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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)

A Belt & Road Participant

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2021

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

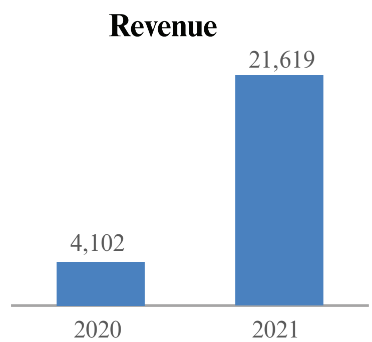
GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

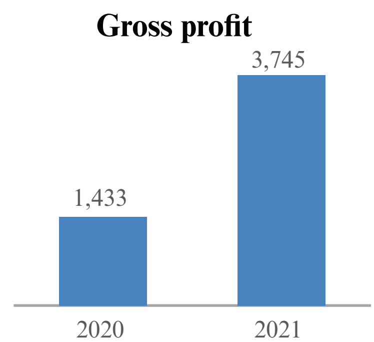
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

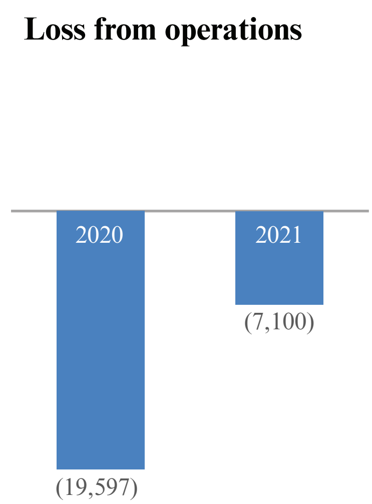
This announcement, for which the directors (the "Directors") of Kaisun Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the "GEM Listing 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.

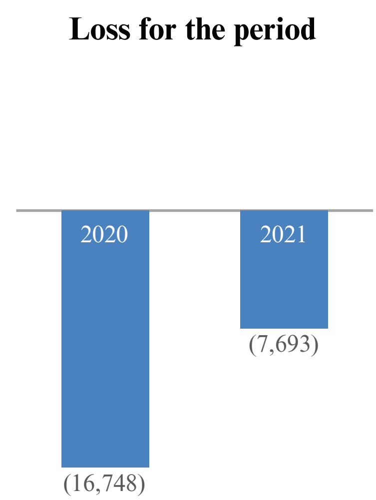
* *for identification purpose only*

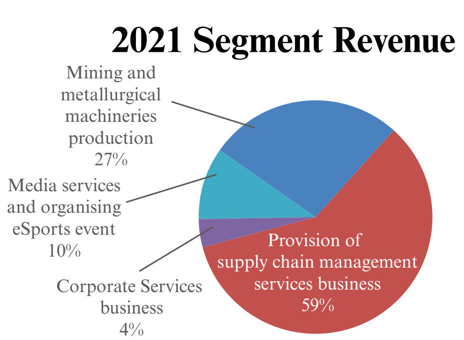
2021 FIRST QUARTERLY RESULT HIGHLIGHTS (HK$'000)

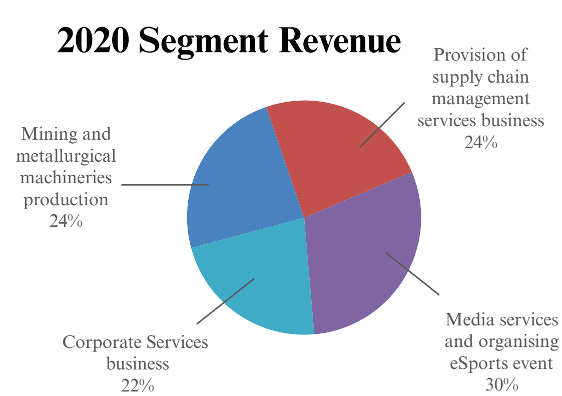












The board of Directors (the "Board") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2021 together with the unaudited comparative figures period in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the three months ended 31 March 2021

		Unaudited Three months ended 31 March	
		2021	2020
	Note	***HK$'000***	*HK$'000* (restated)
Revenue	5	**21,619**	4,102
Cost of goods sold		**(17,874)**	(2,669)
Gross profit		**3,745**	1,433
Gain on disposal of financial assets at fair value through profit or loss (FVTPL)		**1,719**	907
Fair value loss on financial assets at FVTPL		**(282)**	(7,716)
Reversal of impairment loss/(impairment loss) on the trade and other receivable		**1,581**	(818)
Other income and gains		**82**	83
Administrative and other operating expenses		**(13,945)**	(13,486)
Loss from continuing operations		**(7,100)**	(19,597)
Finance costs	13	**(1,290)**	(1,422)
Loss before tax from continuing operations		**(8,390)**	(21,019)
Discontinued operation			
Loss from discontinued operations		**—**	(1)
Loss before tax		**(8,390)**	(21,020)
Income tax credit	7	**697**	4,272
Loss for the period		**(7,693)**	(16,748)

