KAISUN
HOLDINGS LIMITED
凱順控股有限公司

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 2025

The board (the "**Board**") of directors (the "**Directors**") of Kaisun Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025. This announcement, containing the full text of the 2025 interim report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of interim results.

By Order of the Board
KAISUN HOLDINGS LIMITED
Ching Ho Tung Philip
Executive Director

Hong Kong, 29 August 2025

* *for identification purpose only*

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 three executive directors of the Company Mr. Yang Yongcheng, Mr. Chen Chun Long and Mr. Ching Ho Tung Philip.

*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 announcement misleading.*

This report will remain on the "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) for at least seven days after the date of its publication and on the website of the Company (www.kaisun.hk).

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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 Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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.

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This report, 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 report 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 report misleading.

The board of Directors (the "Board") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025 together with the unaudited comparative figures for the corresponding period in 2024 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June	
	Note	**2025 HK$'000**	2024 HK$'000
Revenue	4	**330,705**	501,609
Cost of goods sold and services		**(307,654)**	(428,129)
Gross profit		**23,051**	73,480
Investment and other income	6	**418**	1,183
Other gains and losses	7	**(3,482)**	(8,557)
Administrative and other operating expenses		**(40,658)**	(51,367)
(Loss)/profit from operations		**(20,671)**	14,739
Finance costs	12	**(8,622)**	(12,788)
(Loss)/profit before tax		**(29,293)**	1,951
Income tax credit	8	**807**	1,774
(Loss)/profit for the period	9	**(28,486)**	3,725
Attributable to:			
Owners of the Company		**(24,442)**	(83)
Non-controlling interest		**(4,044)**	3,808
		(28,486)	3,725
Loss per share (HK cents)			
Basic	11	**(4.19)**	(0.01)

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

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June	
		2025	2024
	Note	**HK$'000**	HK$'000
(Loss)/profit for the period		**(28,486)**	3,725
Other comprehensive income/ (expense):			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**519**	(4,108)
Other comprehensive income/ (expense) for the period, net of tax		**519**	(4,108)
Total comprehensive expense for the period		**(27,967)**	(383)
Attributable to:			
Owners of the Company		**(24,683)**	(3,265)
Non-controlling interest		**(3,284)**	2,882
		(27,967)	(383)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	Unaudited 30 June 2025 HK$'000	Audited 31 December 2024 HK$'000
Non-current assets			
Property, plant and equipment	13	**23,875**	83,643
Right-of-use assets		**160**	162
Intangible assets	14	**244,493**	242,391
Deferred tax assets		**8,940**	9,236
Deposits paid for acquisition of property, plant and equipment		**8,254**	8,016
		285,722	343,448
Current assets			
Inventories		**49,747**	5,869
Financial assets at fair value through profit or loss ("FVTPL")	20	**13,193**	11,399
Trade and bills receivables	15	**63,396**	76,188
Deposits, prepayments and other receivables		**285,093**	208,696
Deposits in a licensed corporation		**24,859**	24,619
Bank and cash balances		**23,027**	70,776
		459,315	397,547
Current liabilities			
Trade payables	16	**12,538**	13,638
Other payables and accruals		**404,366**	433,841
Contract liabilities		**132,038**	128,950
Bonds payable		**46,800**	46,800
Other financial liabilities		**15,671**	15,671
Lease liabilities		**28**	125
Current tax liabilities		**8,289**	8,027
		619,730	647,052

	Note	Unaudited 30 June 2025 HK$'000	Audited 31 December 2024 HK$'000
Net current liabilities		**(160,415)**	(249,505)
Total assets less current liabilities		**125,307**	93,943
Non-current liabilities			
Other payables and accruals		**152,793**	92,750
Lease liabilities		**25**	31
Deferred tax liabilities		**18,405**	19,111
		171,223	111,892
NET LIABILITIES		**(45,916)**	(17,949)
Capital and reserves			
Share capital	17	**58,342**	58,342
Reserves		**(122,020)**	(97,337)
Equity attributable to owners of the Company		**(63,678)**	(38,995)
Non-controlling interests		**17,762**	21,046
CAPITAL DEFICIENCY		**(45,916)**	(17,949)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Share capital HK$'000	Share premium HK$'000	Shares held under share award scheme HK$'000	Foreign currency translation reserve HK$'000	Financial assets at fair value through other comprehensive income ("FVTOCI") reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Capital deficiency HK$'000
At 1 January 2024 (audited)	58,342	1,361,910	(3,371)	(3,520)	(7,200)	(1,456,777)	(50,616)	19,438	(31,178)
Total comprehensive expense for the period	–	–	–	(3,182)	–	(83)	(3,265)	2,882	(383)
Changes in equity for the period	–	–	–	(3,182)	–	(83)	(3,265)	2,882	(383)
At 30 June 2024 (unaudited)	58,342	1,361,910	(3,371)	(6,702)	(7,200)	(1,456,860)	(53,881)	22,320	(31,561)
At 1 January 2025 (audited)	**58,342**	**1,361,910**	**(3,371)**	**(777)**	**(7,200)**	**(1,447,899)**	**(38,995)**	**21,046**	**(17,949)**
Total comprehensive income for the period	**–**	**–**	**–**	**(241)**	**–**	**(24,442)**	**(24,683)**	**(3,284)**	**(27,967)**
Changes in equity for the period	**–**	**–**	**–**	**(241)**	**–**	**(24,442)**	**(24,683)**	**(3,284)**	**(27,967)**
At 30 June 2025 (unaudited)	**58,342**	**1,361,910**	**(3,371)**	**(1,018)**	**(7,200)**	**(1,472,341)**	**(63,678)**	**17,762**	**45,916**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June 2025 HK$'000	2024 HK$'000
Net cash (used in)/generated from operating activities	**(38,232)**	91,436
Net cash generated from/(used in) investing activities	**(315)**	(36,229)
Net cash used in financing activities	**(8,725)**	(12,879)
Net (decrease)/increase in cash and cash equivalents	**(47,272)**	42,328
Effect of foreign exchange rate changes	**(477)**	(1,683)
	(47,749)	40,645
Cash and cash equivalents at beginning of period	**70,776**	9,907
Cash and cash equivalents at end of period	**23,027**	50,552

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, Central, Hong Kong. The Company's shares are listed on the 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 is unaudited but 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 2024 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 2024, except for the accounting policy changes that are expected to be reflected in the 2025 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 and net liabilities of approximately HK$160,415,000 and HK$45,916,000 respectively as at 30 June 2025. 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 of the Company have 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 2025 prepared by the management of the Company, and after taking into consideration the following:

(i) having regard to the resumption of the normal business activities of the Group including the production and sales of coal in Xinjiang mine, the directors believe that the Group will be able to generate positive cash flows from operations; and

(ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the matured bond payables of HK$46,800,000 and the accrued interest of approximately HK$6,700,000.

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 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 the International Financial Reporting Standards ("IFRSs") issued by the IASB to this interim financial report for the current accounting period:

Amendments to IAS 21	Lack of Exchangeability

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. 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 lines for the period is as follows:

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sales of goods:		
— Production and sales of coals	**310,066**	444,832
— Provision of supply chain management services for mineral business	**3,934**	40,327
— Mining and metallurgical machineries products	**4,698**	8,151
Provision of services:		
— Logistics services for mineral business	**6,580**	2,157
— Trust and trustee services	**1,265**	917
— Event management services	**2,014**	2,798
— Operating of railway logistic platform	**1,993**	2,158
— Others	**155**	269
	330,705	501,609

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:

	Production and sales of coals		Provision of supply chain management services for mineral business		Mining and metallurgical machineries products		Logistics services for mineral business		Trust and trustee services		Event management services		Operating of railway logistic platform		Others		Total	
For the six months ended 30 June (unaudited)	**2025 HK'000**	2024 HK'000	**2025 HK'000**	2024 HK'000	**2025 HK'000**	2024 HK'000	**2025 HK'000**	2024 HK'000	**2025 HK'000**	2024 HK'000	**2025 HK'000**	2024 HK'000	**2025 HK'000**	2024 HK'000	**2025 HK'000**	2024 HK'000	**2025 HK'000**	2024 HK'000
Revenue by primary geographical markets																		
– Hong Kong	**-**	–	**-**	–	**-**	–	**-**	–	**1,265**	917	**2,014**	2,798	**-**	–	**155**	17	**3,434**	3,732
– PRC except Hong Kong	**310,066**	444,832	**3,934**	40,327	**4,698**	8,151	**6,580**	2,157	**-**	–	**-**	–	**-**	–	**-**	–	**325,278**	495,467
– Others	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**1,993**	2,158	**-**	252	**1,993**	2,410
Revenue from external customers	**310,066**	444,832	**3,934**	40,327	**4,698**	8,151	**6,580**	2,157	**1,265**	917	**2,014**	2,798	**1,993**	2,158	**155**	269	**330,705**	501,609
Timing of revenue recognition																		
Products transferred at a point in time	**310,066**	444,832	**3,934**	40,327	**4,698**	8,151	**6,580**	2,157	**-**	–	**-**	–	**-**	–	**-**	–	**325,278**	495,467
Products and services transferred over time	**-**	–	**-**	–	**-**	–	**-**	–	**1,265**	917	**2,014**	2,798	**1,993**	2,158	**155**	269	**5,427**	6,142
Total	**310,066**	444,832	**3,934**	40,327	**4,698**	8,151	**6,580**	2,157	**1,265**	917	**2,014**	2,798	**1,993**	2,158	**155**	269	**330,705**	501,609

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 HK$'000	Consulting and media services business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
For six months ended 30 June 2025 (unaudited)				
Revenue from external customers	327,271	3,344	90	330,705
Segment (loss)/profit	(25,379)	209	(3,316)	(28,486)
Interest revenue	137	–	31	168
Interest expenses	8,618	4	–	8,622
Depreciation and amortisation	9,291	1	–	9,292
Income tax (credit)/expense	(1,107)	4	296	(807)
Other material items of income and expenses:				
Staff cost	10,759	1,100	4,226	16,085
Other material non-cash items:				
Impairment loss on trade and other receivables	5,124	97	3	5,224
Additions to segment non-current assets	697	–	–	697
As at 30 June 2025 (unaudited)				
Segment assets	694,373	2,800	47,864	745,037
Segment liabilities	634,531	2,082	154,340	790,953

	Coal mining business segment HK$'000	Consulting and media services business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
For six months ended 30 June 2024 (unaudited)				
Revenue from external customers	497,625	3,984	—	501,609
Segment profit/(loss)	15,067	22	(11,364)	3,725
Interest revenue	356	1	532	889
Interest expenses	10,432	16	2,340	12,788
Depreciation and amortisation	11,258	1	—	11,259
Income tax credit	(1,072)	—	(702)	(1,774)
Other material items of income and expenses:				
Staff cost	7,414	939	4,567	12,920
Other material non-cash items:				
Impairment loss/(reversal of impairment loss) on trade and other receivables	3,945	(1)	3	3,947
Additions to segment non-current assets	7,512	—	—	7,512
As at 30 June 2024 (unaudited)				
Segment assets	568,719	2,954	46,084	617,757
Segment liabilities	468,562	2,401	178,355	649,318

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Reconciliations of segment profit or loss:		
Total (loss)/profit of reportable segments	**(28,486)**	3,725
Other loss	**–**	—
Consolidated (loss)/profit for the period	**(28,486)**	3,725

6. INVESTMENT AND OTHER INCOME

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Interest income on bank deposits	**168**	889
Dividend income from equity investments	**214**	189
Sundry income	**36**	105
	418	1,183

7. OTHER GAINS AND LOSSES

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Net foreign exchange loss	**(52)**	(357)
Fair value gain/(loss) on financial assets at FVTPL	**1,794**	(4,253)
Impairment loss on trade and other receivables	**(5,224)**	(3,947)
	(3,482)	(8,557)

8. INCOME TAX CREDIT

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Current tax		
— Hong Kong & PRC		
Income tax expenses	**147**	191
Deferred tax credit	**(954)**	(1,965)
	(807)	(1,774)

Hong Kong and Mongolia Profits Tax is calculated at 16.5% and 10% respectively on the estimated assessable profit for both period.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, has been provided at a rate of 25% for both period.

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.

9. (LOSS)/PROFIT FOR THE PERIOD

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

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Directors' remuneration	**1,860**	2,087
Cost of inventories sold	**306,787**	395,803
Depreciation on property, plant and equipment	**4,288**	5,865
Depreciation on right-of-use assets	**6**	339
Amortisation of intangible assets (included in administrative and other operating expenses)	**4,998**	5,055
Fair value (gain)/loss on financial assets at FVTPL	**(1,794)**	4,253
Impairment loss on trade and other receivables	**5,224**	3,947
Net exchange loss	**52**	357

10. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2025 (Six months ended 30 June 2024: Nil).

11. LOSS PER SHARE

The calculations of the basic loss per share are based on the following data:

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Loss for the purpose of calculating basic loss per share	**(24,442)**	(83)
Number of shares *(Thousand shares)*		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**583,416**	583,416

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 June 2025 and 2024.

12. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2025	2024
	HK$'000	HK$'000
Interest on bond payables	**–**	2,340
Interest component of lease liabilities	**7**	20
Interests on bank and other borrowings	**1,591**	3,104
Imputed interest expenses on payables for mining rights	**7,024**	7,324
	8,622	12,788

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant, and equipment of approximately HK$0.7 million, and no addition to construction in progress. During the six months ended 30 June 2024, the Group acquired property, plant, and equipment of approximately HK$7.5 million and the additions to construction in progress amounted to approximately HK$29.8 million.

14. INTANGIBLE ASSETS

	Mining rights
	HK$'000
Cost	
At 1 January 2024	329,979
Exchange differences	(10,826)
At 31 December 2024 and 1 January 2025	319,153
Exchange differences	9,477
At 30 June 2025	328,630
Accumulated amortisation and impairment losses	
At 1 January 2024	69,134
Amortisation for the period	10,111
Exchange differences	(2,483)
At 31 December 2024 and 1 January 2025	76,762
Amortisation for the period	4,998
Exchange differences	2,377
At 30 June 2025	84,137
Carrying amount	
At 30 June 2025	244,493
At 31 December 2024	242,391

At 30 June 2025, 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.

15. TRADE AND BILLS RECEIVABLES

	Unaudited as at 30 June 2025 HK$'000	Audited as at 31 December 2024 HK$'000
Trade receivables	125,063	123,996
Allowance for doubtful debts	(63,105)	(52,435)
	61,958	71,561
Bills receivables	1,438	4,627
	63,396	76,188

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 2025 HK$'000	Audited as at 31 December 2024 HK$'000
0–30 days	**4,898**	20,670
31–60 days	**551**	2,510
61–90 days	**4,364**	331
91 days-365 days	**41,971**	58,340
Over 1 year	**73,279**	42,145
	125,063	123,996

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

	Unaudited as at 30 June 2025 HK$'000	Audited as at 31 December 2024 HK$'000
HK$	**690**	429
RMB	**59,373**	74,012
US$	**3,333**	1,747
	63,396	76,188

16. TRADE PAYABLES

At 30 June 2025, the ageing analysis of trade payables based on the date of receipt of goods, is as follows:

	Unaudited as at 30 June 2025 HK$'000	Audited as at 31 December 2024 HK$'000
0–30 days	**2,160**	6,023
31–60 days	**1,019**	873
61–90 days	**824**	853
91–365 days	**6,816**	5,380
Over 1 year	**1,719**	509
	12,538	13,638

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

17. SHARE CAPITAL

	Unaudited as at 30 June 2025 HK$'000	Audited as at 31 December 2024 HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
583,415,844 ordinary shares of HK$0.1 each	**58,342**	58,342

18. CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

19. COMMITMENTS

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

	Unaudited as at 30 June 2025 HK$'000	Audited as at 31 December 2024 HK$'000
Capital contribution to a subsidiaries	206,250	200,302
Capital expenditures for property, plant and equipment	9,050	8,789
	215,300	209,091

20. FINANCIAL ASSETS AT FVTPL

	Unaudited as at 30 June 2025 HK$'000	Audited as at 31 December 2024 HK$'000
Equity securities, at fair value		
— Listed in Hong Kong	13,193	11,399
Analysed as:		
Current assets	13,193	11,399

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

	Unaudited as at 30 June 2025 HK$'000	Audited as at 31 December 2024 HK$'000
Held for trading	13,193	11,399

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

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

The fair values of listed securities are based on current bid prices.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2025, the global economy continued to face numerous challenges. According to data from the International Monetary Fund (IMF), global GDP growth reached 3.3%, slightly higher than that of 2024 but still below the pre-pandemic average (3.5%), primarily due to escalating geopolitical conflicts (including the ongoing Russia-Ukraine conflict and tensions in the Middle East) and tariff disputes between the United States and other major economies. These factors have increased uncertainties in global supply chains and placed greater pressure on the corporate operating environment.

