



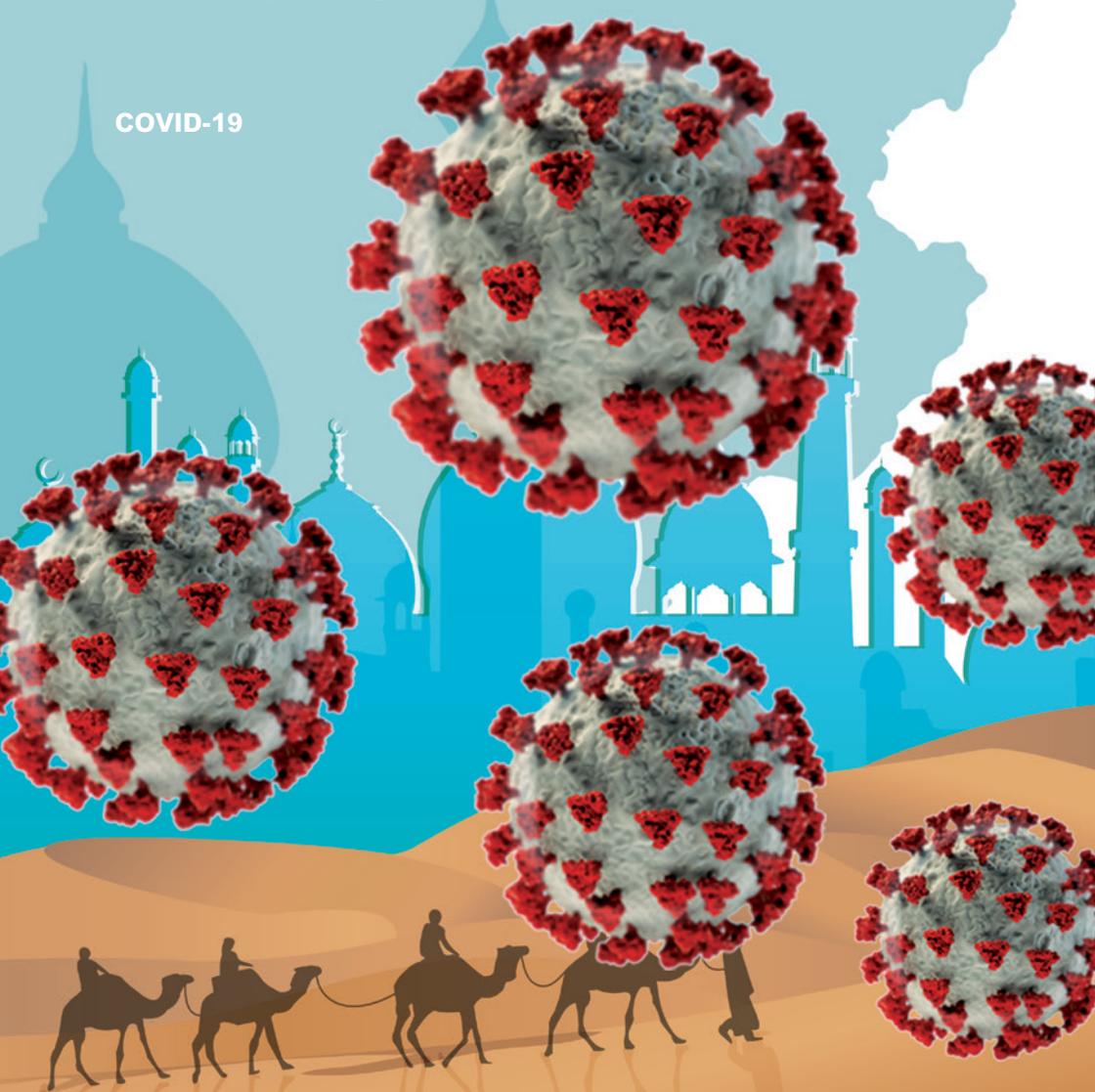
KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203

COVID-19



2020

THIRD QUARTERLY REPORT

* For identification purpose only

The background of the page features a light blue silhouette of a mosque with multiple domes and minarets, set against a white background with a subtle blue gradient at the bottom.

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.