	Note	Unaudited Three months ended 31 March 2021 HK$'000	2020 HK$'000 (restated)
Attributable to:			
Owners of the Company			
Loss for the period from continuing operations		**(6,887)**	(14,786)
Loss for the period from discontinued operations		**—**	(1)
Loss for the period attributable to owners of the Company		**(6,887)**	(14,787)
Non-controlling interests			
Loss for the period from continuing operations		**(806)**	(1,961)
Loss for the period from discontinued operations		**—**	—
Loss for the period attributable to non-controlling interests		**(806)**	(1,961)
Loss for the period		**(7,693)**	(16,748)
Loss per share (HK cents)			
Basic	9	**(1.19)**	(2.56)

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

For the three months ended 31 March 2021

		Unaudited Three months ended 31 March	
		2021	2020
	Note	***HK$'000***	*HK$'000* (restated)
Loss for the period		**(7,693)**	(16,748)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**859**	(6,520)
Other comprehensive income for the period, net of tax		**859**	(6,520)
Total comprehensive income for the period		**(6,834)**	(23,268)
Attributable to:			
Owners of the Company			
Loss for the period from continuing operations		**(6,009)**	(13,652)
Loss for the period from discontinued operations		**—**	—
Loss for the period attributable to owners of the Company		**(6,009)**	(13,652)
Non-controlling interests			
Loss for the period from continuing operations		**(825)**	(9,616)
Loss for the period from discontinued operations		**—**	—
Loss for the period attributable to non-controlling interest		**(825)**	(9,616)
Total Comprehensive income attributable to:			
Owners of the Company		**(6,009)**	(13,652)
Non-controlling interests		**(825)**	(9,616)
		(6,834)	(23,268)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Unaudited								
	Attributable to owners of the Company								
	Share capital	Share premium	Share held for share award scheme	Foreign currency translation reserve	Financial assets at fair value through other comprehensive income ("FVTOCI") reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2020 (restated)	57,657	1,361,095	(3,371)	(9,287)	2,400	(1,283,182)	125,312	33,865	159,177
Total comprehensive income for the period (restated)	—	—	—	1,135	—	(14,787)	(13,652)	(9,616)	(23,268)
Changes in equity for the period (restated)	—	—	—	1,135	—	(14,787)	(13,652)	(9,616)	(23,268)
At 31 March 2020 (restated)	57,657	1,361,095	(3,371)	(8,152)	2,400	(1,297,969)	111,660	24,249	135,909
At 1 January 2021 (audited)	**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	**—**	**—**	**—**	**878**	**—**	**(6,887)**	**(6,009)**	**(825)**	**(6,834)**
Changes in equity for the period	**—**	**—**	**—**	**878**	**—**	**(6,887)**	**(6,009)**	**(825)**	**(6,834)**
At 31 March 2021	**57,657**	**1,361,095**	**(3,371)**	**1,598**	**2,400**	**(1,350,237)**	**69,142**	**22,124**	**91,266**

NOTES

1. GENERAL INFORMATION

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

The Company is an investment holding company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The condensed consolidated financial information should be read in conjunction with the 2020 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 2020.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the three months ended 31 March 2021, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by IASB that are relevant to its operations and effective for its accounting periods beginning on 1 January 2021. IFRSs comprise of International Financial Reporting Standards ("IFRS"); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the three months ended 31 March 2021 and the same period in last year.

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the current accounting period. The directors anticipate that the new and revised IFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 March 2021:

Description	Fair value measurements using: Level 1 Unaudited *HK$'000*	Level 3 Unaudited *HK$'000*	Total 31 March 2021 Unaudited *HK$'000*
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed securities	**26,700**	**—**	**26,700**
Financial assets at FVTOCI			
Unlisted equity securities	**—**	**19,100**	**19,100**
Total	**26,700**	**19,100**	**45,800**
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	**—**	**36,664**	**36,664**

Disclosures of level in fair value hierarchy at 31 December 2020:

Description	Fair value measurements using: Level 1 Audited *HK$'000*	Level 3 Audited *HK$'000*	Total 31 December 2020 Audited *HK$'000*
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed securities	36,293	—	36,293
Financial assets at FVTOCI			
Unlisted equity securities	—	19,100	19,100
Total	36,293	19,100	55,393
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	—	36,664	36,664

(b) Reconciliation of assets measured at fair value based on level 3:

	Unaudited as at 31 March 2021 ***HK$'000***	Audited as at 31 December 2020 *HK$'000*
Financial assets at FVTOCI		
At the beginning of the reporting period	**19,100**	19,100
Purchases	**—**	—
At the end of the reporting period	**19,100**	19,100

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at FVTOCI in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2021:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

					Fair value	
Description	**Valuation technique**	**Unobservable inputs**	**Range**	**Effect on fair value for increase of inputs**	**31 March 2021** ***HK$'000*** **(unaudited)** **Assets/ (Liabilities)**	31 December 2020 *HK$'000* (audited) Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	14% (31 December 2020: 14%)	Decrease	**10,900**	10,900
		Long-term revenue growth rate	2% (31 December 2020: 2%)	Increase		
		Long-term pre-tax operating margin	11% (31 December 2020: 11%)	Increase		
		Discount for lack of marketability	20.6% (31 December 2020: 20.6%)	Decrease		
Redeemable preference shares of private entity classified as financial assets at FVTOCI	Discounted cash flows	Discount rate	4.30% (31 December 2020: 4.30%)	Decrease	**8,200**	8,200
Financial liabilities at FVTPL	Discounted cash flows	Risk- free rate	0.01%–0.08% (31 December 2020: 0.01%–0.08%)	Decrease	**(36,664)**	(36,664)
		Dividend yield	0% (31 December 2020: 0%)	Decrease		
		Volatility	40%–60% (31 December 2020: 40%–60%)	Decrease		

During the reporting period, there were no changes in the valuation techniques used.

