



KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203



THIRD QUARTERLY REPORT
2019

* For identification purpose only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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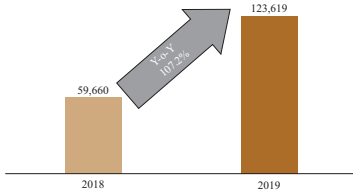
This report, for which the directors (the “Directors”) of Kaisun Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



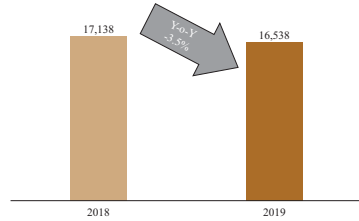


2019 THIRD QUARTERLY RESULT HIGHLIGHTS (HK\$'000)

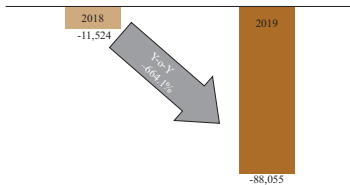
Revenue



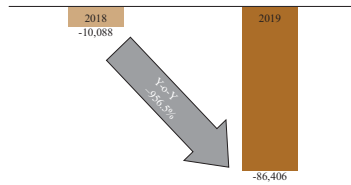
Gross profit



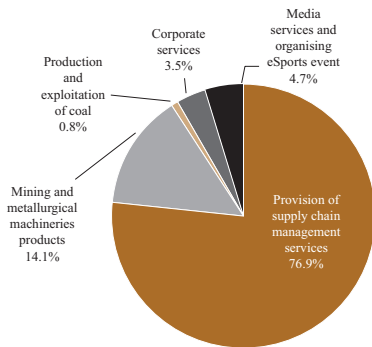
(Loss)/profit from operations



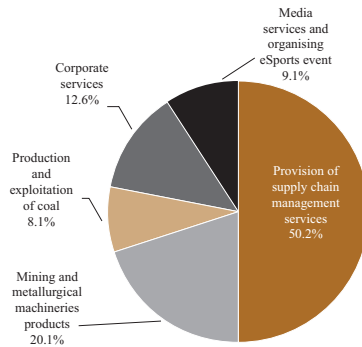
(Loss)/profit for the period



2019 Segment Revenue



2018 Segment Revenue





The board of directors (the “Board” or the “Directors”) of Kaisun Holdings Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2019, together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	<i>Note</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	5	21,237	28,023	123,619	59,660
Cost of goods sold		<u>(17,427)</u>	<u>(22,717)</u>	<u>(107,081)</u>	<u>(42,522)</u>
Gross profit		3,810	5,306	16,538	17,138
(Loss)/gain on disposal of financial assets at fair value through profit or loss (FVTPL)		(3,282)	(1)	(25,593)	129
Fair value (loss)/gain on financial assets at FVTPL		(7,741)	(21,065)	(23,901)	8,564
Impairment loss on trade and other receivables		(1,794)	—	(584)	—
Other income and gain		1,235	3,269	1,685	8,738
Fair value loss on financial liabilities at FVTPL		—	—	(1,300)	—
Administrative and other operating expenses		(19,723)	(14,033)	(54,900)	(46,093)
Loss from operations		(27,495)	(26,524)	(88,055)	(11,524)
Excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of a subsidiary	13	—	(714)	—	—
Finance costs		<u>(1,078)</u>	<u>(333)</u>	<u>(3,261)</u>	<u>(333)</u>



	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Loss before tax		(28,573)	(27,571)	(91,316)	(11,857)
Income tax credit	7	<u>1,717</u>	<u>8,763</u>	<u>4,910</u>	<u>1,769</u>
Loss for the period		<u>(26,856)</u>	<u>(18,808)</u>	<u>(86,406)</u>	<u>(10,088)</u>
Attributable to:					
Owners of the Company		(24,958)	(17,331)	(81,249)	(6,300)
Non-controlling interests		<u>(1,898)</u>	<u>(1,477)</u>	<u>(5,157)</u>	<u>(3,788)</u>
		<u>(26,856)</u>	<u>(18,808)</u>	<u>(86,406)</u>	<u>(10,088)</u>
Loss per share (HK Cents)	9				
Basic		<u>(4.66)</u>	<u>(3.01)</u>	<u>(14.99)</u>	<u>(1.10)</u>



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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Loss for the period	(26,856)	(18,808)	(86,406)	(10,088)
Other comprehensive income for the period, net of tax:				
<i>Items that will not reclassified to profit or loss:</i>				
Fair value changes of equity instruments at fair value through other comprehensive income (FVTOCI)	(7,800)	—	(7,800)	—
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(22,870)	(16,893)	(32,126)	(10,840)
Total comprehensive income for the period	<u>(57,526)</u>	<u>(35,701)</u>	<u>(126,332)</u>	<u>(20,928)</u>
Attributable to:				
Owners of the Company	(55,179)	(32,545)	(120,276)	(21,514)
Non-controlling interests	(2,347)	(3,156)	(6,056)	586
	<u>(57,526)</u>	<u>(35,701)</u>	<u>(126,332)</u>	<u>(20,928)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Unaudited								
	Attributable to owners of the Company								
	Share capital	Share premium	Shares held for share award scheme	Foreign currency translation reserve	Financial assets at FVTOCI reserve	Accumulated losses	Total Non-controlling interests	Total equity	
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
At 1 January 2018	57,657	1,363,055	(1,963)	(7,430)	—	(972,204)	439,115	41,420	480,535
Total comprehensive income for the period	—	—	—	(867)	—	11,031	10,164	3,742	13,906
Capital injection in a subsidiary	—	—	—	—	—	—	—	7,002	7,002
Changes in equity for the period	—	—	—	(867)	—	11,031	10,164	10,744	20,908
At 30 September 2018	57,657	1,363,055	(1,963)	(8,297)	—	(961,173)	449,279	52,164	501,443
At 1 January 2019	57,657	1,363,055	(395)	(9,479)	2,400	(959,211)	454,027	45,370	499,397
Total comprehensive income for the period	—	—	—	(31,227)	(7,800)	(81,249)	(120,276)	(6,056)	(126,332)
Purchase of shares held under the share award scheme	—	—	(2,971)	—	—	—	(2,971)	—	(2,971)
2018 final dividend	—	(1,960)	—	—	—	—	(1,960)	—	(1,960)
Capital injection by non-controlling interest in a subsidiary	—	—	—	—	—	—	—	400	400
Changes in equity for the period	—	(1,960)	(2,971)	(31,227)	(7,800)	(81,249)	(125,207)	(5,656)	(130,863)
At 30 September 2019	57,657	1,361,095	(3,366)	(40,706)	(5,400)	(1,040,460)	328,820	39,714	368,534

NOTES

1. GENERAL INFORMATION

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

The Company is an investment holding company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The condensed consolidated financial statements have been prepared under the historical cost convention unless mentioned (e.g. certain financial instruments that are measured at fair value). The condensed consolidated financial statements should be read in conjunction with the 2018 annual financial statements. Saved for the new and revised international financial reporting standards adopted as mentioned in note 3, the accounting policies and methods of computation used in preparation of these condensed financial statements are consistent with those used in the annual financial statement for the year ended 31 December 2018.