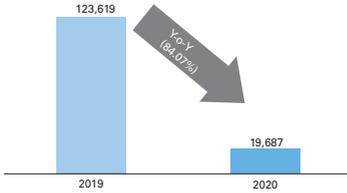
Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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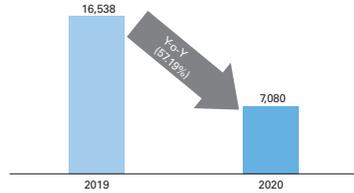
This report, for which the directors (the “Directors”) of Kaisun Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with 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.

2020 THIRD QUARTERLY RESULT HIGHLIGHTS (HK\$'000)

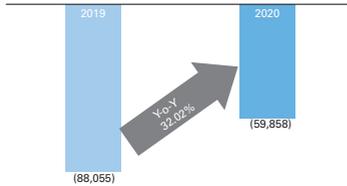
Revenue



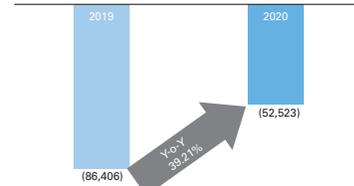
Gross profit



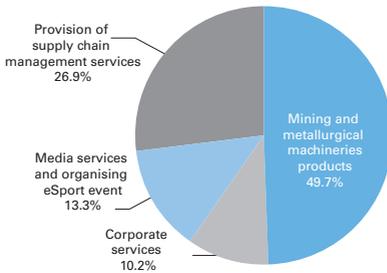
Loss from continuing operations



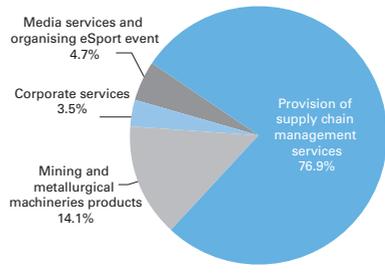
Loss for the period



2020 Segment Revenue



2019 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 2020, together with the unaudited comparative figures for the corresponding periods in 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2020

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	5	7,460	21,237	19,687	123,619
Cost of goods sold		<u>(5,267)</u>	<u>(17,427)</u>	<u>(12,607)</u>	<u>(107,081)</u>
Gross profit		2,193	3,810	7,080	16,538
Gain/(loss) on disposal of financial assets at fair value through profit or loss (FVTPL)		136	(3,282)	1,070	(25,593)
Fair value gain/(loss) on financial assets at FVTPL		381	(7,741)	(15,494)	(23,901)
Impairment loss on trade and other receivables		(4,529)	(1,794)	(12,500)	(584)
Other income and gains		1,055	1,235	2,135	1,685
Fair value loss on financial liabilities at FVTPL		—	—	—	(1,300)
Administrative and other operating expenses		<u>(15,019)</u>	<u>(19,723)</u>	<u>(42,149)</u>	<u>(54,900)</u>
Loss from continuing operations		(15,783)	(27,495)	(59,858)	(88,055)
Share of loss of an associate		—	—	(324)	—
Finance costs		<u>(1,173)</u>	<u>(1,078)</u>	<u>(3,673)</u>	<u>(3,261)</u>
Loss before tax from continuing operations		(16,956)	(28,573)	(63,855)	(91,316)
Loss from discontinued operations	13	<u>(1)</u>	—	<u>(2)</u>	—
Loss before tax		(16,957)	(28,573)	(63,857)	(91,316)
Income tax credit	7	<u>2,949</u>	<u>1,717</u>	<u>11,334</u>	<u>4,910</u>
Loss for the period		<u>(14,008)</u>	<u>(26,856)</u>	<u>(52,523)</u>	<u>(86,406)</u>



	<i>Note</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Attributable to:					
Owners of the Company					
Loss for the period from continuing operations		(12,827)	(24,958)	(49,210)	(81,249)
Loss for the period from discontinuing operations		(1)	—	(2)	—
Loss for the period attributable to owners of the Company		(12,828)	(24,958)	(49,212)	(81,249)
Non-controlling interests					
Loss for the period from continuing operations		(1,180)	(1,898)	(3,311)	(5,157)
Loss for the period from discontinuing operations		—	—	—	—
Loss for the period attributable to non-controlling interests		(1,180)	(1,898)	(3,311)	(5,157)
Loss for the period		(14,008)	(26,856)	(52,523)	(86,406)
Loss per share (HK Cents)	9				
Basic		(2.22)	(4.33)	(8.54)	(14.09)