5. REVENUE

Disaggregation of revenue

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

	Unaudited Three months ended 31 March 2021 *HK$'000*	2020 *HK$'000*
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	**12,710**	985
— Mining and metallurgical machineries production	**5,735**	995
Provision of services:		
— Corporate services business	**837**	887
— Media services and organising eSports event	**2,337**	1,235
	21,619	4,102

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 three months ended 31 March (unaudited)	Provision of supply chain management services business 2021 *HK$'000*	2020 *HK$'000*	Mining and metallurgical machineries production 2021 *HK$'000*	2020 *HK$'000*	Corporate services business 2021 *HK$'000*	2020 *HK$'000*	Media services and organising eSports event 2021 *HK$'000*	2020 *HK$'000*	Total 2021 *HK$'000*	2020 *HK$'000*
Revenue by primary geographical markets										
— Hong Kong	—	—	—	—	—	258	**2,087**	484	**2,087**	742
— PRC except Hong Kong	**12,710**	985	**5,735**	995	—	—	—	—	**18,445**	1,980
— Dubai	—	—	—	—	—	—	—	421	—	421
— Others	—	—	—	—	**837**	629	**250**	330	**1,087**	959
Revenue from external customers	**12,710**	985	**5,735**	995	**837**	887	**2,337**	1,235	**21,619**	4,102
Timing of revenue recognition										
Products transferred at a point in time	**12,710**	985	**5,735**	995	—	—	—	—	**18,445**	1,980
Products and services transferred over time	—	—	—	—	**837**	887	**2,337**	1,235	**3,174**	2,122
Total	**12,710**	985	**5,735**	995	**837**	887	**2,337**	1,235	**21,619**	4,102

6. SEGMENT INFORMATION

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

During the year ended 31 December 2020, 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 investment business segment".

The comparative amounts of the segment information for the three months ended 31 March 2020 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.

The accounting policies of the operating segments are the same as those described in note 2 to the consolidated financial statements. Segment profits or losses do not include dividend income. Segment assets do not include amounts due from related parties. Segment non-current assets do not include financial instruments.

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

	Continuing operations			
	Coal mining business segment	**Consulting and media services business segment**	**Corporate and investment business segment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For three months ended 31 March 2021 (unaudited)				
Revenue from external customers	**18,445**	**3,174**	**—**	**21,619**
Segment loss	**(4,583)**	**(530)**	**(2,580)**	**(7,693)**
As at 31 March 2021 (unaudited)				
Segment assets	**268,310**	**3,654**	**78,839**	**350,803**
Segment liabilities	**113,666**	**2,792**	**138,046**	**254,504**
For three months ended 31 March 2020 (unaudited)	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)
Revenue from external customers	1,980	2,122	—	4,102
Segment loss	(7,959)	(1,227)	(7,562)	(16,748)
As at 31 March 2020 (unaudited)				
Segment assets	219,044	5,377	89,480	313,901
Segment liabilities	52,891	1,468	123,634	177,993

Reconciliations of segment revenue:

	Unaudited Three months ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**21,619**	4,144
Elimination of intersegment revenue	**—**	(42)
Consolidated revenue	**21,619**	4,102

7. INCOME TAX CREDIT

	Unaudited Three months ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Current tax — Hong Kong & China		
Income tax	**28**	(90)
Deferred tax	**(725)**	(4,182)
	(697)	(4,272)

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% (2020: 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.

8. DIVIDEND

No dividend has been declared by the Company the three months ended 31 March 2021 (three months ended 31 March 2020: HK$Nil).

9. LOSS PER SHARE

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

	Unaudited Three months ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
		(restated)
Loss for the purpose of calculating basic loss per share	**(6,887)**	(14,787)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**576,566**	576,566

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the quarter ended 31 March 2021 and 2020.

10. SHARE CAPITAL

	Unaudited as at 31 March 2021	Audited as at 31 December 2020
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each 576,566,055 (31 December 2020: 576,566,055)	**57,657**	57,657

11. INTANGIBLE ASSETS

	Mining rights *HK$'000*	Exploration and evaluation assets *HK$'000*	Total *HK$'000*
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 and 1 January 2021	176,630	56,029	232,659
Exchange differences	(169)	(53)	(222)
At 31 March 2021	176,461	55,976	232,437
Accumulated amortisation			
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 and 1 January 2021	66,261	—	66,261
Amortisation for the period	2,690	—	2,690
Exchange differences	(63)	—	(63)
At 31 March 2021	68,888	—	68,888
Carrying amount			
At 31 March 2021	107,573	55,976	163,549
At 31 December 2020	110,369	56,029	166,398

Mining rights

At 31 March 2021, 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.

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 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 31 March 2021 and 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.