The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The International Accounting Standards Board has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Application of new and revised IFRSs

The International Accounting Standards Board has issued a number of new and revised IFRSs that are first effective for annual periods beginning on or after 1 January 2019. Of these, the following developments are relevant to the Group's consolidated financial statements:

- (i) IFRS 16 Leases
- (ii) IFRIC 23 Uncertainty over Income Tax Treatments
- (iii) Annual Improvements to IFRSs 2015–2017 Cycle

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



IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on- balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any significant impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g. property management services for leases of properties) as a single lease component at the date of initial application.



As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying assets). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments discounted using the incremental borrowing rate at 1 January 2019 and included in non-current liabilities or current liabilities.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease



The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

	Increase/ (Decrease)
	HK\$'000
	(Unaudited)
<hr/>	
Assets	
Increase/(Decrease) in right-of-use assets	3,761
	<hr/>
Increase/(Decrease) in total assets	3,761
	<hr/> <hr/>
Liabilities	
Increase/(Decrease) in non-current portion of lease liabilities	2,708
Increase/(Decrease) in current portion of lease liabilities	1,053
	<hr/>
Increase/(Decrease) in total liabilities	3,761
	<hr/> <hr/>
Increase/(Decrease) in retained earnings	—
	<hr/> <hr/>

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 9%.



Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below HK\$2,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the statement of financial position and comprehensive income

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

(HK\$'000)	Right-of-use assets			Lease liabilities
	Land use rights	Motor vehicles	Total	
As at 1 January 2019	3,586	175	3,761	3,761
Additions	1,408	—	1,408	1,408
(Decrease)	(2,390)	—	(2,390)	(2,390)
Depreciation charge	(385)	(175)	(560)	—
Interest expense	—	—	—	231
Payments	—	—	—	(1,329)
As at 30 September 2019	<u>2,219</u>	<u>—</u>	<u>2,219</u>	<u>1,681</u>

The Group recognised rent expense from short-term leases of HK\$1.68 million for the nine months ended 30 September 2019.



IFRIC 23 Uncertainty over income tax treatments

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. An entity can, on initial application, elect to apply this Interpretation either:

- (i) retrospectively applying IAS 8, if possible without the use of hindsight; or
- (ii) retrospectively, with the cumulative effect of initially applying the Interpretation recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

4. FAIR VALUE MEASUREMENTS

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

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

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

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

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



(a) Disclosures of level in fair value hierarchy at 30 September 2019:

Description	Fair value measurements using:		Total
	Level 1	Level 3	30 September
	Unaudited	Unaudited	2019
	HK\$'000	HK\$'000	Unaudited
			HK\$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed securities	<u>51,030</u>	<u>—</u>	<u>51,030</u>
Financial assets at FVTOCI			
Unlisted equity securities	<u>—</u>	<u>19,100</u>	<u>19,100</u>
Total	<u>51,030</u>	<u>19,100</u>	<u>70,130</u>
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL			
Put option	<u>—</u>	<u>4,300</u>	<u>4,300</u>



Disclosures of level in fair value hierarchy at 31 December 2018:

Description	Fair value measurements using:		Total
	Level 1	Level 3	31 December 2018
	Audited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000

Recurring fair value measurements:

Financial assets

Financial assets at FVTPL

Listed securities	134,135	—	134,135
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Financial assets at FVTOCI

Unlisted equity securities	—	25,900	25,900
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Total	134,135	25,900	160,035
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Recurring fair value measurements:

Financial liabilities

Financial liabilities at FVTPL

Put option	—	3,000	3,000
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(b) **Reconciliation of assets measured at fair value based on level 3:**

	Unaudited as at 30 September 2019 HK\$'000	Audited as at 31 December 2018 HK\$'000
Financial assets at FVTOCI		
At 1 January	25,900	—
Initial application of IFRS 9	—	19,700
Purchases	1,000	2,500
Settlements	—	2,500
Total gains or losses recognized in other comprehensive income	(7,800)	1,200
	19,100	25,900

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

The total gains or losses recognised in other comprehensive income are presented in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2019:**

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 September 2019 Unaudited HK\$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	weighted average cost of capital long-term revenue growth rate long-term pre-tax operating margin discount for lack of marketability	14%–16% 3% 15%–20% 30%	Increase Increase Increase Decrease	19,100



5. REVENUE

Disaggregation of revenue

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue from contract with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
— Provision of supply chain management services business	11,354	13,965	95,045	29,926
— Mining and metallurgical machineries products	6,335	5,141	17,472	11,988
— Production and exploitation of coal	477	4,129	929	4,840
— Corporate services business	601	—	4,376	7,500
— Media services and organizing eSports event	2,470	4,788	5,797	5,406
	<u>21,237</u>	<u>28,023</u>	<u>123,619</u>	<u>59,660</u>

Disaggregation of revenue:

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:

	Provision of supply chain management services business		Mining and metallurgical machineries production		Production and exploitation of coal		Corporate services business		Media services and organising eSports event		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
For nine months ended 30 September (unaudited) HK\$'000												
Revenue by primary geographical markets												
— Hong Kong	1,378	—	—	—	—	—	4,376	7,500	5,268	4,340	11,022	11,840
— PRC except Hong Kong	26,844	17,780	17,472	11,988	—	—	—	—	118	324	44,434	30,092
— Australia	1,404	—	—	—	—	—	—	—	237	—	1,641	—
— Dubai	4,323	—	—	—	—	—	—	—	—	—	4,323	—
— Middle East	—	—	—	—	—	—	—	—	399	—	399	—
— Tajikistan	—	—	—	—	929	4,840	—	—	—	—	929	4,840
— Taiwan	51,648	—	—	—	—	—	—	—	—	—	51,648	—
— Vietnam	9,448	12,146	—	—	—	—	—	—	—	—	9,448	12,146
— Others	—	—	—	—	—	—	—	—	125	1,090	125	1,090
Segment revenue	<u>95,045</u>	<u>29,926</u>	<u>17,472</u>	<u>11,988</u>	<u>929</u>	<u>4,840</u>	<u>4,376</u>	<u>7,500</u>	<u>6,147</u>	<u>5,754</u>	<u>123,969</u>	<u>60,008</u>
Intersegment revenue												
— Hong Kong	—	—	—	—	—	—	—	—	(350)	(348)	(350)	(348)
Revenue from external customers	<u>95,045</u>	<u>29,926</u>	<u>17,472</u>	<u>11,988</u>	<u>929</u>	<u>4,840</u>	<u>4,376</u>	<u>7,500</u>	<u>5,797</u>	<u>5,406</u>	<u>123,619</u>	<u>59,660</u>
Timing of revenue recognition												
Products transferred at a point in time	95,045	29,926	17,472	11,988	929	4,840	—	—	—	—	113,446	46,754
Products and services transferred over time	—	—	—	—	—	—	4,376	7,500	5,797	5,406	10,173	12,906
Total	<u>95,045</u>	<u>29,926</u>	<u>17,472</u>	<u>11,988</u>	<u>929</u>	<u>4,840</u>	<u>4,376</u>	<u>7,500</u>	<u>5,797</u>	<u>5,406</u>	<u>123,619</u>	<u>59,660</u>