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

For the nine months ended 30 September 2020

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss for the period	(14,008)	(26,856)	(52,523)	(86,406)
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	18,876	(22,870)	13,218	(32,126)
Total comprehensive income for the period	<u>4,868</u>	<u>(57,526)</u>	<u>(39,305)</u>	<u>(126,332)</u>
Attributable to:				
Owners of the Company				
Loss for the period from continuing operations	5,642	(55,179)	(36,400)	(120,276)
Loss for the period from discontinued operations	—	—	—	—
Loss for the period attributable to owners of the Company	5,642	(55,179)	(36,400)	(120,276)
Non-controlling interests				
Loss for the period from continuing operations	(774)	(2,347)	(2,905)	(6,056)
Loss for the period from discontinued operations	—	—	—	—
Loss for the period attributable to non-controlling interests	(774)	(2,347)	(2,905)	(6,056)
Total Comprehensive income attributable to:				
Owners of the Company	5,642	(55,179)	(36,400)	(120,276)
Non-controlling interests	(774)	(2,347)	(2,905)	(6,056)
	<u>4,868</u>	<u>(57,526)</u>	<u>(39,305)</u>	<u>(126,332)</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

	Unaudited								
	Attributable to owners of the Company								
	Share capital HK'000	Share premium HK'000	Shares held for share award scheme HK'000	Foreign currency translation reserve HK'000	Financial assets FVTOCI reserve HK'000	Accumulated losses HK'000	Total HK'000	Non-controlling interests HK'000	Total equity HK'000
At 1 January 2019	57,657	1,363,055	(395)	(8,479)	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
At 1 January 2020	57,657	1,361,095	(3,371)	(70,774)	(5,392)	(1,167,762)	171,453	34,748	206,201
Total comprehensive income for the period	—	—	—	12,812	—	(49,212)	(36,400)	(2,905)	(39,305)
Changes in equity for the period	—	—	—	12,812	—	(49,212)	(36,400)	(2,905)	(39,305)
At 30 September 2020	57,657	1,361,095	(3,371)	(57,962)	(5,392)	(1,216,974)	135,053	31,843	166,896

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 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 2019 unaudited 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 unaudited annual financial statement for the year ended 31 December 2019.

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 2020.

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

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to then ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

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 2020:

Description	Fair value measurements using:		Total
	Level 1	Level 3	30 September 2020
	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
listed securities	<u>40,664</u>	<u>—</u>	<u>40,664</u>
Financial assets at FVTOCI			
unlisted equity securities	<u>—</u>	<u>19,109</u>	<u>19,109</u>
Total	<u><u>40,664</u></u>	<u><u>19,109</u></u>	<u><u>59,773</u></u>
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL			
put option	<u>—</u>	<u>6,379</u>	<u>6,379</u>

Disclosures of level in fair value hierarchy at 31 December 2019:

Description	Fair value measurements using:		Total
	Level 1	Level 3	31 December
	Unaudited	Unaudited	2019
	HK\$'000	HK\$'000	Unaudited
			HK\$'000

Recurring fair value measurements:

Financial assets

Financial assets at FVTPL

listed securities	52,489	—	52,489
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Financial assets at FVTOCI

unlisted equity securities	—	19,109	19,109
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Total	52,489	19,109	71,598
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Recurring fair value measurements:

Financial liabilities

Financial liabilities at FVTPL

put option	—	6,379	6,379
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(b) Reconciliation of assets measured at fair value based on level 3:

	Unaudited as at 30 September 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
Financial assets at FVTOCI		
At 1 January	19,109	25,900
Purchases	—	1,001
Settlements	—	—
Total gains or losses recognized in other comprehensive income	—	(7,792)
	<u>19,109</u>	<u>19,109</u>

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 2020:**

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 September 2020 Unaudited HK\$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	weighted average cost of capital	14%–16%	Decrease	19,109
		long-term revenue growth rate	3%	Increase	
		long-term pre-tax operating margin	15%–20%	Increase	
		discount for lack of marketability	30%	Decrease	



5. REVENUE

Disaggregation of revenue

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
Continuing Operations				
Sale of goods:				
— Production and exploitation of coal	—	477	—	929
— Mining and metallurgical machineries production	3,707	6,335	9,775	17,472
Provision of services:				
— Provision of supply chain management services business	2,209	11,354	5,303	95,045
— Corporate services business	580	601	2,000	4,376
— Media services and organising eSports event	964	2,470	2,609	5,797
	<u>7,460</u>	<u>21,237</u>	<u>19,687</u>	<u>123,619</u>
Discontinued operations				
— Production and exploitation of coal	—	—	—	—
	<u>7,460</u>	<u>21,237</u>	<u>19,687</u>	<u>123,619</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:

For the nine months ended 30 September (unaudited)	Continuing operations										Discontinued operations					
	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		Production and exploitation of coal		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Revenue by primary geographical markets																
— Hong Kong	—	1,378	—	—	—	—	292	4,376	887	5,268	1,179	11,022	—	—	1,179	11,022
— PRC except Hong Kong	5,303	26,844	9,775	17,472	—	—	16	—	—	118	15,094	44,434	—	—	15,094	44,434
— Australia	—	1,404	—	—	—	—	—	—	—	237	—	1,641	—	—	—	1,641
— Dubai	—	4,323	—	—	—	—	—	—	1,053	—	1,053	4,323	—	—	1,053	4,323
— Middle East	—	—	—	—	—	—	—	—	—	399	—	399	—	—	—	399
— Tajikistan	—	—	—	—	—	929	—	—	—	—	—	929	—	—	—	929
— Taiwan	—	51,648	—	—	—	—	—	—	—	—	—	51,648	—	—	—	51,648
— Vietnam	—	9,448	—	—	—	—	—	—	—	—	—	9,448	—	—	—	9,448
— Others	—	—	—	—	—	—	1,692	—	750	125	2,442	125	—	—	2,442	125
Segment revenue	5,303	95,045	9,775	17,472	—	929	2,000	4,376	2,609	6,147	19,768	123,969	—	—	19,768	123,969
Intersegment revenue																
— Hong Kong	—	—	—	—	—	—	—	—	(81)	(350)	(81)	(350)	—	—	(81)	(350)
Revenue from external customers	5,303	95,045	9,775	17,472	—	929	2,000	4,376	2,609	5,797	19,687	123,619	—	—	19,687	123,619
Timing of revenue recognition																
Products transferred at a point in time	5,303	95,045	9,775	17,472	—	929	—	—	—	—	15,078	113,446	—	—	15,078	113,446
Products and services transferred over time	—	—	—	—	—	—	2,000	4,376	2,609	5,797	4,609	10,173	—	—	4,609	10,173
Total	5,303	95,045	9,775	17,472	—	929	2,000	4,376	2,609	5,797	19,687	123,619	—	—	19,687	123,619

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:

	Continuing operations						Discontinued operations		Total
	Provision of supply chain management services business	Mining and metallurgical machineries production	Production and exploitation of coal	Securities trading	Corporate services business	Media services and organising eSports event	Total	Production and exploitation of coal	
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
For nine months ended 30 September 2020 (unaudited)									
Revenue from external customers	5,303	9,775	—	—	2,000	2,609	19,687	—	19,687
Segment profit/(loss)	(49,492)	(3,172)	(30,387)	46,603	(5,571)	1,103	(40,916)	(1)	(40,917)
For nine months ended 30 September 2019 (unaudited)									
Revenue from external customers	96,045	17,472	929	—	4,376	5,797	123,619	—	123,619
Segment profit/(loss)	(7,877)	307	(8,595)	(52,748)	(3,732)	(2,933)	(75,578)	—	(75,578)

	Unaudited nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Reconciliations of segment profit or loss		
Total loss of reportable segments	(40,917)	(75,578)
Other profit or loss	(11,606)	(10,828)
Consolidated loss for the period	(52,523)	(86,406)

7. INCOME TAX(CREDIT)/EXPENSE

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Current tax				
— Hong Kong & PRC				
Income tax (credit)	(3,012)	(1,136)	(8,778)	(1,662)
Deferred tax (credit)	63	(581)	(2,556)	(3,248)
	(2,949)	(1,717)	(11,334)	(4,910)

Hong Kong Profits Tax has been provided at a rate of 16.5% (2019: 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% (2019: 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

No dividend has been paid or declared by the Company for the nine months ended 30 September 2020 (Nine months ended 30 September 2019: Nil).

9. LOSS PER SHARE

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss for the purpose of calculating basic loss per share	<u>(12,828)</u>	<u>(24,958)</u>	<u>(49,212)</u>	<u>(81,249)</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 2020 and 2019.