12. FINANCIAL ASSETS AT FVTPL

	Unaudited Three months ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Equity securities, at fair value		
Listed in Hong Kong	**26,700**	41,815
Analysed as:		
Current assets	**26,700**	41,815

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

	Unaudited Three months ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Held for trading	**26,700**	41,815

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

13. FINANCE COSTS

	Unaudited Three months ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Interest on bonds payables	**1,250**	1,333
Interest component of lease liabilities	**40**	89
	1,290	1,422

MANAGEMENT DISCUSSION & ANALYSIS

The Hong Kong economy contracted by 6.1% for 2020 as a whole, the sharpest annual decline on record. The economy saw a visibly enlarged year-on-year contraction of 9.0% in the first half of 2020 as the COVID-19 pandemic dealt a heavy blow to global and local economic activities. The Hong Kong economy is expected to resume growth in 2021, but the breadth and strength of the recovery is subject to the high uncertainty associated with the pandemic.

Compulsory Quarantine policy and social distancing measures seriously affected our business in local and overseas, staff immobility made us hard to handle overseas business issues and local measures banned us to held events to promote our business locally. Unless there is a release of the disease prevention measures, it is extremely hard for us to improve our situation.

Market conditions remain challenging and dynamic. We are looking forward of the vaccination helping to resume normal business in 2021. Nevertheless, it is by no means clear how the pandemic and its impact will develop over the coming months. The management of the Group prepared for the best to get through the tough times. For instance, given the relatively safer environment in Hong Kong and China, we will focus our business in the region and temporarily offload our overseas business in the coming future.

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.

Analysis on China's mining machinery manufacturing industry in 2021

China tightens coal import policy with import restrictions on Australian coal, but the domestic demand for coal remains robust. According to official figures from the National Bureau of Statistics, China's raw coal output rose 25.0% year-on-year to 620 million tonnes from January to February 2021; coal imports dropped 39.5% year-on-year to 41.13 million tonnes; and 124.28 billion kWh of electricity was generated, up 19.5% year-on-year. To cope with the continued rise in energy demand, the central government has expedited the approval of coal mining projects in recent months to increase domestic coal production and ensure that coal supply can be self-sufficient.

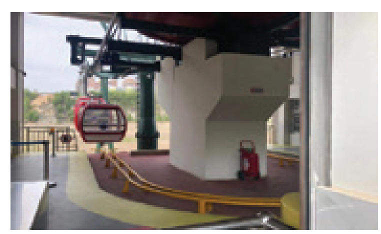
The Group believes that China will continue its long-running efforts to reduce reliance on imported coal, and will continue to strengthen its domestic coal supply network and expand production capacity, which is believed to drive further growth in domestic demand for mining machineries and have a positive impact on Tengzhou Kaiyuan's business.

Tengzhou Kaiyuan Highlights for the first quarter

- Tengzhou Kaiyuan actively follows up on the collection of accounts receivable in order to improve liquidity and alleviate cash flow pressure.

- As COVID-19 subsides, the previously suspended industries bounce back and are getting back on track, Tengzhou Kaiyuan has also gradually resumed operations. As a result, Tengzhou Kaiyuan generated approximately HK$5.74 million in revenue in the first quarter of 2021.

Production plant gradually resuming operations



R&D of mining machineries

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 2021

The National Railway Group announced that it will adopt a strategy of "prioritizing freight over passenger" in 2021, with the focus on the transportation of household goods and key energy sources such as coal and oil, and has set a target of transporting 3.7 billion tonnes of freight for the year, a year-on-year increase of 3.4%. Data shows that in the first quarter of 2021, China's railway freight volume grew 12% year-on-year to 923 million tonnes, of which 310 million tonnes were sent in March, up 10.1% year-on-year, showing robust growth in rail transport.

In addition, as China continues to tighten coal import policy, domestic coal production has increased significantly to ensure steady and sufficient supply of coal, which drives the development of the coal supply chain. Data shows that in the first quarter of 2021, the average loadings of domestic railway coal and electric coal were 82,000 and 55,000 trains per day, both of which were record highs.

The significant increase in domestic coal demand is expected to drive the development of the coal supply chain in China. The Group is hopeful that the sales volume of Shandong Kailai will increase.

Shandong Kailai for the first quarter

- Shandong Kailai's newly-constructed, fully-enclosed and environmentally friendly storage centre located at the eastern platform has officially commenced operations, which helps reduce dust generated during construction, suppress dust pollution, support environmental protection, promote waste reduction and put environmental sustainability into practice.

- Due to the controlled epidemic in China, rising coal demands and our newly-constructed storage centre, Shandong Kailai's turnover has improved, generating approximately HK$12.71 million in operating revenue in the first quarter of 2021, a year-on-year increase by 11 times.

New and fully-enclosed storage centre in full operation

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 has applied and officially been granted a prospecting license of 1.2 million tons on 11 August 2020. The application for coal fire extinguishment work is being processed, but is delayed due to a flooding incident on 10 April 2021 at Fengyuan coal mine in Quergou, Hutubi county, Changji Autonomous Prefecture, Xinjiang, and is expected to be approved in the second quarter of 2021. To prepare for the commencement of coal fire extinguishment work, a cooperation agreement has preliminarily been reached with Shaanxi Jinyuetai Engineering Company for the coal fire extinguishment project.