6. SEGMENT INFORMATION

The Group has six reportable segments which are provision of supply chain management services, mining and metallurgical machineries products, production and exploitation of coal, corporate services business, media services and organising eSports event and securities trading for the period.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

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

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

	Provision of supply chain management services business HK\$'000	Mining and metallurgical machineries production HK\$'000	Production and exploitation of coal HK\$'000	Securities trading HK\$'000	Corporate services business HK\$'000	Media services and organising eSports event HK\$'000	Total HK\$'000
For nine months ended							
30 September 2019 (unaudited)							
Revenue from external customers	95,045	17,472	929	—	4,376	5,797	123,619
Segment profit/(loss)	(7,877)	307	(8,595)	(52,748)	(3,732)	(2,933)	(75,578)
As at 30 September 2019							
(unaudited)							
Segment assets	154,551	35,103	169,667	92,562	27,594	708	480,185
Segment liabilities	(10,784)	(4,733)	(55,964)	(105,589)	(3,697)	(1,605)	(182,372)
For nine months ended							
30 September 2018 (unaudited)							
Revenue from external customers	29,926	11,988	4,840	—	7,500	5,406	59,660
Segment profit/(loss)	5,437	(867)	(6,925)	10,609	1,795	(4,994)	5,055
As at 31 December 2018 (audited)							
Segment assets	194,165	34,472	167,385	134,135	22,660	1,576	554,393
Segment liabilities	(4,729)	(5,311)	(52,089)	(4,355)	(1,817)	(1,233)	(69,594)

Unaudited
Nine months ended
30 September

	2019 HK\$'000	2018 HK\$'000
Reconciliations of segment profit or loss		
Total (loss)/profit of reportable segments	(75,578)	5,055
Other (loss)/profit	(10,828)	(15,143)
Consolidated profit/(loss) for the period	<u>(86,406)</u>	<u>(10,088)</u>

7. INCOME TAX(CREDIT)/EXPENSE

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Current tax				
— Hong Kong & PRC	(1,136)	—	(1,662)	—
Income tax (credit)	(581)	(8,764)	(3,248)	(1,769)
Deferred tax (credit)	<u>(1,717)</u>	<u>(8,764)</u>	<u>(4,910)</u>	<u>(1,769)</u>



Hong Kong Profits Tax has been provided at a rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year less allowable losses brought forward.

On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantively enacted. Under the two-tiered profits tax regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK\$2 million will continue to be subject to the tax rate of 16.5%.

PRC enterprise income tax has been provided at a rate of 25% (2018: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. DIVIDENDS

	Unaudited	
	Nine months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
Dividend payable attributable to the period		
— Final dividend of 0.34 HK cents (2018: Nil) per share approved and payable during the period	—	—

The Company have distributed 2018 final dividend of HK\$1,960,325 to the shareholders on 19 July 2019.

Saved for the 2018 final dividend described above, no dividend has been paid or declared by the Company for the nine months ended 30 September 2019 (Nine months ended 30 September 2018: Nil).

9. LOSS PER SHARE

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Loss for the purpose of calculating basic loss per share	<u>(24,958)</u>	<u>(17,331)</u>	<u>(81,249)</u>	<u>(6,300)</u>
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>576,566</u>	<u>576,566</u>	<u>576,566</u>	<u>576,566</u>

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 September 2019 and 2018.



10. SHARE CAPITAL

	Unaudited as at 30 September 2019 HK\$'000	Audited as at 31 December 2018 HK\$'000
Authorised: 5,000,000,000 ordinary shares of HK\$0.10 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid: 576,566,055 (31 December 2018: 576,566,055) Ordinary share of HK\$0.1 each	<u>57,657</u>	<u>57,657</u>



11. FINANCIAL ASSETS AT FVTPL

	Unaudited as at 30 September 2019 HK\$'000	Audited as at 31 December 2018 HK\$'000
Equity securities, at fair value — Listed in Hong Kong	<u>51,030</u>	<u>134,135</u>
Analysed as:		
Current assets	<u>51,030</u>	<u>134,135</u>

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

	Unaudited as at 30 September 2019 HK\$'000	Audited as at 31 December 2018 HK\$'000
Held for trading	<u>51,030</u>	<u>134,135</u>

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

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



12. FINANCIAL ASSETS AT FVTOCI

	Unaudited as at 30 September 2019 HK\$'000	Audited as at 31 December 2018 HK\$'000
Unlisted equity securities, at fair value		
— In British Virgin Islands	10,900	9,900
— In United Kingdom	—	7,800
	10,900	17,700
9% redeemable preference shares, at fair value	8,200	8,200
	19,100	25,900

The unlisted equity securities in the British Virgin Islands and United Kingdom were denominated in HK\$ and Great British Pound respectively.

Policy prior to 1 January 2018

Unlisted equity securities and 9% redeemable preference shares, at cost were classified as available-for-sale financial assets and were stated at cost as they do not have a quoted market price in active market.

13. ACQUISITION OF SUBSIDIARIES

On 1 June 2018, the Group has increased its shareholding on Pineapple Media Limited (“Pineapple Media”) from 30% to 70% for HK\$3,200,000. Pineapple Media and its wholly owned subsidiary People’s Communication & Consultant Company Limited (“PCCC”) become subsidiaries of the Company. PCCC engages in public relations services business for government and associations, branding and management consultancy for listed companies and media relations services.

The fair value of the identifiable assets and liabilities of Pineapple Media and its subsidiary acquired as at the date of acquisition is as follows:

	Fair value
	HK\$'000
Net assets acquired:	
Fixed assets	62
Trade receivable	810
Bank and cash	8,110
Prepayment received	(1,450)
Other payable	(1,200)
Trade payable	(112)
Accrual	(618)
Tax payable	(398)
	<u>5,204</u>
Less: Fair value of investment in an associate	(1,561)
Non-controlling interests	(1,561)
Goodwill	1,118
	<u>3,200</u>
Satisfied by:	
Cash consideration paid	<u>3,200</u>
Net cash inflow arising on acquisition:	
Cash consideration paid	(3,200)
Cash and cash equivalents acquired	8,110
	<u><u>4,910</u></u>



The fair value of trade receivables acquired is approximately HK\$809,860. The gross amount due under the contracts is HK\$809,860, of which HK\$ Nil is expected to be uncollectible.

The Group recognised a fair value loss on remeasurement of previously held interest upon step acquisition of HK\$545,996 in the business combination. The loss is included in other expenses. The business combination results in a fair value loss because the loss on fair value of the identifiable assets and liabilities as at 31 December 2018.