As the main operational base of the Group, China also faced severe tests amid the global economic downturn. Preliminary calculations from the National Bureau of Statistics showed that China's GDP grew by 5.3% year-on-year in the first half of 2025, demonstrating certain vitality and resilience. Despite the steady recovery of the domestic economy, issues such as slowing growth and weak domestic demand persist. In particular, the energy and mining industries have encountered increased operational difficulties due to the combined effects of policy adjustments and market changes.

In the first half of 2025, the Group significantly reduced administrative expenses by optimizing management processes and strengthening cost control. However, due to weak demand in the domestic coal market and the fact that coal-consuming enterprises primarily utilized existing inventory, new procurement demand declined, leading to a decrease in the Group's gross profit. With the arrival of the traditional peak coal consumption season in the second half of the year, domestic coal demand is expected to gradually recover. Simultaneously, after continuous inventory drawdowns in the first half of the year, inventory levels at end-user enterprises are anticipated to decrease significantly, potentially releasing new procurement demand and further stimulating a recovery in the coal market.

The Group maintains a cautiously optimistic outlook for the market in the second half of the year. We believe that with the gradual recovery of market demand, the Group's profitability will improve, driving business performance back onto a path of stable growth. The Group has consistently maintained keen insight and strategic adaptability. We clearly recognize that, at this stage, only by focusing on core businesses, optimizing resource allocation, and enhancing management efficiency can we gain initiative in future competition. Therefore, the Group emphasized the following adjustment measures in the first half of 2025:

1. Focus on Core Business: Concentrate more resources and efforts on the mineral mining operations in Xinjiang, fully leverage the potential of existing assets, and explore opportunities for larger-scale resource integration.

2. Management Restructuring: Optimize the leadership team to enhance the executive management's strategic execution capability and responsiveness to market changes.

Management Adjustments

The Group recently implemented key management adjustments to ensure stable operational management in future development:

1. Adjustment of the Former Chairman's position

Adjustment of Former Chairman's Role Mr. Chan Nap Kee Joseph, the former Chairman of the Group, has stepped down from the Board but reaffirmed his continued commitment by agreeing to extend his existing interest-free shareholder loan until June 30, 2027, in support of the Group's financial stability and ongoing operations.

2. Appointment of new directors

Appointment of New Directors Two former Co-CEOs, Mr. Chen Chun Long and Mr. Ching Ho Tung Philip, have been promoted to the Board. Together with Mr. Yang Yongcheng they now constitute the current Board of Directors. Their profound business experience and comprehensive understanding of the Group will provide crucial support for future Board decision-making.

3. Board Expansion Plan

The Board is actively seeking and appointing suitable directors to strengthen the Group's compliance management and meet the responsibilities required under listing rules. The Group's compliance advisor is closely monitoring the Board's operations. Priority will be given to candidates with diverse backgrounds and professional expertise to enhance the Board's overall capability and decision-making quality.

Business Strategy Adjustments

1. Steady Development of Core Business

The mineral mining business in Xinjiang, as the core operation of the Group, demonstrated steady performance and strong growth potential in the first half of 2025. Leveraging the Group's resource advantages in the Tuha Coalfield in Xinjiang, we successfully improved production efficiency and market coverage through continuous technological upgrades and management optimization. Furthermore, the Group has made progress in other coal-related business areas, such as supply chain management and metallurgical machinery production. These operations provide essential support for the core mineral development business and enhance the Group's overall competitiveness. Since late June 2025, with the introduction of domestic policies such as "anti-involution" and "anti-overproduction," coupled with improved demand, domestic coal prices are expected to rebound. As policy support is further implemented, we remain optimistic about the long-term development prospects of the Xinjiang mining business and related operations.

2. Gradual Exit from Non-Core Businesses

After prudent strategic evaluation, the Group has decided to gradually exit certain non-core businesses to better concentrate resources on supporting the development of core operations. Due to the challenging economic environment and continuously rising labor and operational costs, we regret to announce the discontinuation of the Event Management & Consulting Services. Although this decision was not made lightly, we believe it will facilitate optimized resource allocation and greater strategic focus for the Group.

Future Outlook Looking ahead, the Group remains unwavering in its commitment to creating long-term value for shareholders. With a more focused strategy, efficient management, and stronger execution, we will drive the sustainable development of the Group. We believe that through these adjustments and optimization measures, the Group's core value will become clearer, and its investment appeal will be further enhanced. This series of changes is not only a proactive response to current challenges but also a significant step toward a higher stage of development.

MINING, MANUFACTURING OF MACHINERY & SUPPLY

Production and supply chain management of mineral resources, mining and metallurgical machinery

1. *Shandong — Production of mining and metallurgical machinery*

Tengzhou Kaiyuan Industrial Co., Ltd. ("Tengzhou Kaiyuan"), a joint venture of the Group's subsidiaries, specializes in mining and metallurgical machinery production. It owns 50 mining product safety mark certificates and obtained the European standard certificate in the first quarter of 2023. Its major products are overhead manned cableway devices and their accessories, as well as technical consultancy services, including equipment installation, technical support, and after-sales services.

Analysis of China's Coal Equipment Demand in 2025

In the first quarter of 2025, China's GDP grew by 5.4% year-on-year in constant price terms, marking a stable start and a positive beginning for the national economy, with the upward recovery trend continuing. Consumption, investment, and exports all maintained growth, industrial production accelerated, and the cultivation of new growth drivers gained momentum, driving steady growth in energy consumption. At the same time, guided by the "dual carbon" goals, the green transition of the energy sector continued to advance, with new energy sources experiencing sustained rapid growth, while coal consumption continued to decline year-on-year.

From the perspective of product output and operational conditions in major coal-consuming industries, the supporting role of the power sector for coal consumption weakened slightly, with a decline in thermal coal consumption. In the first quarter of 2025, although the new economic growth drivers had a strong pull on electricity demand, temperatures were generally higher than in previous years. After the end of the heating season in northern regions, the drop in coal consumption was significantly larger than in previous years. The electricity generation of industrial enterprises above the designated size fell by 0.3% year-on-year in the first quarter. Coupled with wind, solar, and hydro power generation reaching 619.7 billion kWh, a 9.8% year-on-year increase, thermal power generation amounted to 1.5 trillion kWh, down 4.7% year-on-year, leading to a corresponding significant decline in thermal coal consumption. Coal consumption in the steel industry shifted from negative to positive growth. The steel industry entered its traditional peak production season, while a decline in overseas steel supply opened up some space for China's steel exports. In the first quarter, pig iron and crude steel output reached 220 million tons and 260 million tons, respectively, turning from declines in the first two months to year-on-year growth of 0.8% and 0.6%, driving coal consumption in the steel industry to stabilize and stop declining. The decline in coal consumption in the building materials industry narrowed. Since the beginning of the year, precipitation levels in most parts of the country have been lower than in previous years, creating favorable conditions for construction work. Combined with the concentrated commencement of infrastructure projects, demand for building materials has been released. In the first quarter, cement output reached 330 million tons, still down 1.4% year-on-year, but the decline narrowed by 4.3 percentage points compared to the first two months, leading to a smaller drop in coal consumption in the building materials industry. Coal consumption for chemical production continued to grow. In the first quarter, the comprehensive profitability of the chemical industry remained strong, with fertilizer exports up 44% year-on-year, and overall consumption staying high. The capacity utilization rate of coal chemical production lines was elevated, driving growth in coal consumption for chemical production.

Over the next six months, while pressure persists in the power sector, three engines — steel industry recovery, chemical industry expansion, and policy-mandated technological upgrades — will drive structural growth in demand for coal equipment. Tengzhou Kaiyuan maintains a cautiously optimistic outlook on market prospects and will advance with steady steps.

(Source: https://finance.sina.cn/zl/2025-05-30/zl-ineyipfe2835291.d.html?from=wap)

Tengzhou Kaiyuan 2025 Summary

- Tengzhou Kaiyuan continues to advance its strategy of applying intelligent technology to mining equipment, refining its product performance matrix to comprehensively enhance market competitiveness and brand value.