Analysis of Xinjiang's coal industry in 2021

According to the National Development and Reform Commission, from January to February 2021, Xinjiang produced 44.881 million tons of raw coal, an increase of 8.8% year-on-year; and generated 76.47 billion kWh of electricity, an increase of 22.7% year-on-year, reflecting the efforts made by the central government to increase domestic coal production and ensure stable energy supply while reducing coal imports.

In addition, as a result of a flooding incident at Fengyuan coal mine in Quergou, Hutubi county, Changji Autonomous Prefecture, Xinjiang, the authorities vow to intensify coal mine safety, ordering coal mines with an annual capacity below 600,000 tonnes to be shut down in the meantime. In addition, the local authorities have been carrying out a new round of safety inspections on coal mines across the region in an attempt to rectify hidden dangers and ensure that the industry safety regulations are strictly enforced, which has prompted mines in the province to speed up the renewal of mining machineries.

The Group believes that China's coal mining hub has been gradually shifting towards Xinjiang, with the region playing a key role in the nation's coal production and its modernization plan for its mining facilities. Under robust coal energy demands and the nation's macro-policy support, Xingliang Mine will generate a steady stream of revenue for the Group.

Xingliang Mine for the first quarter

- To prepare for the coal fire extinguishment project, the construction team of Xingliang Mine has started preliminary infrastructure works to increase the size of the administrative zone of the mine and level the road of the coal yard. In addition, the construction team is on standby at the mine, with various types of construction equipment ready, so that the team can kickstart the coal fire extinguishment project upon completion of the final stages of approval.

- In order to safeguard the safety and health of our employees, the construction team of Xingliang Mine places extra emphasis on aspects such as emergency rescue and escape routes, and has strictly complied with relevant safety regulations and implemented safety protocols and precautionary measures.

- 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 within this year.

Discussing with the construction team on the coal fire extinguishment project

iv. Mongolia — Supply Chain Management Business

The railway logistics platform in Choir, Mongolia, acquired by Kaisun Group, 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

From January-March 2021, Mongolia's total coal exports surged 113.73% on year to 6.67 million tonnes, latest data released by the National Statistical Office of Mongolia shows.

In 2021, Mongolia's coal production and exports have increased greatly, mainly related to the suspension of production due to the epidemic in the same period last year. At present, Mongolia's epidemic is not yet under control, with new confirmed COVID-19 cases from time to time. It has created a shroud of uncertainty as the Mongolian government could tighten COVID-19 containment measures at any time, which could potentially lead to the closure of borders. However, based on the current situation, Mongolia's coal exports this year is forecast to be much better than last year, and will hopefully see a substantial or even a record-high increase.

The Group believes that the escalation in Sino-Australian trade tensions would prompt China to strengthen trade ties with Mongolia, which would benefit the business development of Choir Logistics Centre in the long run.

Choir Project for the first quarter

- As the number of confirmed COVID-19 cases in Mongolia continues to rise, the Mongolia government has tightened its COVID-19 containment measures, including complete suspension of regular overseas flights and international passenger trains from China and Russia, closure of land borders with China and Russia and suspension of regular international flights. The Group's management team is unable to handle the issues on-site; therefore the Group will continue to discuss with the vendor through various channels regarding the fulfillment clause for the acquisition of Choir Logistics Centre, with a view to reaching a consensus and completing the acquisition as soon as possible.

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.

At present, Cheung Lee owns approximately 8,000 mu of agricultural base.

Cheung Lee Highlights for the first quarter

- Cheung Lee continues to expand the sales channels of "Natural Vegetable", as part of its efforts to increase local market share.

- Cheung Lee places emphasis on the trading of tea this quarter, and has formulated plans for its tea products to enter the online leisure food sales platform in the Mainland as well as distribute them to various places around the world.

SECOND QUARTER 2021 DEVELOPMENT GOALS

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

Shandong — Mining and Metallurgical Machinery Production

- With the dwindling of COVID-19 in China and the launch of our brand new mining machineries, it is expected to have a positive impact on Tengzhou Kaiyuan in the second quarter with a revenue boost.

Shandong — Supply Chain Management Services

- In the second quarter, Shandong Kailai will examine plans to improve operational efficiency and profitability, with the view to expanding its operations while maintaining operational efficiency. The active coal market has also led to increased demand for supply chain management services, supporting Shandong Kailai's continued expansion.

Xinjiang — Coal Exploitation Business

- The construction team will continue to be on standby at Xingliang Mine in the second quarter, strictly comply with relevant safety regulations and implement safety protocols and precautionary measures. Once the final approval is obtained, the team is able to kickstart the coal fire extinguishment project as soon as possible, maintain a safe working environment in the mine and generating additional stream of revenue for the Group.

- Xingliang Mine is preparing the application procedures for the mining license of 1.2 million tons, and expects to obtain approval within this year.

Mongolia — Supply Chain Management Business

- The Group will continue to hold negotiations with the vendor regarding the contractual clauses on the fulfillment of obligations of Choir Logistics Centre, with the view to completing the entire acquisition and commencing construction as soon as possible.