Pineapple Media contributed approximately HK\$7,252,075 to the Group's revenue for the year for the period between the date of acquisition and the end of the reporting period. Pineapple Media contributed approximately HK\$484,656 profit to the Group's profit for the year for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2018, total Group revenue for the year from continuing operations would have been HK\$11,317,210, and profit for the year from continuing operations would have been HK\$1,472,961. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2018, nor is intended to be a projection of future results.

No acquisition-related cost has been incurred for the year ended 31 December 2018.

The goodwill arising on the acquisition of Pineapple Media is attributable to the anticipated profitability of the distribution of the Group's services business in the new markets and the anticipated future operating synergies from the combination.



MANAGEMENT DISCUSSION AND ANALYSIS

Over the past few months, Hong Kong experienced unprecedented unrest in its history. Millions of citizens, regardless of where they stand, are all heavily burdened with agony, hurts, intensified emotions and many sleepless nights. Our hearts wrenched at the countless unfortunate events and we hope for the best for Hong Kong and for its people.

From commercial perspective, as the business and economic landscape in Hong Kong undergone some radical changes, uncertainties in different business sectors are rising. As the international perception and investors' confidence in Hong Kong were revised during the past few months, we need to revise what we previously planned for the 2nd half of the year to adapt to current change of business environment.

In general our business operation remain as usual, while some projects experience actual growth, business cycles for a number of projects were also unfortunately prolonged. During these times of unpredictability, Kaisun Holdings streamlined our organizational structure to control costs.

While continuing our stand as the Belt and Road project incubator, we may also keep an eye on any business opportunities in the Greater Bay Area, which we believe to be a realization of the Belt and Road Initiative performed in a regional scale.

For further details of the development of our projects as well as our securities trading business, please refer to the following sections.



MINING, MANUFACTURING OF MACHINERY & SUPPLY

i. Shandong – Mining and Metallurgical Machinery Production

Tengzhou Kaiyuan Industrial Co., Ltd. (“Tengzhou Kaiyuan”), a joint venture of a subsidiary company of the Group, specializes in mining and metallurgical machinery production and owns 27 sets of safety certificates for mining products. Its major products are overhead manned cableway device and its accessories, as well as technical consultancy services including equipment installation, technical support and after-sales services.

Updates on demand on coal mining machineries and monitoring of mining facilities in 2019

Under the current trend of increasing awareness towards mine safety, Chinese government has increased its monitoring of mining facilities by raising the frequencies of inspection of mining facilities, examination of safety certificates of mining facilities, asking enterprises to comply with new standards. As a result, many enterprises replaced parts or even changing complete set of its mining machineries.

Amid the current trend of replacing old mining machineries with new mining machineries, demand for mining machineries will rise, in addition, as coal production is on an increasing trend, it is envisaged that mining machineries business of Tengzhou Kaiyuan will benefit from the rising demand for mining machineries.

(Retrieved source: <https://twgreatdaily.com/-oa9t2wBvfv6VcSZHGiq.amp>)



Tengzhou Kaiyuan Highlight for 3rd Quarter

Mo Zi Innovation and Technology Park



- Tengzhou Kaiyuan continues to be in strong liquidity position with a rise of turnover rate. Revenue in the 3rd quarter of 2019 reached HKD17.47 million, an increase of 45.8% compared to that of that of 2018.
- During the interim period, production facilities were moved to a new production centre in Mo Zi Innovation and Technology Park, where operation and production had commenced operations.

- The new version of overhead manned cableway device was well received by the market. It helps to attract new clients and extend our sales network to over 80% of China's total provinces.
- As for the 3rd quarter, Tengzhou Kaiyuan strives to expand our sales team and provide better after-sales service for our customers with to prepare for future growth.



Kaiyuan Production Facilities

ii. Shandong – Supply Chain Management Services

Shandong Kailai Energy Industrial Co., Limited (“Shandong Kailai”) specializes in coal supply chain management, warehouse and logistics management as well as loading and unloading services. It has the right to use a section of railway permitted by China’s Jinan Railway Bureau. Shandong Kailai’s logistics centre is located at China’s railway hub with many state-owned factories nearby. It has a total area of 40,000m² with an annual loading capacity of 3 million tons.

Updates on the Recent Development of Coal Logistics Market

According to the guideline from China’s National Development and Reform Commission published in mid September 2019, by speeding up construction of special railway lines that links major railway lines to major ports, large mining enterprises and logistics park, so as to enhance overall effectiveness in transport by reducing number of transport routes that were required using means of transport other than railway. As a result, freight transport volume by railway is expected to increase.

Data from the China State Railway Group revealed that during the first 8 months of 2019 China’s rail freight volume totaled 2.214 billion tons, an increase of 6.19% compared to that of last year.

It is envisaged that in 2020, freight volume by railway will increase by 30% compared to that in 2017, reaching 47.96 billion tonnes. Coal will account 60% of total capacity to be transported by railway, reaching 28.1 billion tonnes.

(Retrieved source: <https://new.qq.com/omn/20190918/20190918A089ZG00.html> & <http://finance.eastmoney.com/a/201909161237939546.html>)

Located in the railway transport hub for coal, Shandong is one of the major provinces for production and consuming electricity. As Kalai Logistics Centre is well located near the railway, the supply chain management business of Shandong Kalai will benefit from the increase in adopting railway as the way to transport coal throughout the whole country.



Shandong Kailai for 3rd Quarter



- Shandong Kailai continues its cooperation with state-owned enterprises which promote local economic growth and will continue to look for suitable market opportunities.

- With completion of work for reinforcement of steel and widening of cargo platform, all construction work was completed, bringing the cargo platform into full stage of operation.

More orders could be brought in after operation level was raised to full stage, raising revenue in the 3rd quarter of 2019 to around HKD26.84 million.

Kailai Logistics Centre



iii. Xinjiang – Coal Exploitation Business (wholly owned subsidiary of Shandong Kailai)

Xinjiang Turpan Xingliang Mining Co., Limited (“Xingliang Mine”) is a wholly owned subsidiary of Shandong Kailai. It is located in Qiquanhu Town, Turpan City and within the Tuha coal field area, which is one of the four major coal fields in Xinjiang province. Long-flame coal used mainly by power plants and chemical industry is major composition of Xingliang mine. Xingliang Mine had signed an agreement with the local government in 2018, allowing Xingliang Mine to consolidate nearby small mines.

Mining site



Xingliang Mine for 3rd Quarter

Drilling process



- Continue working on all required procedures and reports, including feasibility report, social stability risk analysis report, geological disaster assessment report, environmental assessment report, exploration report, etc.
- Completed close to 70% of outdoor drilling activities under the cooperation with 156 Team of Xinjiang Mining Geological Bureau.