- The company has concurrently implemented organizational structure optimization and responsibility system realignment, strengthened employee skills training, upgraded performance evaluation mechanisms, and focused on improving cross-departmental collaboration efficiency. In 2025, the company achieved sales revenue of 4.7 million HKD.

Tengzhou Kaiyuan production workshop

2. Shandong — Supply Chain Management Services

Shandong Kailai Energy Logistics Co., Ltd. ("Shandong Kailai") is a joint venture of a subsidiary of the Company. ("Shandong Kailai") specializes in coal supply chain management, loading and unloading, warehousing, coal blending, washing and logistics. It obtained the right from the Jinan Railway Bureau to use the dedicated railway line Yanzhou depot (Guanqiao Station). The Company has obvious location advantages since it is located at the southernmost end of the Jinan Railway Bureau and is the intersection of the Jinan Railway Bureau and Shanghai Railway Bureau. Many state-owned chemical companies are nearby, giving it a geographical advantage and no significant competitors. Shandong Kailai Logistics Centre covers an area of 110,000 square meters, including environmental protection equipment and storage centres, with an average annual loading and unloading capacity of 3 million tons.

Analysis of China's Coal Railway Transportation in 2025

China's coal production continues to expand, resulting in a market characterized by oversupply, putting sustained pressure on the coal industry. Data from the China Coal Industry Association shows that as of the end of May, the spot transaction price for 5,500 kcal coal at Bohai Rim ports (CCI Index) stood at 620 yuan per ton, down 263 yuan per ton (29.8%) year-on-year and below the long-term contract benchmark price of 675 yuan per ton. According to the National Bureau of Statistics, China's raw coal output from January to April 2025 reached 1.58 billion tons, a 6.6% increase year-on-year. After mid-March, most domestic coal mines completed maintenance and resumed full production, rapidly pushing market supply to high levels. Meanwhile, demand remains relatively weak.

The rise of new energy is disrupting the coal industry. In recent years, China has seen rapid growth in wind, hydro, nuclear, and solar power. Ren Baoguo, deputy director of fuel management at Mengneng Group's Wusitai Thermal Power Plant, noted that the plant's new energy generation has been steadily increasing this year, reaching 18 million kWh in April. The expansion of renewable energy is shifting coal-fired power's role in the energy mix from the "primary power source" to a "peak-shaving supplement."

Additionally, imported coal is significantly impacting the domestic market. Customs data shows that China's coal imports in 2024 hit a record high of 540 million tons, up 14.4% year-on-year.

In 2025, the coal market and rail logistics continue to face pressure from cyclical transportation bottlenecks, with the railway freight industry encountering structural challenges. Based on a prudent assessment of coal industry trends, Shandong Kailai Group has implemented strategic downsizing and risk hedging in its business operations to enhance resilience against cyclical fluctuations and systematically mitigate market uncertainties.

(Source: http://www.news.cn/politics/20250623/c367efa757c7434c9aeda718883121ff/c.html)

Shandong Kailai 2024 Summary

- Facing cyclical downward pressures in the coal economy, our company has systematically strengthened its ESG governance framework. By optimizing green supply chains and restructuring sustainable value chains, we continue to enhance corporate governance efficiency, environmental compliance, and social responsibility fulfillment. With a prudent risk appetite, we have concurrently implemented trade volume controls and working capital contraction strategies, establishing a structural defense mechanism to safeguard corporate resilience.

- As of June 2025, cumulative revenue reached approximately 10.51 million HKD.

Shandong Kailai Logistics Platform

3. Xinjiang – coal mining business (a wholly owned subsidiary of Shandong Kailai)

Xinjiang Turpan Xingliang Mining Co., Ltd. ("Xingliang Mining") is a wholly-owned subsidiary of Shandong Kailai, located in Qiquanhu Town, Turpan City. The mine in the Tuha Coalfield is one of the four significant coalfields in Xinjiang. Its coal types are mainly long-flame coal, suitable for power generation and chemical coal. In 2018, Xingliang Mining signed an integrity agreement with the Gaochang District Government, using Xingliang Mining as the integration body to consolidate the resources of nearby small-scale coal mines.

Xingliang Mining was approved for a prospecting license in August 2020 and a 1.2 million tons/year mining license in the fourth quarter of 2022. In addition, the fire area control and coal fire extinguishing project was approved in 2021, and a cooperation agreement was reached with the construction team on the fire area control project, launched in November 2023.

Analysis of Xinjiang Coal Mining Industry in 2025

From January to May 2025, Xinjiang's raw coal output reached 223.964 million tons, a year-on-year increase of 9.8%. In May alone, the output was 46.651 million tons, up 18.8% year-on-year. It is estimated that the output from January to June will reach 275 million tons. Against the backdrop of persistently weak market demand, downward pressure on coal prices, and generally high inventory levels at coal mines, Xinjiang's strong production growth during the first five months of the year can be attributed to the rigid requirements of policy-driven production stabilization and supply guarantees, as well as the commissioning and construction of new coal mines. Additionally, Xinjiang's inherent cost advantages in coal mining have ensured production continuity despite the low-price environment, while ongoing optimization of outbound coal transport channels and reduced freight costs have provided critical external support for expanding market share and stimulating production. These factors have collectively offset the pressure from market weakness, making Xinjiang the most important region for national coal production growth and driving its raw coal output to maintain a leading rapid growth rate nationwide.

From January to May, outbound coal shipments from Xinjiang totaled approximately 57 million tons, with a notably slower year-on-year growth rate. Of this, 37.98 million tons were transported by rail, up 6.8% year-on-year. It is estimated that outbound shipments from January to June will reach around 68 million tons. The slowdown in outbound coal growth is primarily constrained by three factors: First, weak demand has compressed profit margins. Insufficient coal demand in 2025 has led to a year-on-year drop of over 30% in the price of 5,500 kcal thermal coal at ports, undermining the profitability of Xinjiang coal sales. Second, the high base effect has amplified growth pressure. In 2024, outbound rail shipments of Xinjiang coal surged by 50.2% year-on-year, hitting a record high, which has put downward pressure on the 2025 growth rate due to the base effect. Third, the limited impact of freight rate policies. Although Xinjiang's railway authorities implemented a freight rate reduction policy in March to lower comprehensive costs for enterprises, weak demand continues to constrain the full release of the policy's effects.

In the short term, on the supply side, Xinjiang's raw coal output remains robust, with a year-on-year growth rate of 9.8% from January to May 2025, leading among major production regions nationwide and showing significant capacity expansion momentum. However, caution is warranted regarding potential production constraints due to low coal prices, pressure on the economics of outbound shipments, and weak downstream demand. On the demand side, while the expansion of "Xinjiang power outbound transmission" channels and the concentrated commissioning of coal chemical projects provide support for local consumption, the explosive growth of new energy installations is accelerating the substitution of thermal power demand, resulting in overall coal consumption growth lagging behind supply.

In the long term, on the production side, as coal production shifts westward, Xinjiang, as a crucial energy replacement zone and strategic energy reserve area, will play an increasingly important role in the national energy security strategy. On the consumption side, with the deepening implementation of the "Three Bases, One Corridor" strategic goal, Xinjiang's coal consumption pattern has shifted to "local conversion as the main focus, supplemented by outbound shipments." The development potential for coal power and coal chemical industries is substantial, indicating significant room for growth in coal demand.

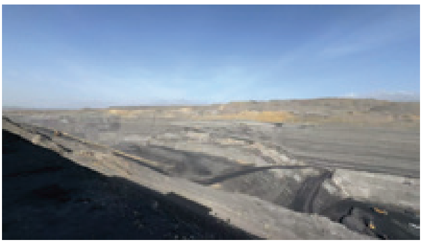
(source: https://www.cctd.com.cn/show-176-250648-1.html)

Xinjiang's coal market faces continued price pressure due to supply-demand mismatch. Although logistics bottlenecks for outbound coal shipments have been alleviated to some extent by the expansion of the "one main, two auxiliary" railway network and highway capacity, short-term improvements in transport efficiency will take time, exacerbating periodic supply-demand imbalances. The group's analysis suggests that the Xinjiang market may maintain a supply-loosening trend in the second half of the year, requiring close monitoring of the impact of price fluctuations, outbound shipment efficiency, and the progress of coal chemical project commissioning on supply-demand balance.

Xinjiang Xingliang Mine 2025 Summary

- Xingliang Mining strictly adheres to coal mine safety compliance standards, with the fire extinguishing project in the mining area achieving key milestones on schedule. After 18 months of systematic remediation of the fire-affected zones, the company has significantly reduced safety risk exposure, laying a solid operational foundation for the mine's commissioning.