Agricultural Investment and Development

- Cheung Lee aims 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 & CONSULTING SERVICES

Hong Kong's tourism and MICE (Meetings, incentives, conferences and exhibitions) industry remains in the doldrums amid lingering Covid-19 pandemic. Therefore, for the past year, the team put great efforts in transforming the business from offline to online, meanwhile drumming up new business and all the efforts are starting to deliver impressive results from the first quarter of this year. In addition to provide technical support to customized zoom meeting for our client, services such as website development, graphic design, copywriting, and advertising have also well received by the clients. In March, the team landed its first partnership in bus body advertising campaign and has involved in every stage of the project, from graphic design, communication with bus companies to onsite photography, trying its best to deliver an outstanding customer experience. In the second quarter, the team will continue its efforts in expanding client base and strive to close more contracts.

ESPORTS BUSINESS

In the first quarter, Kaisun's esports subsidiary Evoloop Limited launched its new online esports competition brand named GIRLGAMER Challenge, as a strategy to minimize the effect of the Covid-19 on offline esports events. Sponsored by global renowned brands including Logitech G, this time the competition further expanded its covered regions. Best female esports players from Africa, North and South America, Oceania, Europe and Asia will be gathered and the competition will broadcast on numerous social media platforms with on-air commentary. At the time of writing, competition in middle east and Africa has concluded with over 300,000 exposure gained. The team will continue its efforts on increasing brand awareness for building a sustainable brand. The fundraising is also underway and it is expected to see progress in the upcoming second quarter.

KAISUN TRUST

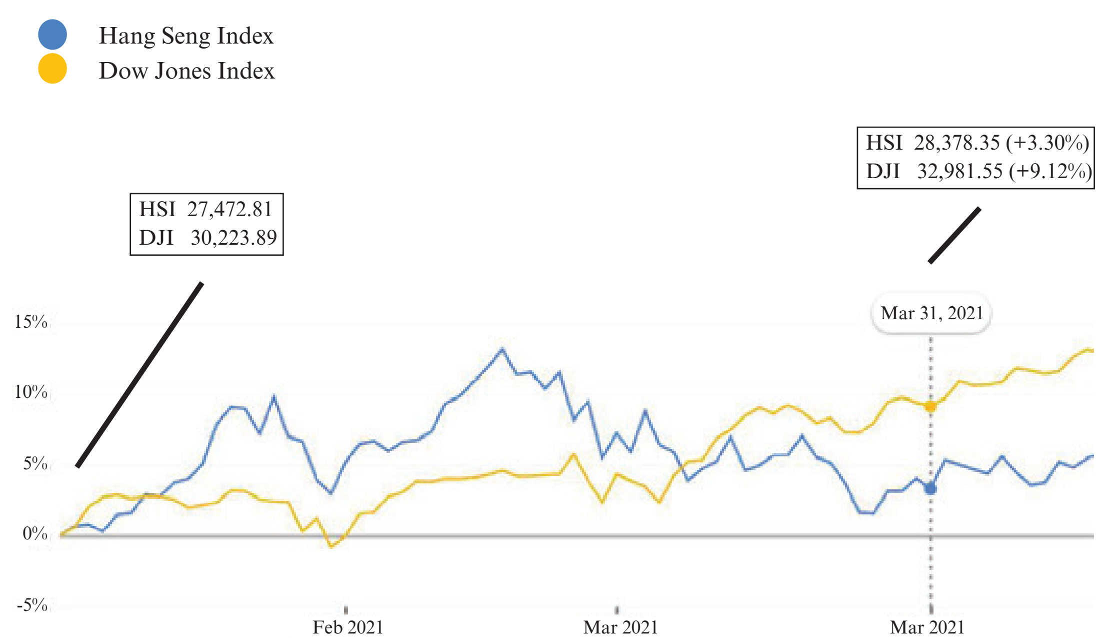
Kaisun Trust's total size of assets under administration increased despite the potential threats of the pandemic in the year of 2020. In the first quarter of this year, Kaisun Trust's performance remains steady and it joined a trustees' association for industrial networking and exchanging valuable information with peers in order to build its own efficient professional service network and reduce expenditure in the long run. Besides, Kaisun Trust maintains good relationship with fund managers. Looking into the future, Kaisun trust will strive to further expand its client base and the team believes it will continue to witness steady growth in the total size of assets under administration.

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. For the past three months, downward pressures on global economy continued and financial markets fluctuated due to US treasury yields rose amid the ongoing COVID-19 pandemic. Meanwhile, the vaccination rates increased globally and the multinational governments maintained an accommodative monetary policy and took a more optimistic stance towards the global economic outlook. In Hong Kong, the pandemic is still not under control while the unemployment rate continues to rise. However, as the government launched a number of relief and vaccination measures for the economic revival, the stock market resulted in turnover well above average as well the IPO markets, and the Hang Seng Index has returned to the level before the outbreak.

The Investment Committee believes the coronavirus has a high chance to mutate and the pandemic will continue globally. The investment committee will continue to put more resources into new economy sector and stocks that pays dividend.

Heng Sang Index & Dow Jones Index Chart (Performance in Q1 2021)



As at 31 March 2021, the fair value of listed investment was HK$26,670,870. The cost of listed investment was HK$47,771,529.

During the three months end 31 March 2021, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK$282,050.