- Preliminary work continues for road repair and the construction of ground surface of Xingliang Mine to expand its mining area from 1.1 km² to 8.8 km². Our team will continue its cooperation with construction team and monitor its progress to ensure that the construction will be completed as scheduled.



iv. Mongolia – Supply Chain Management Business

The railway logistics platform in Choir City of Mongolia acquired by Kaisun is located at a strategically important path between Russia and China, and has a unique geographical advantage on the trilateral logistics and trade between China, Mongolia and Russia.

The railway logistics platform has a total area of 35,000 m² with an annual loading capacity of 1.8 million tons. It mainly provides loading and unloading services, customer declaration, warehousing and logistics services.

Choir Logistics Centre



Analysis on the coal industry of Mongolia in 2019

According to the National Statistical Office of Mongolia, Mongolia's coal production during the first 8 months of 2019 totaled 34.112 million tons, which was 16.1% higher than that of 2018; coal exports during the first 8 months of 2019 saw an increase of 5.2% than that of 2018 with a total of 25.029 tons. Coal production and exports are expected to continue their upward trend in 2019.

(Retrieved source: <https://luliao.lgmi.com/html/201909/26/6214.htm>)

Mining is of paramount importance to Mongolia's social and economic development, accounting for over 30% of the nation's gross domestic product. China is currently the top export market to Mongolia, with Mongolia accounting for 10% of China's coal import in 2018. Trade between two countries are growing every year, and in the forthcoming next three to five years, it is expected that the annual mineral export of Mongolia can reach 70 million tons.

(Retrieved source: <https://www.hkcnews.com/article/23537/%E4%B8%80%E5%B8%B6%E4%B8%80%E8%B7%AF-%E8%92%99%E5%8F%A4-23537/%E3%80%8C%E4%B8%80%E5%B8%B6%E4%B8%80%E8%B7%AF%E3%80%8D%E5%90%8C%E6%99%82%E7%82%BA%E8%92%99%E5%8F%A4%E5%B8%B6%E4%BE%86%E7%99%BC%E5%B1%95%E8%88%87%E5%9C%B0%E7%B7%A3%E6%94%BF%E7%B6%93%E9%97%9C%E4%BF%82%E8%A4%87%E9%9B%9C%E5%8C%96->)

Because of the close proximity between China and Mongolia, short distance lower cargo transport cost between two countries. Moreover, product cost are low. Hence, management is of the view that Railway Platform of Mongolia Choir Logistic Centre can benefit from the huge potential of trading and transport of coal between the two countries.

Choir Project Highlight

- We continue our cooperating with the China Railway Engineering Construction Mongolia (CREC) for completion of the remaining construction work of Choir Logistics Centre, and we have started seeking potential clients.
- After completion of construction work, relevant government reports and completion certificates will be submitted for application for relevant license. It is expected that relevant license can be obtained in 2020 for commencing business operation.

AGRICULTURAL INVESTMENT AND DEVELOPMENT

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

Cheung Lee Highlight for 3rd Quarter

Jiangxi Agricultural Base with Greenhouse



Ningxia Agricultural Base



- Started producing “Natural Vegetable” by cultivating “zero residue”, such that “Safe Vegetable” are available for sale.
- To plan for further development of vegetable trading business along the Belt and Road countries, our Cheung Lee team conducted research on Southeast Asia Market, selected Thailand as a start point and visited Thailand wholesale market for understanding its current market environment, to conduct research, and adapting our business to meet needs of Thailand market, so as to be prepared for export to Southeast Asian market.



- Cheung Lee started financial services platform for its agricultural business by acquiring a financial services platform business, and this newly added financial services platform widened Cheung Lee's business scope, raising Cheung Lee's competitiveness and provided support to sale and trading business of Cheung Lee.

Yunnan Agricultural Base



FOURTH QUARTER 2019 DEVELOPMENT GOALS

Our group will continue our effort on our existing businesses and look to expand our business and markets. Our business goals in the fourth quarter are as follows:

Shandong – Mining and Metallurgical Machinery Production

- Continue to invest in the research and development of mining facilities and understand that meet customer's needs and demands, so as to increase sales and extend client network.
- With new production facilities in Mo Zi Innovation and Technology Park, we can accept increasing sales orders, and at the same time controlling our cost of production, and have the production capacity to further expand our business.

Shandong – Supply Chain Management Services

- Shandong Kailai plans for more cooperation with state-owned enterprises, capturing suitable opportunities for developing local economic growth.
- Raising effectiveness of logistics centre, reducing use of labour to raise overall competitiveness of Shandong Kailai.

Xinjiang – Coal Exploitation Business

- Speed up the progress of working on all required procedures and reports, including feasibility report, social stability risk analysis report, geological disaster assessment report, environmental assessment report, exploration report, etc.

- Remaining outdoor drilling activities are expected to be completed in the fourth quarter.
- By going through the formal bidding, auction and listing process, it is expected that mining area can be raised from 1.1 square kilometers to 8.8 square kilometers. Our team will continue cooperating with construction team, monitor its progress so that construction can be completed as scheduled.

Mongolia – Supply Chain Management Business

- After completion of construction work, relevant government reports and completion certificates will be submitted for application for relevant license. It is expected that relevant license can be obtained in 2020 for commencing business operation.

Agricultural Investment and Development

- Improve the facilities of the agricultural bases and expand our greenhouses to promote the cultivation of Natural Vegetable.
- Create a brand new agricultural trading financial platform to increase business diversification and introduce new method for agricultural business.

EVENT MANAGEMENT BUSINESS

Despite the social instability in Hong Kong, during the 3rd quarter our event management subsidiary People's Communication and Consultancy Company Limited ("PCCC") still managed to create over HK\$2 million of revenue PCCC will continue to seek to create different high value-added service packages for clients, and develop the business further by increasing our clientele.

ESPORTS BUSINESS

The last quarter had been rather eventful for Kaisun's Esports subsidiary EvoLoop. Since GIRLGAMER Sydney Festival, GIRLGAMER Esports Festival had been successfully held in Singapore, Seoul, Madrid and São Paulo. By 7th October 2019, all

regional qualifiers of the GIRLGAMER Esports Festival had completed and winners announced. This symbolized the end of the initial phase — regional qualifiers, and the beginning of the final phase — GIRLGAMER World Finals.

GIRLGAMER regional qualifiers witnessed the best all-female esports teams from each region gather together to flex their muscles via popular games <League of Legends> and <Counter-Strike: Global Offensive>. Championships will represent their region in the upcoming GIRLGAMER World Finals to be held in Dubai.



*The crowd-pleasing
GIRLGAMER São Paulo Festival*

INVESTMENT VEHICLE DEVELOPMENT

Over the past two years, Kaisun Holdings and British fund company Sturgeon Capital had been looking at long term development along the Belt and Road, especially when Belt and Road Initiative had already stepped into a development stage rather than just an initiative. The synergy between the two companies is expected to be enhanced with the addition of a Chinese perspective in Sturgeon Capital. We continue our discussion with Sturgeon Capital, and will update our shareholders if agreement is reached.

The preference shares interests received from Xinying continues to provide regular administrative expense support.