10. SHARE CAPITAL

	Unaudited as at 30 September 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
Authorised: 5,000,000,000 ordinary shares of HK\$0.10 each	<u><u>500,000</u></u>	<u>500,000</u>
Issued and fully paid: 576,566,055 Ordinary share of HK\$0.10 each	<u><u>57,657</u></u>	<u>57,657</u>

11. FINANCIAL ASSETS AT FVTPL

	Unaudited as at 30 September 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
Equity securities, at fair value — Listed in Hong Kong	<u><u>40,664</u></u>	<u>52,489</u>
Analysed as: Current assets	<u><u>40,664</u></u>	<u>52,489</u>

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

	Unaudited as at 30 September 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
Held for trading	<u><u>40,664</u></u>	<u>52,489</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 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
Unlisted equity securities		
— In British Virgin Islands	10,900	10,900
— In United Kingdom	—	—
— In Hong Kong	9	9
	10,909	10,909
9% redeemable preference shares	8,200	8,200
	19,109	19,109

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

13. DISCONTINUED OPERATIONS

Analysis of the results of production and exploitation of coal in Tajikistan business is as follows:

(i) Results

	Unaudited Nine months ended 30 September 2020 HK\$'000
Revenue	—
Cost of goods sold	—
Gross loss	—
Other income and gains and losses	—
Administrative and other operating expenses	(2)
Loss for the period	<u>(2)</u>

(ii) Cash flows

	Unaudited Nine months ended 30 September 2020 HK\$'000
Operating cash flows	—
Investing cash flows	—
Financing cash flows	—
Total cash flows	<u>—</u>



MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong's economy had been hit hard by months of protests and social unrest since June 2019, followed by the outbreak of COVID-19 pandemic in 2020 that pushed Hong Kong's economy and its people's livelihood into crisis. By the end of the second quarter of 2020, Hong Kong's year-to-year GDP shrunk for 4 consecutive quarters. Unemployment in Hong Kong surged to a nearly 16-year high of 6.4 percent in the July–September period according to the latest statistics on employment by the Census and Statistics Department. The long weekend holidays starting 1st October used to be an important golden week for Hong Kong's tourism industry. However, from 1st to 4th October this year, the total number of mainland and foreign tourists visiting Hong Kong was only 928, a 99.8% drop compared to 566,000 from the same period last year.

For past few months, the Hong Kong government had been in talks with mainland authorities over the possibility of launching a mutually recognized health code systems, halted by the third wave of the coronavirus which broke out in July, making economic condition and livelihood in Hong Kong more difficult. Survival becomes the main theme for most businesses in Hong Kong.

Starting from the second half of the year, "Towards the new normal" has become the Group's main theme to battle COVID-19. We restructured our portfolios and stepped up business transformation by shifting focus from physical to online services. The management of the Group still sees very rough roads ahead and we must be prepared for the best so that we can get through the tough times.

LOOKING FORWARD FROM GROUP LEVEL

COVID-19 remains a major threat to the global economy. Given the unprecedented impact resulting from the pandemic and under various approaches of solutions adopted by different countries and companies, we might still be years from an effective global vaccine solution. Therefore, the society has to learn to live with it and kick-start economic growth amid the pandemic. The Group will continue our efforts in cost-cutting, while focusing on developing the online businesses to reduce the impact of business downturn caused by COVID-19 as best as we can. We cannot predict when the global crisis will end. We believe that our action will show our shareholders who supported the Group over the years how determined we are to overcome this challenge.

MINING, MANUFACTURING OF MACHINERY & SUPPLY

i. Shandong – Mining and Metallurgical Machinery Production

Tengzhou Kaiyuan Industrial Co., Ltd. (“Tengzhou Kaiyuan”), a joint venture of a subsidiary company of the Group, specializes in mining and metallurgical machinery production and owns 32 sets of safety certificates for mining products. Its major products are overhead manned cableway device and its accessories, as well as technical consultancy services including equipment installation, technical support and after-sales services.

Updates on COVID-19’s impact on China’s mining machinery manufacturing industry in 2020

In the 3rd quarter, downstream demand exceeded market expectation as the impact of the COVID-19 in China continues to decline and the economy is gradually recovering. According to the National Bureau of Statistics of China, coal production reached 330 million tons in August, a year-on-year decrease of 0.1%, while electricity consumption increased by 7.7%, reflecting China’s robust demand for coal amid tightened supply. In addition, Shanxi Province recently planned to further strengthen efforts in investigating potential safety hazards by implementing safety inspections until year end, prompting enterprises to replace existing mining machineries.