FINANCIAL REVIEW

Revenue of the Group for three months ended 31 March 2021 amounted to approximately HK$21.6 million, represented an increase of approximately 427% when compared with the same period in 2020 (three months ended 31 March 2020: HK$4.1 million). The increase in revenue was mainly attributable to resumption of the operations for provision of supply chain management services and mining and metallurgical machineries production etc. during the first quarter in 2021.

The Group gross profit for three months ended 31 March 2021 increased by approximately 164% to approximately HK$3.7 million when compared with the same period in 2020 (three months ended 31 March 2020: HK$1.4 million). The increase in gross profit was due to increase in revenue caused by the reason mentioned in previous paragraph.

For three months ended 31 March 2021, the total administrative and other operating expenses was approximately HK$13.9 million, which was not significantly changed compared with the same period in 2020 (three months ended 31 March 2020: HK$13.5 million).

For three months ended 31 March 2021, the loss from continuing operations was approximately HK$7.1 million (three months ended 31 March 2020 loss: HK$19.6 million). The loss from operation was narrowed due to a drop of fair value loss on financial asset at FVTPL from approximately HK$7.7 million to HK$0.3 million and a gain on disposal of financial assets at FVTPL of approximately HK$1.7 million. The Group has a smaller investment portfolio when compared with the corresponding period in 2020 by selling part of listed securities which was carried out in 2020 leading to a drop in fair value loss in financial asset through profit or loss.

The Group recorded loss for three months ended 31 March 2021 of approximately HK$7.7 million, represented a decrease of approximately 54.1% when compared with the same period in 2020 (loss for three months ended 31 March 2020: HK$16.8 million).

The total comprehensive loss attributable to owners of the Company for three months ended 31 March 2021 amounted to approximately HK$6.0 million (The total comprehensive loss attributable to owners of the Company for three months ended 31 March 2020: HK$13.7 million).

As at 31 March 2021, the Group held financial assets at FVTPL of approximately HK$26.7 million, wholly comprised of securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market as at 31 March 2021, the gain on disposal of financial assets at FVTPL amounted to approximately HK$1.7 million (as at 31 March 2020 gain: HK$907,000), whilst the fair value loss on financial assets at FVTPL was approximately HK$0.3 million for three months ended 31 March 2021 (fair value loss for three months ended 31 March 2020: HK$7.7 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 31 March 2021	% of share-holding as at 31 March 2021	Unrealized gain/(loss) on fair value change for the year ended 31 March 2021	Fair value as at 31 March 2021	Fair value as at 31 December 2020	% of the Group's net assets as at 31 March 2021	Investment cost	Reasons for fair value loss
			HK$	*HK$*	*HK$*		*HK$*	
Hong Kong Listed Securities								
Baidu, Inc. (9888) *(Note 1)*	100	0.000004%	(3,900)	21,300	—	0.02%	25,200	Drop in share price
Bilibili Inc. (9626) *(Note 2)*	60	0.00002%	1,200	49,680	—	0.05%	48,480	
BOC Hong Kong (Holdings) Limited (2388) *(Note 3)*	15,000	0.0001%	54,750	407,250	352,500	0.45%	462,750	—
EJE (Hong Kong) Holdings Limited (8101) *(Note 4)*	9,800,000	2.82%	(1,029,000)	3,528,000	4,557,000	3.87%	14,020,604	Drop in share price
HSBC Holdings plc (0005) *(Note 5)*	20,000	0.0001%	95,000	910,000	815,000	1.00%	1,015,000	—
Tencent Holdings Limited (0700) *(Note 6)*	1,500	0.00002%	(141,750)	915,000	—	1.00%	1,056,750	Drop in share price
Tesson Holdings Limited (1201) *(Note 7)*	13,215,000	1.10%	(132,150)	5,286,000	10,470,160	5.79%	6,199,305	Drop in share price
Wealthking Investments Limited (1140) *(Note 8)*	17,476,000	0.60%	873,800	15,553,640	14,679,840	17.04%	24,943,440	—
Target Insurance (Holdings) Limited (6161) *(Note 9)*	—	—	—	—	5,418,150	—	—	
Total			(282,050)	26,670,870	36,292,650	29.22%	47,771,529	

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. 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.

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

5. 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").

6. Tencent Holdings Limited (HKEx: 0700) — Tencent Holdings Limited is principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services.

7. 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.

8. 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.

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

As at 31 March 2021, 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 March 2021**	**% of shareholding as at 31 March 2021**	**% of the Group's net assets as at 31 March 2021**	**Investment cost as at 31 March 2021** *HK$*	Investment cost as at 31 December 2020 *HK$*
Financial assets at FVTOCI					
Cheung Lee Farming Corporation *(Note 1)*	870	8.7%	**9.53%**	**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	**8.77%**	**8,000,000**	8,000,000
			18.30%	**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	2.49%	—	**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.

   The management of the Group determined to make full impairment on the investment amount in the associates so as to reflect the potential risk of loss.

   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%.

   On 1 April 2021, due to the continuously loss making status and the difficulty in travelling to London to handle relevant issues, shareholders of SCH Limited decided to deregister and to liquidate assets of SCH Limited. On 14 April 2021, the Company received approximately GBP 29,000 from SCH Limited after liquidation of assets. As at the date of this announcement, the deregistration is still in progress. After the liquidation of assets of SCH Limited, the Group's effective shareholdings in Sturgeon Capital will be further decreased.