SECURITIES TRADING BUSINESS

The Group's listed-securities trading activities continues to be managed by the investment committee. Although China and the United States agreed to resume trade talks in October, the content of the trade talk are still in the bottleneck, and both sides are expected to have a tariff increase. Our investment committee have decided to

reduce to risk of the securities trading by continuing to diversify our investment by targeting long-term growth securities which pays dividends in different sectors when opportunities arise.

As at 30 September 2019, the fair value of listed investment was HK\$51,030,070. The cost of listed investment was HK\$53,198,230.

During the 9 months ended 30 September 2019, part of our existing securities portfolio recorded an unrealized loss compared to the fourth quarter of 2018. The unrealized fair value lost on listed securities was HK\$23,901,360.

Dividend received from listed securities during the 3rd Quarter was HK\$759,840.

BUSINESS UNIT FOR CONSULTING AND TRUST BUSINESS

The Group's subsidiaries, Kaisun Consulting Limited ("Kaisun Consulting") and Kaisun Trust and Trustee Services Company Limited ("Kaisun Trust"), holders of Trust or Company Service Provider ("TCSPs"), have continued to provide professional corporate secretarial services and trust services to our Belt and Road peers, while generating revenue for the Group.

CORPORATE SOCIAL RESPONSIBILITIES

Our contribution to corporate social responsibility included supporting organization of conference. We won the outstanding award on Corporate Social Responsibility organized by The Mirror Magazine.

"Greater Bay Area Conference – Inclusive Growth through Innovation and Sustainability"

"Greater Bay Area Conference — Inclusive Growth through Innovation and Sustainability" held on October 10, 2019 was co-organized by Silk Road Economic Development Research Centre and China Daily.



Keynote addresses were delivered by Mr. C Y Leung, GBM, GBS, JP, Vice Chairman, The National Committee of the Chinese People’s Political Consultative Conference (photo centre); and various distinguished speakers were invited for panel discussions.

Mr. Joseph Chan, Kaisun’s Chairman (photo right 6) gave the welcoming remarks. Through sharing and discussion by renowned guests and attendees, Kaisun believed potential opportunities in Greater Bay Area can be explored.

Won the outstanding award on Corporate Social Responsibility organized by The Mirror Magazine (October 2019)



On 28 October 2019, our group won the outstanding award on Corporate Social Responsibility organized by The Mirror Magazine in recognition of our contributions in corporate social responsibility. Mr. Joseph Chan, Kaisun’s Chairman (photo centre), received the award for Kaisun.



Financial Review

Revenue of the Group for nine months ended 30 September 2019 amounted to approximately HK\$123.6 million, represented an increase of approximately 107.2% when compared with the same period in 2018 (nine months ended 30 September 2018: HK\$59.7 million). The increase in revenue was mainly attributable to increase in trading activities from our provision of supply chain management services business.

The Group gross profit for nine months ended 30 September 2019 decreased by approximately 3.5% to approximately HK\$16.5 million when compared with the same period in 2018 (nine months ended 30 September 2018: HK\$17.1 million). Such drop in gross profit was mainly attributable to lack of high margin business from corporate services business for the nine months ended 30 September 2019.

For nine months ended 30 September 2019, the total administrative and other operating expenses was approximately HK\$54.9 million, increase of approximately 19.1% compared with the same period in 2018 (nine months ended 30 September 2018: HK\$46.1 million), due to a higher amortization expenses within the Group during the period.

For nine months ended 30 September 2019, the loss from operations was approximately HK\$88.1 million (nine months ended 30 September 2018 loss from operations: HK\$11.5 million). The loss from operation was mainly attributable to the fair value loss on financial assets at FVTPL by approximately HK\$23.9 million and loss on disposal of financial assets at FVTPL by HK\$25.6 million. The Group recorded loss for nine months ended 30 September 2019 of approximately HK\$86.4 million (loss for nine months ended 30 September 2018: HK\$10.1 million).

The total comprehensive loss attributable to owners of the Company for nine months ended 30 September 2019 amounted to approximately HK\$120.3 million (The total comprehensive loss attributable to owners of the Company for nine months ended 30 September 2018: HK\$21.5 million).

As at 30 September 2019, the Group held financial assets at fair value through profit or loss of approximately HK\$51.0 million, wholly comprised of securities listed in Hong Kong. The loss on disposal of financial assets at fair value through profit or loss amounted to approximately HK\$25.6 million compared to a gain in the same period in 2018 (as at 30 September 2018 gain: HK\$129,000), whilst the fair value loss on financial assets at fair value through profit or loss was approximately HK\$23.9 million for nine months ended 30 September 2019 (fair value gain for nine months ended 30 September 2018: HK\$8.6 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		Unrealized gain(loss) on fair value change for the year ended		Dividends received for the year ended		Fair value as at		% of the Group's net assets as at		Reasons for fair value loss
	30 September 2019	30 September 2019	30 September 2019	30 September 2019	30 September 2019	30 September 2019	30 September 2019	31 December 2018	30 September 2019	Investment cost	
			HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Hong Kong Listed Securities											
BOC Hong Kong (Holdings) Limited (2388) (Note 1)	15,000	0.00%	(63,750)	—	—	399,000	—	0.11%	462,750	—	Drop in share price
Cathay Pacific Airways Limited (0293) (Note 2)	30,000	0.00%	(34,800)	—	—	294,000	—	0.08%	328,800	—	Drop in share price
CK Hutchison Holdings Limited (0001) (Note 3)	10,000	0.00%	(33,500)	8,700	—	692,000	—	0.19%	725,500	—	Drop in share price
Eternity Technology Holdings Limited (1725) (Note 4)	2,790,000	0.93%	(1,006,300)	—	—	3,180,600	—	0.86%	4,186,900	—	Drop in share price
Hands Form Holdings Limited (1920) (Note 5)	22,290,000	0.86%	(624,120)	—	—	3,833,880	—	1.04%	4,458,000	—	Drop in share price
Hong Kong Education (Int'l) Investments Limited (1082) (Note 6)	6,080,000	1.11%	(1,066,800)	—	—	4,803,200	—	1.30%	5,870,000	—	Drop in share price
Hong Kong Exchanges and Clearing Limited (0388) (Note 7)	15,000	0.00%	(552,000)	55,800	—	3,450,000	—	0.93%	4,002,000	—	Drop in share price
OP Financial Investments Limited (1140) (Note 8)	15,156,000	0.52%	(20,102,360)	690,000	—	23,794,920	107,273,160	6.45%	22,164,080	—	Drop in share price
Target Insurance (Holdings) Limited (6161) (Note 9)	18,102,000	3.47%	(318,940)	—	—	10,318,140	—	2.80%	10,637,080	—	Drop in share price
Tsui Wah Holdings Limited (1314) (Note 10)	534,000	0.04%	(98,790)	5,340	—	264,330	—	0.07%	363,120	—	Drop in share price
361 Degrees International Limited (1361) (Note 11)	—	—	—	—	—	—	617,770	—	—	—	—
EJE (Hong Kong) Holdings Limited (8101) (Note 12)	—	—	—	—	—	—	21,560,000	—	—	—	—
MTR Corporation Limited (0066) (Note 13)	—	—	—	—	—	—	288,400	—	—	—	—
Sau San Tong Holdings Limited (8200) (Note 14)	—	—	—	—	—	—	1,260,000	—	—	—	—
Wang Yang Holdings Limited (1735) (Note 15)	—	—	—	—	—	—	342,400	—	—	—	—
Yield Go Holdings Limited (1796) (Note 16)	—	—	—	—	—	—	2,793,000	—	—	—	—
Total			<u>(23,901,360)</u>	<u>759,840</u>		<u>51,030,070</u>	<u>134,134,730</u>	<u>13.82%</u>	<u>53,198,230</u>		