- Since the strategic launch in the fourth quarter of 2023, the company has effectively leveraged coal resources generated from remediation works to establish and operate a high-efficiency sales network focused on Xinjiang's core market while extending its reach to inland regions. This network precisely serves key industrial enterprises in the area, with a stable core client base including state-owned thermal power plants, large cement groups, and major chemical companies that have long-term, stable demand. The company has not only deepened its influence in Xinjiang's industrial energy supply market but also achieved cross-regional business expansion. As of June 2025, the engineering coal business has generated cumulative sales revenue of 310million HKD, making a significant contribution to the company's earnings.



Current status of fire extinguishing works

Coal yard

4. *Mongolia — Supply Chain Management Services*

Choir Logistic Service LLC, acquired by Kaishun Group, is located near the Erenhot Port in China. The location serves as a crucial transportation and logistics hub for China, Mongolia, and Russia, providing significant location advantages. The Choir platform spans an area of 35,000 square meters and has an average annual loading and unloading capacity of 1.8 million tons. The primary services offered by Choir include loading and unloading, warehousing, logistics, and customs clearance.

Analysis of Mongolia's Coal Industry in 2025

According to statistical data released by the National Statistical Office of Mongolia, from January to June 2025, Mongolia's cumulative coal production reached 43.706 million tons, a decrease of 6.179 million tons compared to 49.885 million tons in the same period last year, marking a year-on-year decline of 12.4%. Specifically, hard coal production stood at 37.285 million tons, down 13.3% year-on-year, while brown coal production was 6.421 million tons, a decrease of 6.6% year-on-year.

In June, Mongolia's coal production experienced a significant drop, with monthly output at 6.453 million tons, a year-on-year decrease of 32.2% and a month-on-month decline of 29.3%. Hard coal production in June was 5.449 million tons, down 34.8% year-on-year and 35.3% month-on-month, while brown coal output was 1.004 million tons, a year-on-year decrease of 13.5% but a month-on-month increase of 42.2%.

On March 19, the Mongolian government held a regular meeting where Prime Minister L. Oyun-Erdene directed the implementation of multiple measures to enhance mineral export capacity, aiming to alleviate balance-of-payments pressures and strengthen the country's economic resilience. The government explicitly outlined the following key tasks: accelerating the resolution of coal accumulation issues at border crossings; advancing the "Khangi-Mandula" railway connection project to improve port throughput capacity; optimizing coal transportation efficiency; and deepening export cooperation with China.

To expand coal export channels, the Ministry of Road and Transport Development was instructed to expedite the opening of a 472-kilometer road from the Tavan Tolgoi mining complex to the Khangi-Mandula port and immediately commence transportation operations.

Leveraging its geographical advantage of bordering China, Mongolia has been continuously strengthening border port infrastructure and systematically improving cargo clearance efficiency to actively build a high-efficiency, unimpeded trade corridor with China. The completion and operation of the modernized logistics hub in Choir has become a key strategic initiative, not only significantly enhancing regional logistics hub functionality but also effectively driving industrial chain upgrades toward higher value-added, full-chain transformation.

(Source: https://ccera.com.cn/web/74/202508/25627.html；
https://www.steelx2.com/news/621/621782.html)

The Choir Project 2025 Annual Summary

- The Group authorized Sainsaikhan Consulting Services LLC to be the construction, operation and strategic contractor of the Choir Project. In 2025, the cumulative cooperation income from the project will be approximately 2.0 million.

Choir platform

DEVELOPMENT GOALS FOR 2025

Shandong — Production of mining and metallurgical machinery

- Expand diversified application scenarios, broaden product lines, and extend end-customer coverage to drive sustained profit growth through lean production.

- Strengthen credit management mechanisms, improve accounts receivable turnover, strictly control bad debt risks, and ensure robust cash flow.

Shandong — Supply Chain Management Services

- Build a specialized coal marketing system, develop a high-performance sales team, penetrate new markets, and simultaneously enhance revenue scale and operating cash flow.

Xinjiang — Coal Mining Business

- Establish a standardized safety production system, optimize organizational structure, and strengthen compliance management for mine operations.

- Promote end-to-end digitalization across mining, transportation, and sales, refine financial accounting and HR systems, and leverage financial analysis to improve capital efficiency.

Mongolia — Supply Chain Management Services

- Deepen strategic partnerships, expand resource integration capabilities, and ensure long-term project operations with enhanced ecological value creation.

KAISUN BUSINESS SOLUTIONS

Kaisun Trust

Hong Kong's capital market showed signs of recovery in the first half of 2025, supported by improved investor sentiment and selective sectoral growth. However, persistent tight monetary policies in major economies and heightened regulatory scrutiny continue to pose challenges. In response, our team proactively strengthened engagement with existing clients and potential business partners while closely tracking evolving market dynamics and client needs. These initiatives not only deepened relationships with key stakeholders but also identified new opportunities in emerging sectors, particularly digital assets.

As we move into the second half of 2025, we remain focused on enhancing our competitive edge and expanding our business network. By capitalizing on Hong Kong's strengthening position in Asia's sustainable finance ecosystem，integrated AI and stablecoin policies, we are committed to maintaining our leadership in an increasingly dynamic and complex financial environment.

Event Management & Consulting Services

During the first half of 2025, despite maintaining stable cooperative relationships with certain long-term clients through high-quality services, the event management and consulting business faced severely squeezed profit margins due to intensified industry competition and a significant decline in per-project profitability. Against a backdrop of continuously rising operational costs and decreasing average project value, even with a maintained scale of business operations, the team struggled to achieve sustainable profitability. This challenge is consistent with the broader difficulties experienced across the industry. Continuing investment in this business was deemed no longer aligned with the Group's overall strategy for resource optimization and development.

After prudent evaluation, the Group decided in the first half of 2025 to gradually exit the Event Management & Consulting Services and has ceased its operations by the reporting date. This move is expected to reduce managerial complexity, and allow the reallocation of valuable resources to the headquarter and coal mining business of the Group, thereby better supporting the high-quality development of primary operations.

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 first half of 2025, global equity markets performed strongly, supported by robust corporate earnings in the United States and sustained enthusiasm for artificial intelligence (AI)-related industries. Gold prices remained elevated at historically high levels. For the Hong Kong market, the Hang Seng Index experienced volatility in early 2025 in response to stronger-than-expected U.S. economic data, it began the year around 20,225 points, experienced volatility in the first quarter, but recovered and rose sharply through the second quarter. By the end of June 2025, the HSI had posted gains of nearly 25%, positioning it as one of the top-performing major indexes globally during this period. This uptrend was driven by revived investor interest in Chinese stocks, robust turnover, and expanding derivatives activity. As our investment strategy, the strategy of buying blue-chip stocks and stocks with stable dividends at low prices remains unchanged, while the investment committee continues to consider selling long-held stocks that already gave return.

As at 30 June 2025, the fair value of listed investment was HK$13,192,529. The cost of listed investment was HK$36,015,545.

During the six months ended 30 June 2025, part of our existing securities portfolio recorded an unrealized gain. The unrealized fair value gain was HK$1,793,628. Dividend received from listed securities was HK$213,767.

FINANCIAL REVIEW

Revenue of the Group for the six months ended 30 June 2025 amounted to approximately HK$330.7 million, representing a decrease of approximately 34.1% when compared with the same period in 2024 (six months ended 30 June 2024: HK$501.6 million). The decrease in revenue was primarily due to weak domestic coal market demand, as coal-consuming enterprises focused on inventory drawdowns, resulting in a decline in new procurement demand.

The Group's gross profit for the six months ended 30 June 2025 decrease by approximately 68.6% to approximately HK$23.1 million when compared with the same period in 2024 (six months ended 30 June 2024: HK$73.5 million) which was in line with the decrease in revenue. The significantly larger decline in gross profit was mainly a result of a fall in coal prices during the period, which compressed profit margins. This was exacerbated by the subdued market conditions, where high inventory levels across the industry led to intensified competition and further pressured selling prices.

For six months ended 30 June 2025, the total administrative and other operating expenses was approximately HK$40.7 million, decrease of approximately 20.9% compared with the same period in 2024 (six months ended 30 June 2024: HK$51.4 million). The decrease in administrative and other expenses was in line with the reduction in overall business activities following the decline in revenue. Furthermore, the Group's implementation of stringent cost control measures during the period contributed to this reduction.

