166	0.00001%	41,965	41,965	—	0.10%	—	—
Tencent Holdings Limited (0700) (Note 8)	3,500	0.00004%	(358,400)	1,240,400	1,598,800	2.90%	1,994,750	Drop in share price
TRACKER FUND (2800) (Note 9)	80,000	0.00154%	161,600	1,782,400	—	4.16%	1,620,800	—
Wealthking Investments Limited (1140) (Note 10)	17,476,000	0.24227%	(6,291,360)	7,689,440	13,980,800	17.96%	24,943,440	Drop in share price
BOC Hong Kong (Holdings) Limited (2388) (Note 11)	—	—	—	—	894,250	—	—	—
Tesson Holdings Limited (1201) (Note 12)	—	—	—	—	1,397,310	—	—	—
Total			<u>(6,016,416)</u>	<u>15,818,715</u>	<u>19,204,896</u>	<u>36.95%</u>	<u>47,392,899</u>	

Notes:

1. Baidu Inc (HKEx: 9888) — Baidu Inc is a leading AI company with a strong Internet foundation.
2. Bilibili Inc (HKEx: 9626) — Bilibili Inc is an iconic brand and a leading video community for young generations in China. The group is a full-spectrum video community that offers a wide array of content serving young generations' diverse interests.

3. 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.
4. ENN Energy Holdings Limited (HKEx: 2688) — The principal businesses of ENN Energy Holdings Limited are gas connection, sales of piped gas, construction and operation of vehicle gas refuelling stations, wholesale of gas, distribution of bottled liquefied petroleum gas (“LPG”) and sales of gas appliances and materials.
5. Hong Kong Exchanges and Clearing Limited (HKEx: 0388) — Hong Kong Exchanges and Clearing Limited is Own and operate the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, trading of base metals forward and options contracts operating in the UK.
6. 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”).
7. JD.com Inc (HKEx: 9618) — JD.com Inc is a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider.
8. Tencent Holdings Limited (HKEx: 0700) — Tencent Holdings Limited is principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services.
9. Tracker Fund of Hong Kong (HKEx: 2800) — Tracker Fund of Hong Kong is a unit trust which is governed by its Trust Deed dated 23rd October 1999, as amended, supplemented or restated from time to time. The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance.
10. Wealthking Investments Limited (HKEx: 1140) — The principal investment objective is to achieve earnings for Wealthking Investments Limited in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises.
11. 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.
12. 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.

As at 30 June 2022, the Group held financial assets at fair value through other comprehensive income (“FVTOCI”) with carrying amount of approximately HK\$17.4 million, comprised of unlisted equity securities in Hong Kong and British Virgin Islands and redeemable preference shares. The details of financial assets at FVTOCI are set out as follow:

Company Name	% of shareholding as at 30 June 2022	Investment cost		Carrying amount		% of carrying amount to the Group’s total assets as at 30 June 2022
		as at 30 June 2022 HK\$	as at 31 December 2021 HK\$	as at 30 June 2022 HK\$	as at 31 December 2021 HK\$	
Financial assets at FVTOCI						
Cheung Lee Farming Corporation (<i>Note 1</i>)	8.7%	8,700,000	8,700,000	8,300,000	8,300,000	1.80%
Connect-Me Technologies Limited (<i>Note 2</i>)	9.9%	990	990	—	—	N/A
Xin Ying Holdings Limited (<i>Note 3</i>)	N/A	8,000,000	8,000,000	9,100,000	9,100,000	1.98%
		<u>16,700,990</u>	<u>16,700,990</u>	<u>17,400,000</u>	<u>17,400,000</u>	

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. As at 30 June 2022, the Group held 8,000,000 redeemable preference shares of Xin Ying.

Liquidity and Financial Resources

As at 30 June 2022, the Group has bank and cash balances and deposits in a licensed corporation of approximately HK\$4.8 million (as at 31 December 2021: HK\$8.3 million) and HK\$26.1 million (as at 31 December 2021: HK\$28.9 million) respectively.

The net current liabilities of the Group as at 30 June 2022 amounted to approximately HK\$162.9 million. The net current liabilities status of the Group revealed potential going concern issues of the Group, to address the going concern issue, the management of the Group will if necessary, liaise with creditors on the maturity dates and repayment schedule of debts so that the Group can continue as a going concern; and consider fund-raising activities in the future. The Company will issue further announcements as of when appropriate in this regard.

Gearing Ratio

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.10 as at 30 June 2022 (as at 31 December 2021: 0.14).

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, Tajikistan Somoni and Mongolian Tugrik. As at 30 June 2022, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Human Resources

As at 30 June 2022, the Group had 119 (as at 31 December 2021: 116) staff 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 period, 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\$11.6 million for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$11.6 million).