Notes:

1. BOC Hong Kong (Holdings) Limited (HKEx: 2388) — The principal activities of BOC Hong Kong (Holdings) Limited is the provision of banking and related financial services.
2. Cathay Pacific Airways Limited (HKEx: 0293) — Cathay Pacific Airways Limited is principally engaged in operating scheduled airline services, airline catering, aircraft handling, aircraft engineering and cargo terminal operation.
3. CK Hutchison Holdings Limited (HKEx: 0001) — The principal activities of CK Hutchison Holdings Limited are operates the ports and related services, retail, infrastructure, energy and telecommunications industries.
4. Eternity Technology Holdings Limited (HKEx: 1725) — The Eternity Technology Holdings Limited is principally engaged in the business of electronics manufacturing services (“EMS”).
5. Hands Form Holdings Limited (HKEx: 1920) — Hands Form Holdings Limited is an established subcontractor in Hong Kong and principally engage in the provision of wet trades works and other wet trades related ancillary works.
6. Hong Kong Education (Int’l) Investments Limited (HKEx: 1082) — Hong Kong Education (Int’l) Investments Limited acts as an investment holding company while its principal subsidiaries are principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.
7. Hong Kong Exchanges and Clearing Limited (HKEx: 0388) — HKEx 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.
8. OP Financial Investments Limited (HKEx: 1140) — OP Financial Investments Limited (“OP Financial” or “the Group”) is a Hong Kong listed Investment Company with the mandate allowing the Company to invest in various assets, financial instruments, and businesses globally. The Group produce medium to long term shareholder returns by developing customized investment solutions for and alongside institutional and corporate investors in the region. The Group’s co-investors are mainly large financial institutions and organizations targeting either high growth opportunities within China or strategic investments outside the region. The Group also invests in funds of listed and unlisted equities to generate diversified returns. Over time, these funds will serve as the foundation of a marketable proprietary financial services platform for attracting new investment partners.

9. Target Insurance (Holdings) Limited (HKEx: 6161) — Target Insurance (Holdings) Limited is principally engaged in writing of motor insurance business in Hong Kong.
10. Tsui Wah Holdings Limited (HKEx: 1314) — Tsui Wah Holdings Limited is principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants in Hong Kong, the People’s Republic of China (the “PRC” or “Mainland China”) and Macau.
11. 361 Degrees International Limited (HKEx: 1361) — The principal activities of 361 Degrees International Limited are manufacturing and trading of sporting goods, including footwear, apparel and accessories in the PRC.
12. EJE (Hong Kong) Holdings Limited (HKEx: 8101) — The principal activity of EJE (Hong Kong) Holdings Limited is investment holding. The principal activities of the EJE (Hong Kong) Holdings Limited’s subsidiaries are: (i) The design, manufacture and sales of mattress and soft bed products; (ii) property investment; (iii) securities investment; and (iv) the provision of property management and property agency services.
13. MTR Corporation Limited (HKEx: 0066) — The Group is principally engaged in the following core businesses — railway design, construction, operation, maintenance and investment in Hong Kong, the Mainland of China and a number of major overseas cities; project management in relation to railway and property development businesses; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the Mainland of China; and investment in Octopus Holdings Limited.
14. Sau San Tong Holdings Limited (HKEx: 8200) — The Group is principally engaged in the provision of beauty and slimming services from slimming centres, distribution sales of cosmetic and skin care products and sale of other health and beauty products. The slimming centres, which are operated under the “Sau San Tong” brand name, provide services such as whole and partial body slimming, weight management, body treatment services and facial treatment services to its customers.
15. Wang Yang Holdings Limited (HKEx: 1735) — Wang Yang Holdings Limited is a contractor in Hong Kong undertaking (i) foundation works which include piling works, excavation and lateral support works, and pile cap construction; (ii) superstructure works which include building works in relation to the parts of the structure above the ground level; and (iii) other construction works such as demolition works, site formation works, ground investigation works, minor works, hoarding works, A&A works and fitting-out works

16. Yield Go Holdings Limited (HKEx: 1796) — Yield Go Holdings Limited is an established fitting-out contractor in Hong Kong with over 22 years of experience since the establishment of one of the group’s principal operating subsidiaries, Hoi Sing Decoration, in 1995.

As at 30 September 2019, the Group held financial assets at fair value through other comprehensive income (“FVTOCI”) of approximately HK\$19.1 million, wholly comprised of unlisted equity securities in Hong Kong and United Kingdom and redeemable preference shares. The details of financial assets FVTOCI at investment cost are set out as follow:

Company Name	Number of	% of share-	% of the	Investment cost as at	
	shares held	% of share-	Group’s net	30 September	31 December
	as at	holding as at	assets as at	2019	2018
	30 September	30 September	30 September	HK\$	HK\$
	2019	2019	2019		
Cheung Lee Farming Corporation <i>(Note 1)</i>	870	8.7%	2.36%	8,700	7,700
Sturgeon Capital Limited <i>(Note 2)</i>	24,999	10.0%	2.11%	7,800	7,800
Xin Ying Holdings Limited <i>(Note 3)</i>	8,000,000	N/A	2.17%	8,000	8,000
			<u>6.64%</u>	<u>24,500</u>	<u>23,500</u>

Notes:

- Cheung Lee Farming Corporation incorporated under the laws of the British Virgin Islands with limited liability. The principal activities of the company together with its subsidiaries are engaged in the business of production and distribution of pollution-free vegetables.
- Sturgeon Capital Limited is an independent alternative investment manager specializing in frontier and emerging markets. Sturgeon Capital manages the Sturgeon Central Asia fund, a multi-strategy investment fund focused on Central Asia and the surrounding region. The Sturgeon Capital management team have been investing in the region since 2005 and is made up of industry professionals with diverse professional background of regional and industry specific experience.



3. The principal activity of Xin Ying Holdings Limited ("Xin Ying") is investment holding. Xin Ying's subsidiaries combine the development of financial globalization and internet information technology innovation mean to provide innovative and efficient financing, assessment, consulting management, interconnection, financial e-commerce and more professional financial services for domestic enterprises and individual customers in PRC. Xin Ying's subsidiaries hold two types of credit license — 融資性擔保機構經營許可證 and 深圳市小額貸款業務資格.