For the six months ended 30 June 2025, the Group's other gains and losses amounted to a loss of approximately HK$3.5 million, representing an improvement of 59.3% when compared with a loss of HK$8.6 million recorded in the same period in 2024. This improvement was primarily due to the Group recognized a fair value gain on financial assets at FVTPL of approximately HK$1.7 million, compared to a fair value loss on financial assets at FVTPL of approximately HK$4.3 million recorded in the same period of 2024.

For six months ended 30 June 2025, the loss from operations was approximately HK$20.7 million (profit from operations for six months ended 30 June 2024: HK$14.7 million). The loss from operation was primarily due to the decrease in revenue.

Combining the effects of the above, the Group recorded a loss of approximately HK$28.5 million for six months ended 30 June 2025, turning from profit to loss when compared with the same period in 2024 (profit for six months ended 30 June 2024: HK$3.7 million).

As at 30 June 2025, the Group held financial assets at FVTPL of approximately HK$13.2 million, wholly comprised of securities listed in Hong Kong. Against the backdrop of a mild recovery in Hong Kong stock market as at 30 June 2025, the fair value gain on financial assets at FVTPL was approximately HK$1.8 million for six months ended 30 June 2025 (fair value loss for six months ended 30 June 2024: HK$4.3 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 2025	% of shareholding as at 30 June 2025	Unrealized gain/(loss) on fair value change for the year ended 30 June 2025 HK$	Fair value as at 30 June 2025 HK$	Fair value as at 31 December 2024 HK$	% of the Group's total assets as at 30 June 2025	Investment cost HK$	Reasons for fair value loss
Hong Kong Listed Securities								
ASMPT Ltd (0522) *(Note 1)*	11,000	0.00264%	(190,850)	**633,050**	823,900	0.08%	1,125,750	Drop in share price
Baidu, Inc.(9888) *(Note 2)*	1,100	0.00004%	825	**91,795**	90,970	0.01%	182,700	—
Bilibili Inc. (9626) *(Note 3)*	660	0.0002%	16,962	**110,682**	93,720	0.01%	391,610	—
ENN Energy Holdings Limited (2688) *(Note 4)*	10,000	0.0009%	68,500	**627,000**	558,500	0.08%	971,495	—
Hong Kong Exchanges and Clearing Limited (0388) *(Note 5)*	5,000	0.0004%	620,000	**2,094,000**	1,474,000	0.28%	1,799,000	—
HSBC Holdings plc (0005) *(Note 6)*	30,000	0.0002%	574,500	**2,848,500**	2,274,000	0.38%	1,468,500	—
JD.com Inc. (9618) *(Note 7)*	166	0.00001%	(1,345)	**21,231**	22,576	0.003%	—	Drop in share price
MEITUAN (3690) *(Note 8)*	350	0.00001%	(9,240)	**43,855**	53,095	0.01%	—	Drop in share price
MTR Corporation Limited (0066) *(Note 9)*	50,000	0.00080%	55,000	**1,410,000**	1,355,000	0.19%	1,517,500	—
Tencent Holdings Limited (0700) *(Note 10)*	3,500	0.00004%	301,000	**1,760,500**	1,459,500	0.24%	1,994,750	—
Tracker Fund of Hong Kong (2800) *(Note11)*	80,000	0.0013%	340,800	**1,961,600**	1,620,800	0.26%	1,620,800	—
Wealthink AI-Innovation Capital Limited (1140) *(Note 12)*	17,476,000	0.1661%	17,476	**1,590,316**	1,572,840	0.21%	24,943,440	—
Total			1,793,628	**13,192,529**	11,398,901	1.75%	36,015,545	

Notes:

1. ASMPT Ltd (HKEx: 0522) — ASMPT Ltd engaged in the design, manufacture and marketing of machines, tools and materials used in the semiconductor and electronic assembly industries.

2. Baidu, Inc. (HKEx: 9888) — Baidu, Inc. is a leading AI company with a strong Internet foundation.

3. 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.

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. MEITUAN (HKEx: 3690) — MEITUAN provides platform which uses technology to connect consumers and merchants and offer diversified daily services, including food delivery, in-store, hotel and travel booking and other services.

9. MTR Corporation Limited (HKEx: 0066) — MTR Corporation Limited's businesses consist of (i) recurrent businesses (comprising Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, and other businesses (collectively referred to as "recurrent businesses in Hong Kong"), and Mainland China and international railway, property rental and management businesses (referred as "recurrent businesses outside of Hong Kong"), and both excluding fair value measurement of investment properties) and (ii) property development businesses (together with recurrent businesses referred to as "underlying businesses").

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

11. 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.

12. Wealthink AI-Innovation Capital Limited (HKEx: 1140) — The principal investment objective is to achieve earnings for Wealthking AI-Innovation Capital 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.

Liquidity and Financial Resources

As at 30 June 2025, the Group has bank and cash balances approximately HK$23.0 million (as at 31 December 2024: HK$70.8 million).

The net current liabilities of the Group as at 30 June 2025 amounted to approximately HK$160 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.

Capital structure

As at 30 June 2025, the Company has 583,415,844 shares of HK$0.1 each in issue (31 December 2024: approximately HK$58.34 million).

Charges on the Group's assets

There was no charge on the Group's assets as at 30 June 2025 and 31 December 2024.

Gearing Ratio

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.06 as at 30 June 2025 (as at 31 December 2024: 0.06).

Foreign Exchange Exposure

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB") and United States dollars. As at 30 June 2025, the Group had no other significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Human Resources

As at 30 June 2025, the Group had 102 (as at 31 December 2024: 107) 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$16.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: HK$12.9 million).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2025.

Litigation

As at 30 June 2025, the Group had no significant pending litigation.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float in accordance with the GEM Listing Rules.

Significant investment, material acquisition and disposal

Saved as disclosed in this report, there is no significant investment nor material acquisition and disposal undertaken by the Group during the period.

Significant events after the reporting period

There were no significant or material events after the period ended 30 June 2025 and up to the date of this report.

Dividends

The Board did not recommend the payment of any dividend for the six months ended 30 June 2025 (2024: Nil).

UPDATE OF THE GROUP TO ADDRESS THE DISCLAIMER OF OPINION

Reference is made to the section headed "ACTION PLAN OF THE GROUP TO ADDRESS THE DISCLAIMER AND REMOVAL OF DISCLAIMER" set out in the Corporate Governance Report included in the Annual Report 2024 of the Company and the announcement of the Company dated 31 July 2025, 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 2024:

Since the publication of the Annual Report and up to the date of this report, the following actions have been taken by the Company to improve the Group's liquidity and financial position:

1. Negotiating with the Company's bondholder

The Company continuously liaising with its bondholder for the repayment schedule of the outstanding bonds payable and the accrued interest. In view of the deteriorating economic conditions and the slump of coal price during the first half of 2025, both the Company and the bondholder have a mutual understanding that the debt can be repaid gradually to help the Group survive during the difficult time. The bondholder agreed to communicate closely with the Group will not take legal action in the foreseeable future against the Group in relation to the outstanding bonds payable and the accrued interest.

2. Negotiating with the Company's former Director, Mr. Chan Nap Kee, Joseph

Reference is made to the announcement of the Company dated 27 July 2025 in relation to the resignation of Mr. Chan Nap Kee, Joseph ("Mr. Chan") as the executive Director of the Company and the chairman of the Board. As stated in the announcement, although Mr. Chan stepped down from the Board, he expressed his continued commitment to the Company and agreed to extend his existing interest-free shareholder loan and will not demand payment from the Group until 30 June 2027, in support of the Company's financial stability and ongoing business operations.

3. Sustained Business Performance and Path Forward

Despite facing significant headwinds from the sharp decline in coal prices during the first half of 2025, the Group maintained operational performance, generating unaudited revenue of approximately HK$250 million and unaudited gross profit of approximately HK$20 million during this challenging period. These figures are based on the management's preliminary assessment and are subject to further review. While the Group remains cautious about the uncertain market conditions, we are cautiously optimistic that the measures implemented will strengthen our financial position and support sustainable growth in the future.

Looking ahead, we remain fully committed to implementing comprehensive measures to strengthen the Group's financial foundation. This includes optimizing our operational efficiency across all business segments, carefully managing our cost structure, and actively exploring new business opportunities to diversify our revenue streams. At the same time, we are maintaining our focus on prudent working capital management to ensure healthy cash flow levels.