UPDATE OF THE GROUP TO ADDRESS THE DISCLAIMER OF OPINION AND OTHER MODIFICATIONS

Reference is made to the section headed “ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT MODIFICATION AND REMOVAL OF AUDIT MODIFICATION” set out in the Corporate Governance Report included in the Annual Report 2021 of the Company, the management of the Company would like to provide the following updates with regard to the Disclaimer of Opinion (the “Disclaimer”) and Other Modification expressed by the Company’s auditors for the Group’s financial statements for the year ended 31 December 2021:

The Disclaimer

The substantially increase in revenue and gross profit of the Group reflected the gradual resumption of the normal business activities of the Group following the easing of the COVID-19 Pandemic, the management believes that with improvement of business of the Group, the Group shall be able to generate positive cash flows from operations in the future, which would help to improve the Group’s liquidity and therefore could help to address the Disclaimer.

On the other hand, the Group actively entered into negotiations with the Group’s creditors. During the six months ended 30 June 2022, the Group entered into a deed of novation with certain creditors of the Group, for which the Group assigned approximately receivables of approximately HK\$29,978,000 to certain creditors of the Group to set off the same amount of debts due to the creditors, resulted in a reversal of impairment loss on trade and other receivables of approximately HK\$29,978,000 and a reduction in other payables, interest payable and bonds payable of approximately HK\$10,000,000, HK\$16,778,000 and HK\$3,200,000 respectively. The entering of the deed of novation improved the Group’s liquidity and therefore could help to address the Disclaimer. The Group will continue to actively negotiate with its creditors with a purpose to further improve the liquidity of the Group.

Although there are progresses on addressing the Disclaimer, as the management’s assessment of the Group’s ability to continue as a going concern for the purposes of preparing the Group’s consolidated financial statements for the year ending 31 December 2022 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether and when the Disclaimer can be removed.

Other Modifications

In respect of investment in associates, as the Group has disposed its interest in the associates during the last quarter of 2021 according to the action plan as disclosed in the Third Quarterly Report 2021 of the Company dated 8 November 2021, the management is of the opinion that the relevant audit issue has been resolved.

In respect of discontinued operations in the production and exploitation of coal business in Tajikistan, according to the action plan as disclosed in the Third Quarterly Report 2021 of the Company dated 8 November 2021, the Group shall obtain a legal opinion to confirm the abandonment has been completed so that the audit issue can be resolved. The Company is in the course of finalizing the draft legal opinion with its auditors with an aim to remove the other modification.

The modification on opening balances and corresponding figures is expected to be removed when the other modifications are removed.

PRIOR PERIOD ERRORS IN RELATION TO INTERIM REPORT 2018 OF THE COMPANY

The Interim Report 2018 of the Group contained certain errors in respect of adoption of IFRS 9 in relation to (i) classification and measurement of certain investments held by the Group disclosed as “Available-For-Sale Financial Assets”, and (ii) estimation of expected credit losses for impairment assessment in respect of trade and other receivables of the Group. The management of the Company is in the process of assessing the impact of the abovementioned errors, and will provide further information in relation to the errors in the next financial statements of the Company if necessary.

OTHER INFORMATION

1. Share-based Compensation Scheme

The Company operates Share Award Scheme 2016 for the purpose of assisting in recruiting, retaining and motivating key staff members. Eligible participants of the schemes include the Company’s directors (including independent non-executive directors) and other employees of the Group.

Share Award Scheme 2016

The Company adopted the Share Award Scheme 2016 on 14 June 2016 (“Share Award Scheme 2016”). Subject to any early termination as may be determined by the Board by a resolution of the Board, Share Award Scheme 2016 shall be valid and effective for a term of 5 years commencing from the date of the Scheme. The Board shall not make any further award of Awarded Shares which will result in the total number of issued Shares awarded by the Board under Share Award Scheme 2016 exceeding 10% of the total number of issued Shares from time to time.

During the six months ended 30 June 2021, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, had not purchased any shares on the Stock Exchange. The total no. of shares in the Share Award Scheme as at 30 June 2022 was 13,610,000.

No share was awarded to any director or employee of the Company under the Share Award Scheme during the period.

As at the date of this announcement, the Share Award Scheme 2016 is expired. It is planned that a new Share Award Scheme using the shares currently held by the trustee of Share Award Scheme 2016 as the pool of shares to be awarded will be adopted. Further announcements will be made by the Company as and when appropriate.

2. Directors' Interest in Competing Business

None of the Directors or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

3. Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities.

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.

1. Audit Committee

The Company established the audit committee (the “Audit Committee”) with written terms of reference that sets out the authorities and duties of the committee.

The Audit Committee comprises three independent non-executive directors, namely Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Wu Zheng, and Mr. Liew Swee Yean is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management 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 Group’s financial statements for the six months ended 30 June 2022 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

2. Code of Conduct Regarding Securities Transactions by Directors

The Board is committed to maintain good standard of corporate governance practices and procedures. The Company has complied with the code provisions set out in the CG Code throughout the six months ended 30 June 2022 under review.

3. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors 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 six months ended 30 June 2022. 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 the Directors.

4. Review of Risk Management and Internal Control Effectiveness

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the six months ended 30 June 2022, covering material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems are effective and adequate.

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

Hong Kong, 8 August 2022

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 Mr. CHAN Nap Kee Joseph, Mr. YANG Yongcheng and three independent non-executive Directors Mr. LIEW Swee Yean, Dr. WONG Yun Kuen and Mr. WU Zheng.

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