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## **KAISUN HOLDINGS LIMITED**

### **凱順控股有限公司\***

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

**(Stock code: 8203)**

### **CURRENT DEVELOPMENT ON KAISUN'S BELT AND ROAD STRATEGY: DISCLOSEABLE TRANSACTION FURTHER UPDATES ON ACQUISITION OF RAILWAY PLATFORM IN CHOIR, MONGOLIA**

#### **THE ACQUISITION**

Further to the Company's announcement dated 20 December 2019 on the Acquisition of Railway Platform in Choir, Mongolia ("Announcement"), the Company would like to give further details and updates on the Railway Platform.

#### **PLAN FOR BUSINESS FOR RAILWAY PLATFORM IN MONGOLIA CHOIR**

Being a pioneer in the Belt and Road, the Group started off to plan seeds along the region now called Belt and Road as early as 2011. As discussed in our interim report 2018, Mongolia and Russia are located in the north of Asia and are countries along Belt and Road. In 2015, China, Mongolia and Russia have formulated "the Plan on Establishing the China-Mongolia-Russia Economic Corridor" which includes promoting the development of transportation and infrastructure.

Mongolia is located between Russia and China, where land transport between Russia and China must go through and there is only one railway for logistics transportation between the three countries. Driven by the proposal of "planning summary of the economic corridor between Russia and Mongolia" and "One Belt And One Road" economic strategy, choir project has obvious geographical advantages.

#### **Railway logistics along Russia, Mongolia and China**



## **Plan for Railway Platform in Choir, Mongolia**

The railway platform in Choir city of Mongolia is located in the middle-east of Mongolia. The platform is 250 kilometres away from the capital Ulaanbaatar, covering a total area of 35,000 square meters, with an annual loading capacity of 1.8 million tons.

Regarding the construction agreement on the completion of construction of the Railway Platform, World Dynasty Limited, the Company's subsidiary, will enter into construction agreement with China Railway Engineering Construction Mongolia ("China Railway Mongolia"). We are cooperating in a place of great strategic importance and our partnering up with China Railway Mongolia on the project will likely solidify the whole sino-hk -Mongolian cooperation.

After completion of ground construction and obtaining relevant licenses and permits from government departments in Mongolia, the logistic centre will be put into operation. The logistics centre will provide loading and unloading services, warehousing, customs declaration, and logistics services. It is expected to bring positive cash flow to our company after commencement of operation.

### Leveraging our experience in our Supply Chain Management business – Shandong Kailai Logistic Centre

Having the right to use a section of the railway permitted by China's Jinan Railway Bureau since 2017, Shandong Kailai, the Company's subsidiary, has been operating the Shandong Kailai Logistic Centre where we provide coal supply chain management services which include loading and unloading services, warehousing and logistics services. The construction of phase II logistics centre is near completion, with a total area of 22,000 square meters and annual loading capacity of 3 million tons, which will further expand Shandong Kailai's business.

The Board is of the view that the Acquisition would enhance its supply chain management business in Mongolia and enable the Group to become a fully-fledged supply chain management player in the north western part of the PRC after the Railway Platform is put into operation. Leveraging on our existing experience in Railway Logistic Centre by Shandong Kailai, the Directors are optimistic to the future business development of the Target Group.

### **Valuation of Target Group**

1. Value at around HK\$31 million according to valuation report by an independent valuer.
2. Value at around HK\$33 million according to valuation by Net Asset Value of the Target Group.

### Unaudited financial information as at 30 September 2018

Unaudited Total asset value of the Target Group as at 30 September 2018 was around USD4.2 million, equivalent to approximately HK\$33 million. After taking into the consideration of assignment of the Debt which is part of the Sale and Purchase Agreement, and because World Dynasty Holdings Limited is the assignee and has right to receive the amount due stated in the financial statements, the Total asset value would become Net Asset Value of Target Group at around HK\$33 million.

Audited financial information as at 31 December 2017

According to the Audited consolidated statements of Financial Position of Double Up Group Limited as at 31 December 2017, the Audited Total Asset value of the Target Group was around HK\$ 33 million (USD4,248,240 x 7.8)

Unaudited financial information for financial years ended 2017 and 2016

Revised version is as follow after revising the typological error to “unaudited” in P.6 of the Announcement:

Set out below is a summary of the unaudited consolidated financial information of the Target Group for the two financial years ended 31 December 2017 and 2016:

	<b>For the year ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	(unaudited)	(unaudited)
	USD	USD
Net loss before taxation	46,890	26,488
Net loss after taxation	46,890	26,488

The unaudited total asset value of the Target Group as at 31 December 2017 and 31 December 2016 were USD9,467,278 (equivalent to approximately HK\$73,845,000) and USD9,467,255 (equivalent to approximately HK\$73,845,000) respectively. The unaudited net liability value of the Target Group as at 31 December 2017 and 31 December 2016 were USD89,938 (equivalent to approximately HK\$702,000) and USD43,048 (equivalent to approximately HK\$336,000) respectively.

By order of the Board  
**Kaisun Holdings Limited**  
Chan Nap Kee, Joseph  
Chairman

Hong Kong, 7 January 2019

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

*As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph and Mr. Yang Yongcheng. The independent non-executive Directors are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the Company's website at [www.kaisun.hk](http://www.kaisun.hk)*

*\* for identification purpose only*