OTHER INFORMATION

1. Directors' and Chief Executives' Interests in the Shares of the Company

The interests of Directors and chief executives of the Company (the "Chief Executives") in the shares of the Company (the "Shares") were as follow:

Name of Directors	Capacity	Number of Shares as at 30 June 2025	Approximate percentage of the total issued Shares as at 30 June 2025
Chan Nap Kee, Joseph *(resigned on 27 July 2025)*	Beneficial owner	167,263,298 *(Note 1)*	28.67%
Yang Yongcheng	Beneficial owner	1,675,000 *(Note 2)*	0.29%
Chen Chun Long	Beneficial owner	6,147,000 *(Note 3)*	1.05%

Save as disclosed above, as at 30 June 2025, none of the directors or chief executive of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

Notes:

1. After allotment of rights shares on 16 January 2017 and share consolidation of 10 shares into 1 share became effective on 16 February 2017, the total number of shares beneficially owned by Mr. Chan Nap Kee, Joseph ("Mr. Chan") was 159,132,298. Of these, 2,004,000 shares were shares awarded to Mr. Chan as Director on 30 December 2015 under the Share Award Scheme adopted since 10 May 2013. In addition, 2,750,000 shares were purchased by Mr. Chan Nap Kee, Joseph on the market from 29 March to 31 December 2017. Hence total number of shares owned by Mr. Chan was 161,882,298 as at 31 December 2017.

   On 22 March 2018, 3,081,000 shares were shares awarded to Mr. Chan as Director under the Share Award Scheme 2016. Hence, the total number of shares owned by Mr. Chan was 164,963,298. In addition, 1,490,000 shares were purchased by Mr. Chan on the market from 29 June 2018 to 31 December 2018. Hence the total number of shares owned by Mr. Chan was 166,453,298 as at 31 December 2018.

   During the year ended 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263,298 as at 30 June 2025. Mr. Chan resigned on 27 July 2025.

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng ("Mr. Yang") as Director on 30 December 2015 under the Share Award Scheme 2013. On 22 March 2018, 1,000,000 shares were shares awarded to Mr. Yang as Director under the Share Award Scheme 2016. In addition, 60,000 shares were purchased by Mr. Yang on the market from 12 November 2018 to 31 December 2018.

3. These were shares held by Mr. Chen Chun Long as at 19 June 2019 when they were appointed as joint Chief Executive Officers of the Company. Mr. Chen Chun Long was appointed as an executive director on 24 July 2025.

2. Interests of Substantial Shareholders in Shares of the Company

As at 30 June 2025, so far as is known to the Directors of the Company, the persons who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in Shares and underlying Shares

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of the total issued shares as at 30 June 2025
Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	28.67%
Yeung Po Yee, Bonita	Interest of spouse *(Note 1)*	167,263,298	28.67%
Zhang Xiongfeng	Beneficial Owner	81,950,000	14.05%
Wu Mingqin	Interest of spouse *(Note 2)*	81,950,000	14.05%

Notes:

1. These were total number of Shares that Mr. Chan Nap Kee, Joseph ("Mr. Chan") beneficially owned. As the spouse of Mr. Chan, Ms. Yeung Po Yee, Bonita, was taken to be interested in the Shares in which Mr. Chan was interested by virtue of the SFO.

2. These were total number of Shares that Mr. Zhang Xiongfeng ("Mr. Zhang") beneficially owned. As the spouse of Mr. Zhang, Ms. Wu Mingqin, was taken to be interested in the Shares in which Mr. Zhang was interested by virtue of the SFO.

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 30 June 2025, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

3. Share Schemes

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.

No shares were purchased by the trustee of the Share Award Scheme 2016 for six months ended 30 June 2025. During the year ended 31 December 2019, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 12,440,000 shares for total consideration of approximately HK$2,976,000. During the year ended 31 December 2018, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 1,170,000 shares for total consideration of approximately HK$395,000. Hence, the total number of shares in the Share Award Scheme as at 30 June 2025 was 13,610,000, represented approximately 2.33% of the issued capital of the Group.

Details of grantees in the Share Award Scheme 2016 are set out below:

Grantee	Date of Award	Number of Awarded Shares	Vesting Date	Closing price of shares on the grant date
17 Selected Employees	2 June 2017	11,305,200	On or before 26 June 2017	HK$0.42
Mr. Chan Nap Kee, Joseph (Executive Director) *(resigned on 27 July 2025)*	22 March 2018	3,081,000	22 March 2018	HK$0.325
Mr. Yang Yongcheng (Executive Director)	22 March 2018	1,000,000	22 March 2018	HK$0.325

No share was awarded to any director or employee of the Company under the Share Award Scheme during the six months ended 30 June 2025.

As at the date of this report, 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.

On 14 July 2023, a new share award scheme ("Share Award Scheme 2023") was adopted (the principal terms of which are set out in the Company's circular dated 21 June 2023), the Company is in the process of transferring the shares in the Share Award Scheme 2016 to the Share Award Scheme 2023.

There are no cancelled and lapsed share awards under the Share Award Scheme 2016 and the Share Award Scheme 2023 during the six months ended 30 June 2025.

The Company has not granted any share award to any person under both Share Award Scheme 2016 and Share Award 2023 during the six months ended 30 June 2025.

The number of Awards Shares available for grant under Scheme mandate of the Share Award Scheme 2023 as at the end of reporting period was 44,046,605 Award Shares (assuming no other Scheme options and awards are granted), representing approximately 7.55% of the Company's total number of issued Shares as at the date of this report.

As there were no share awards granted under the Share Award Scheme 2023 during the six months ended 30 June 2025, and given that the Board currently has no members serving on the Remuneration Committee, the Remuneration Committee has not reviewed and approved any material matters relating to the Share Award Scheme 2023.

A summary of the Principal terms of the Share Award Scheme 2023 are as follows:

Purpose

The purpose of the Share Award Scheme 2023 is to recognise the contribution or future contribution of eligible participants for their contribution to the Group, and provide the eligible participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the eligible participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Who may join

Eligible participants ("Eligible Participants") under the Share Award Scheme 2023 include (i) employee participants, the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted award under the Share Award Scheme 2023 as inducement to enter into employment contracts with any member of the Group) (the "Employee Participants"); and (ii) related entity participants, directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company ("Related Entity Participants").

Maximum entitlement of each participants

No Awards may be granted to any person such that the total number of Shares issued and to be issued upon Awards and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of Awards in excess of the 1% Individual Limit is subject to Shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of Share Awards to a substantial Shareholder (as defined in the GEM Listing Rules), a director of Chief executive of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Awards already granted and to be granted excluding any Awards lapsed in accordance with the Scheme Rules to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Awards is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Award

Subject to the terms of the Share Award Scheme 2023, the Board shall be entitled at any time within 10 years from the adoption date of the Share Award Scheme 2023 to offer the grant of a Award to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Award Scheme 2023) determine.

Offer period

An offer of the grant of an Award shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of an Award may be accepted after the expiry of the effective period of the Share Award Scheme 2023 or after the Share Award Scheme 2023 has been terminated. An Award shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the Award duly signed by the grantee on or before the date upon which an offer of an Award must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

Vesting Period

The minimum vesting period in respect of any Awarded Shares is twelve (12) months, and the Board or the Remuneration Committee or the Committee (if authorised by the Board) shall have the authority to determine a shorter vesting period in accordance with the terms and conditions of the Scheme Rules.

Term of the Share Award Scheme

The Share Award Scheme 2023 shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033.

As at 30 June 2025, the Share Award Scheme 2016 was expired. The remaining life of the Share Award Scheme 2023 is 8.03 years.

For details of the Share Award Scheme 2023, please refer to the circular of the Company date 21 June 2023.

Share Option Scheme

The Company has adopted a share option scheme on 14 July 2023 (the "Share Option Scheme") which was approved by the Shareholders of the Company at the extraordinary general meeting held on 14 July 2023.

No share options ("Share Options") were granted, exercised or lapsed under the Share Option Scheme up to 30 June 2025. The number of Share Options available for grant under scheme mandate of the Share Option Scheme as at the end of the reporting period was 44,046,605 Share Options (assuming no other scheme options and awards are granter) representing approximately 7.55% of the Company's total number of issued Shares as at the date of this report. As at 30 June 2025, the Group did not have any outstanding Share Options granted under the Share Option Scheme.