Liquidity and Financial Resources

As at 30 September 2019, the Group has a bank and cash balance of approximately HK\$34.8 million (as at 31 December 2018: HK\$20.7 million).

On 24 August 2018, the Company issued an 8% unlisted straight bonds due 2020 in an aggregate principal amount of HK\$50,000,000. Of this principal amount, HK\$30,000,000 of net proceeds was allocated for our acquisition of Mongolia Choir Railway Platform and used in manner as set out in the Company's announcement dated 20 December 2018, and the remaining net proceed will be used for trading business.

Gearing Ratio

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.09 as at 30 September 2019 (as at 31 December 2018: 0.08).

Foreign Exchange Exposure

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), Sterling Pound, United States dollars and Tajikistan Somoni. As at 30 September 2019, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

OTHER INFORMATION

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

The interests of directors and chief executives' in the Shares of the Company were as follow:

Name of Directors	Capacity	Number of shares as at 30 September 2019	Approximate percentage of the total issued shares as at 30 September 2019
Chan Nap Kee, Joseph	Beneficial owner	167,193,298 <i>(Note 1)</i>	29.00%
Yang Yongcheng	Beneficial owner	1,675,000 <i>(Note 2)</i>	0.29%
Wong Yun Kuen	Beneficial owner	525,000 <i>(Note 3)</i>	0.09%
Liew Swee Yean	Beneficial owner	204,000 <i>(Note 3)</i>	0.04%
Siu Siu Ling, Robert	Beneficial owner	204,000 <i>(Note 3)</i>	0.04%
Anderson Brian Ralph	Beneficial owner	150,000 <i>(Note 3)</i>	0.03%
Chen Chun Long	Beneficial owner	6,147,000 <i>(Note 4)</i>	1.07%
Ching Ho Tung, Philip	Beneficial owner	220,000 <i>(Note 4)</i>	0.04%



Save as disclosed above, as at 30 September 2019, none of the directors or chief executives 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.

Note:

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 160,212,298. Of these, 2,004,000 shares were shares awarded to Mr. Chan as Director on 30 December 2015 under 2013 Share Award Scheme. 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 no. 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 period from 1 January 2019 to 30 September 2019, 740,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,193, 298 as at 30 September 2019.

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng 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.
3. Of these, 150,000 shares were shares awarded to each of Mr. Liew Swee Yean, Mr. Siu Siu Ling, Robert and Mr. Anderson Brian Ralph as Director on 30 December 2015 under the Share Award Scheme 2013.
4. These were shares held by Mr. Chen Chun Long and Mr. Ching Ho Tung as at 19 June 2019 when they were appointed as joint Chief Executive Officers of the Company.

2. Interests of Substantial Shareholders in Shares of the Company

As at 30 September 2019, so far as is known to the Directors of the Company, the persons (not being a Director of the Company) 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:

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate
			percentage of the total issued shares as at 30 September 2019
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,193,298	29.00%
Ms. Yeung Po Yee, Bonita	Interest of spouse (<i>Note 1</i>)	167,193,298	29.00%
Mr. Zhang Xiongfeng	Beneficial Owner	77,990,000	77,990,000
Ms. Wu Mingqin	Interest of spouse (<i>Note 2</i>)	13.53%	13.53%

Notes:

- 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.
- 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 September 2019, 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 – based Compensation Scheme

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

Share Award Scheme 2016

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

During the nine months ended 30 September 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 12,410,000 shares for total consideration of about HK\$2,972,876. 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 about HK\$395,050. Hence, the total no. of shares in the Share Award Scheme as at 30 September 2019 was 13,580,000.

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



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 nine months ended 30 September 2019, neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities, except that 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 12,410,000 shares for total consideration of about HK\$2,972,876.

CORPORATE GOVERNANCE

Based on principles of transparency and independence, the Board of Directors and management are committed to principles of good corporate governance consistent with enhancement of shareholder value.

The Board has established the following committees with written terms of reference which are in line with the Corporate Governance Code (the "CG Code") and Corporate Governance Report stated in Appendix 15 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). Details of written terms of reference are available on the Company's website:

www.kaisun.hk under "Investor Relations" section with heading of "Corporate Governance":

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



All the committees comprise a majority of Independent Non-Executive Directors. Each of the Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee is chaired by an Independent Non-executive Director.

Full details of the Company's corporate governance practices are set out in Company's Annual Report 2018.

Appointment of Joint Chief Executive Officers

As part of the Group's long term management succession plan which promote our professional and younger members of the Company that facilitates better business development of the Company, and to implement the aspect of good corporate governance of the Company where the role Chairman and Chief Executive Officer should be separated and should not be performed by the same individual, Mr. Chen Chun Long and Mr. Ching Ho Tung, Philip were appointed as joint Chief Executive Officers (CEOs) of the Company with effect from 19 June 2019. The Company is better prepared for future strategic growth of the Group with above changes.

Following the appointment of above joint Chief Executive Officers, Mr. Joseph Chan Nap Kee relinquished as Chief Executive Officer, and remain as Chairman and Executive Director of the Company.

For details on appointment of Joint CEOs, please refer to the Company's announcement dated 18 June 2019.



1. Audit Committee

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

The AC comprises four independent non-executive directors, namely Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, and Mr. Liew Swee Yean is the chairman of the AC.

The primary duties of the AC are to review and supervise the financial reporting process, risk management and internal control system of the Group and provide an important link between the Board and the Company’s auditors on those matters within the scope of the Group’s audit. It also reviews the effectiveness of the external and internal audit and conducts risk evaluation.

The Group’s financial statements for the nine months ended 30 September 2019 have been reviewed by the AC, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

2. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by 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 nine months ended 30 September 2019. The Company has also made specific enquiry to all Directors and the Company was not aware of any noncompliance with the required standard of dealings under the GEM Listing Rules and its code of conduct regarding securities transactions by Directors.



3. Code on Corporate Governance Practice

The Board is committed to maintain good standard of corporate governance practices and procedures. Except for the deviations described below, the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG code”) contained in Appendix 15 to the GEM Listing Rules throughout the period ended 30 September 2019 under review.

Under Code Provision A 6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Anderson Brian Ralph was not in Hong Kong, hence he was unable to attend the annual general meeting of the Company held on 29 June 2019.

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 nine months ended 30 September 2019, covering material financial, operational and compliance controls, and considered that the Group’s risk management and internal control systems are effective and adequate.

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

Hong Kong, 11 November 2019

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 two executive directors of the Company: Mr. CHAN Nap Kee Joseph and Mr. YANG Yongcheng, and four independent non-executive directors of the Company: Mr. LIEW Swee Yean, Mr. SIU Siu Ling Robert, Dr. WONG Yun Kuen and Mr. ANDERSON Brian Ralph.

This report will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the day of its posting, and on the Company’s website at <http://www.kaisun.hk>.