   The directors of the Company confirmed that the negotiation has not finalised up to the date of approval of these consolidated financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group has bank and cash balances of approximately HK$31.1 million (as at 31 December 2020: HK$24.3 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.

In 2020, 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 March 2021 (as at 31 December 2020: 0.16).

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 March 2021, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

MATERIAL DIFFERENCES BETWEEN THE FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020 AND COMPARATIVE FIGURES IN THIS ANNOUNCEMENT

Since financial information contained in the first quarterly results announcement for the three months ended 31 March 2020 was neither audited nor agreed with the auditor as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to material differences between the first quarterly results for the three months ended 31 March 2020 set out in the first quarterly results announcement for the three months ended 31 March 2020 and the comparative figures disclosed in this announcement. The principal details and reasons are set out below:

		Unaudited Three months ended 31 March		
		2020	2020	
		(restated)	(As published)	Difference
	Note	***HK$'000***	*HK$'000*	*HK$'000*
Revenue		**4,102**	4,102	—
Cost of goods sold		**(2,669)**	(2,669)	—
Gross profit		**1,433**	1,433	—
Gain on disposal of financial assets at fair value through profit or loss (FVTPL)		**907**	907	—
Fair value loss on financial assets at FVTPL		**(7,716)**	(7,716)	—
Impairment loss on the trade and other receivable	(i)	**(818)**	(3,986)	3,168
Other income and gains		**83**	83	—
Administrative and other operating expenses		**(13,486)**	(13,486)	—
Loss from continuing operations		**(19,597)**	(22,765)	3,168
Share of profit of associates	(ii)	**—**	(162)	162
Finance costs		**(1,422)**	(1,422)	—
Loss before tax from continuing operations		**(21,019)**	(24,349)	3,330
Discontinued Operation				
Loss from discontinued operations		**(1)**	(1)	—
Loss before tax		**(21,020)**	(24,350)	3,330
Income tax credit		**4,272**	4,272	—
Loss for the period		**(16,748)**	(20,078)	3,330

	Note	Unaudited Three months ended 31 March **2020 (restated)** ***HK$'000***	2020 (As published) *HK$'000*	Difference *HK$'000*
Attributable to:				
Owners of the Company				
Loss for the period from Continuing Operations		**(14,786)**	(18,116)	3,330
Loss for the period from discontinued operations		**(1)**	(1)	—
Loss for the period attributable to owners of the Company		**(14,787)**	(18,117)	3,330
Non-controlling interests				
Loss for the period from Continuing Operations		**(1,961)**	(1,961)	—
Loss for the period from discontinued operations		**—**	—	—
Loss for the period attributable to non-controlling interests		**(1,961)**	(1,961)	—
Loss for the period		**(16,748)**	(20,078)	3,330
Loss per share (HK cents)				
Basic		**(2.56)**	(3.48)	

	Note	Unaudited Three months ended 31 March **2020 (restated)** ***HK$'000***	2020 (As published) *HK$'000*	Difference *HK$'000*
Loss for the period		**(16,748)**	(20,078)	3,330
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations		**(6,520)**	7,263	(13,783)
Other comprehensive income for the year, net of tax		**(6,520)**	7,263	(13,783)
Total comprehensive income for the period		**(23,268)**	(12,815)	(10,453)
Attributable to:				
Owners of the Company				
Loss for the period from Continuing Operations		**(13,652)**	(10,928)	(2,724)
Loss for the period from discontinued operations		**—**	—	—
(Loss)/profit for the period attributable to owners of the Company		**(13,652)**	(10,928)	(2,724)
Non-controlling interests				
Loss for the period from Continuing Operations		**(9,616)**	(1,887)	(7,729)
Loss for the period from discontinued operations		**—**	—	—
Loss for the period attributable to owners of the Company		**(9,616)**	(1,887)	(7,729)
Total Comprehensive income attributable to:				
Owners of the Company		**(13,652)**	(10,928)	(2,724)
Non-controlling interests		**(9,616)**	(1,887)	(7,729)
		(23,268)	(12,815)	(10,453)

Notes:

(i) The difference resulted from the finalisation of expected credited loss assessment in 2019 of certain debtors and recognised in 2019.

(ii) The difference resulted from the Company decided to record the carrying amount of the investment in associates at cost in 2019.

OTHER INFORMATION

1. Share-based Compensation Scheme

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

Share Award Scheme 2016

The Company adopted the share award scheme 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 this 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 three months ended 31 March 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 number of shares in the Share Award Scheme 2016 as at 31 March 2021 was 13,610,000.

No share was awarded to any director or employee of the Company under the Share Award Scheme 2016 during the period.

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 three months ended 31 March 2021, 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 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 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 of the Company 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. Anderson Brian Ralph, 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 three months ended 31 March 2021 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 on Corporate Governance Practices**

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 three months ended 31 March 2021 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 three months ended 31 March 2021. 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 three months ended 31 March 2021, 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, 7 May 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 Mr. CHAN Nap Kee Joseph, Mr. YANG Yongcheng and three independent non-executive Directors Mr. LIEW Swee Yean, Dr. WONG Yun Kuen and Mr. ANDERSON Brian Ralph.

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.