As there were no share options granted under the Share Option Scheme during the six months ended 30 June 2025, and given that the Board currently has no members serving on the Remuneration Committee, the Remuneration Committee has not reviewed and approved any material matters relating to the Share Option Scheme.

A Summary of principal terms of the Share Option Scheme 2023 are as follows:

Purpose

The purpose of the Share Option Scheme is to recognise the contribution or future contribution of the directors and full-time or part-time employees or any members of the Group ("Eligible Participants") for their contribution to the Group, and provide the Eligible Participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the Eligible Participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Who may join

Eligible participants ("Eligible Participants") under the Share Option Scheme include (i) employee participants, the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted award under the Share Option Scheme as inducement to enter into employment contracts with any member of the Group) (the "Employee Participants"); and (ii) related entity participants, directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company ("Related Entity Participants").

Maximum entitlement of each participants

No share options may be granted to any person such that the total number of shares issued and to be issued upon exercise of Share Options and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of share options in excess of the 1% Individual Limit is subject to shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of share options to a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted (excluding Share Options lapsed in accordance with the scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Share Options is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the Share Option Scheme to offer the grant of a share option to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may (subject to the terms of the Share Option Scheme) determine.

Offer Period

An offer of the grant of a Share Option shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of a share option may be accepted after the expiry of the effective period of the Share Option Scheme or after the Share Option Scheme has been terminated. A share option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the share option duly signed by the grantee on or before the date upon which an offer of a share option must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

Vesting Period

The exercise of any share option may be subject to a vesting period to be determined by the Board in its absolute discretion. In any event, the vesting period for a share option under the Share Option Scheme shall not be less than 12 months, except that the share options granted to Eligible Participants may be less than 12 months under the following specific circumstances.

(a) grants of make-whole share options to Eligible participants who newly joined the Group to replace the share options or awards they forfeited when leaving the previous employer;

(b) grants of share options with specific and objective performance-based vesting conditions provided in the rules of the Share Option Scheme;

(c) grants that are made in batches during a year for administrative or compliance reasons (which may include share options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which a share option would have been granted);

(d) grants of share options with a mixed or accelerated vesting schedule such as where the share option may vest evenly over a period of twelve (12) months; and

(e) grants of share options with a total vesting and holding period of more than twelve (12) months.

Exercise Price

The exercise price shall be a price determined by the Board and notified to a Eligible participant and shall be at least the higher of:

(a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the grant date.

Term of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033. As at 30 June 2025, the remaining life of the Share Option Scheme is 8.03 years.

For details of the Share Option Scheme, please refer to the Company's circular dated 21 June 2023.

4. 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.

5. Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities (including sale of treasury shares, if any).

CORPORATE GOVERNANCE

The Board has established the following three committees with written terms of reference (available on the Company's corporate website www.kaisun.hk under "Investor Relations" section with heading of "Corporate Governance), which are in line with the Corporate Governance ("CG Code"):

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

Prior to Dr. Wong Yun Kuen's resignation on 27 September 2024, Mr. Liew Swee Yean's and Mr. Wu Zheng's resignation on 20 December 2024, and Mr. Chan Nap Kee Joseph's resignation on 27 July 2025, all the committees comprise a majority of Independent Non-executive Directors. All Committees are chaired by Independent Non-executive Directors. Following their departures, there are no members and chairman on the Audit Committee, the Remuneration Committee, and the Nomination and Corporate Governance Committee.

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.

Following Dr. Wong Yun Kuen's resignation on 27 September 2024, and Mr. Liew Swee Yean's and Mr. Wu Zheng's resignation on 20 December 2024, there are no members and chairman on the Audit Committee.

The primary duties of the AC are to review and supervise the financial reporting process and internal control system (including environmental, social and governance ("ESG") risks) of the Group and build an important bridge 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.

Following Dr. Wong Yun Kuen's resignation on 27 September 2024, and Mr. Liew Swee Yean's and Mr. Wu Zheng's resignation on 20 December 2024, there is no Audit Committee as at the date of this report, the unaudited interim results and unaudited the interim report for the six months ended 30 June 2025 are not reviewed by the Audit Committee or the external auditors of the Company. Instead, the unaudited interim results and unaudited interim report for the six months ended 30 June 2025 are reviewed by the Board of Directors.

2. Code on Corporate Governance Practices

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 Company has complied with the Code Provisions of the Corporate Governance Code as set out in Appendix C1 of the GEM Listing Rules (the "CG Code") throughout the six months ended 30 June 2025 except the following deviation.

There are no members and chairman on the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee.

(1) there are no independent non-executive Directors on the Board which falls below the minimum number as required under Rule 5.05(1) of the GEM Listing Rules;

(2) there are no independent non-executive Directors on the Board which representing less than one-third of the Board as required under Rule 5.05A of the GEM Listing Rules;

(3) there are no independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) and 5.28 of the GEM Listing Rules and terms of reference of the Audit Committee;

(4) there are no members and chairman on the Audit Committee which does not fulfil the requirements of establishing an audit committee that (i) comprising non-executive directors only; (ii) comprising a minimum of three members; (iii) comprising a majority of independent non-executive directors; and (iv) chaired by an independent non-executive director as required under Rule 5.28 of the GEM Listing Rules and the terms of reference of the Audit Committee;

(5) there are no chairman and member on the Remuneration Committee which does not fulfil the requirements of establishing a remuneration committee that (i) comprising a minimum of three members; (ii) comprising a majority of independent non-executive directors; and (iii) chaired by an independent non-executive director as required under Rule 5.34 of the GEM Listing Rules and the terms of reference of the Remuneration Committee; and

(6) there are no chairman and member on the Nomination and Corporate Governance Committee which does not fulfil the requirements of establishing a nomination committee that (i) comprising a minimum of three members; (ii) comprising a majority of independent non-executive directors; and (iii) chaired by an independent non-executive director as required under Rule 5.36A of the GEM Listing Rules and the terms of reference of the Nomination and Corporate Governance Committee.

Besides, reference is made to the announcement of the Company dated 31 December 2024, 6 February 2025, and 2 July 2025 (the "Announcements"), and page 60 and 61 of the Annual Report 2024 of the Company (the "Disclosure in Annual Report"), the Company is unable to comply with the board diversity requirement under Rule 17.104 of the GEM Listing Rules, which prohibits a single-gender board. According to Rule 17.104 of the GEM Listing Rules, listed issuers with single-gender boards are required to appoint at least one director of a different gender by 31 December 2024. The Stock Exchange has explicitly stated that a single-gender board will not meet the diversity requirements under this Rule. Failure to appoint a director of a different gender by the specified deadline will breach Rule 17.104 of the GEM Listing Rules.

The Board is fully committed to complying with Rule 17.104 of the GEM Listing Rules and recognises the importance of gender diversity on the board. The Board has made significant efforts to identify a suitable female candidate, demonstrating our dedication to diversity. The Board has finally identified a suitable and willing female candidate to be a Board member. It is expected the female candidate will be appointed by the end of August 2025 and thereafter the Company shall comply with the gender diversity requirement.

The Company and the board members are still working to fulfill Rules 5.05(1), 5.05(2), 5.05A, 5.28, 5.34 and 5.36A of the GEM Listing Rules.

The Company requires additional time to identify and appoint Independent Non-Executive Directors, a role that is integral to the Board's decision-making process. This role is crucial as it brings a unique perspective and expertise to the Board, enhancing our corporate governance. The Company will continue to make efforts to recruit Independent Non-Executive Directors via various means including public job advertisements, as well as looking for referrals for candidates from senior management of the Group.

At this current juncture, the Company wishes our stakeholders, including regulators, shareholders and employees, would understand the current difficulties we are facing and bear with us. We are making every effort to expedite this process as soon as possible.

Furthermore, there is no Audit Committee as at the date of this report, the interim results and the interim report for the six months ended 30 June 2025 are not reviewed by the Audit Committee or the external auditors of the Company. Instead, the unaudited interim results and unaudited interim report for the six months ended 30 June 2025 are reviewed by the board of directors.

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 2025. 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 2025, 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
Ching Ho Tung Philip
Executive Director

Hong Kong, 29 August 2025

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

As at the date of this report, the Board comprises three executive Directors Mr. Yang Yongcheng, Mr. Chen Chun Long and Mr. Ching Ho Tung Philip.

This report will remain on the "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) for at least seven days after the date of its publication and on the website of the Company (www.kaisun.hk).