Under such stringent inspections on coal enterprises by China’s coal regulatory currently in place, and entering winter coal season with high demand for coal, the demand for mining machinery will certainly increase, benefitting Tenzhou Kaiyuan’s orders in the 4th quarter.

(Retrieved source: http://www.stats.gov.cn/tjsj/zxfb/202009/t20200915_1789523.html)



Tengzhou Kaiyuan Highlights for 3rd Quarter

- As it will take time for the mining industry to recover under the impact of COVID-19, the current demand for mining machineries remains low. Reported revenue for Tengzhou Kaiyuan in the 3rd quarter of 2020 amounted to approximately HK\$9.775 million.
- Our efforts in research succeeded in providing 2 models of brand new mining machineries, with improved machinery performance and raised level of safety. These 2 new models can capture market opportunities provided in the 4th quarter when demand for mining machinery increased.



New models of mining machineries by our R&D



ii. Shandong – Supply Chain Management Services

Shandong Kailai Energy Industrial Co., Limited (“Shandong Kailai”) is a joint venture between a subsidiary of the Company and Shandong Bayi Coal Electrochemical Co., Ltd.

Shandong Kailai Energy Industrial Co., Limited (“Shandong Kailai”) specializes in coal supply chain management, warehouse and logistics management as well as loading and unloading service. It has the right to use a section of railway permitted by China’s Jinan Railway Bureau. Shandong Kailai’s logistics centre is located at China’s railway hub with a number of state-owned enterprises nearby. It has a total area of 110,000m² with an annual loading capacity of 3 million tons.

Updates on the impact of COVID-19 on China’s coal rail transportation in 2020

As the epidemic in China become under control in the 3rd quarter and economy and downstream demand continued to recover, demand for rail gradually returned to normal. According to data compiled by China State Railway Group, 2.323 billion tons of freight belonged to rail transport in China for the first 8 months, of which 308 million tons were in August, an increase of 7.3% compared with same period last year, supporting the return to normal for transport by rail.

As COVID-19 pandemic gradually come under control in China, different sectors of China are under recovery with coal transport by rail on rising trend. Despite this, amid the outbreak of some COVID-19 cases in Shandong, the prudent approach adopted by Shandong government on relaxing the restrictions to contain the spread of COVID-19 put a brake on full production in Shandong. In light of the gradual decline in COVID-19, further relaxation of restrictions is expected, and the economy will be on the way to recovery. On entering winter, it is expected production will increase raising the demand for coal. Hence, the Group envisaged Shandong Kailai’s supply chain management business will improve.

(Retrieved source: <https://news.sina.com.tw/article/20200902/36222290.html>)



Shandong Kailai for 3rd Quarter

- As coal of stocks piled up with reduced transportation of coal, Shandong Kailai recorded approximately HK\$5.30 million in revenue in the 3rd quarter of 2020.
- Currently, Shandong Kailai is in preliminary discussion with construction teams to construct a brand new storage centre by expanding its eastern platform so as to raise overall storage capacity.



Preparation work for the expansion of Eastern Platform



- By introducing a fully enclosed environmental friendly design facility so as to suppress dust pollution, Shandong Kailai aims at long term sustainability through implementing better environmental protection practices.

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

Xinjiang Turpan Xingliang Mining Co., Limited (“Xingliang Mine”) is a wholly owned subsidiary of Shandong Kailai. It is located in Qiquanhu Town, Turpan City within the Tuha coal field area, which is one of the four major coal fields in Xinjiang province. Long-flame coal used mainly by power plants and chemical industries is the major composition of Xingliang Mine. Xingliang Mine signed an integrity agreement with Turpan Gaochang District Government in 2018 for the consolidation of nearby small-scale mines.

To facilitate the consolidation project, Xingliang Mine was officially granted exploration license of 1.2 million tons on 11 August 2020. Moreover, application for coal fire extinguishment work is currently under processing and it is expected approval will be granted within this year. To prepare for implementation of coal fire extinguishment work, a preliminary cooperation agreement with Shaanixi Jinyuetai Engineering Company was reached, so as to plan for commencement of coal fire extinguishment work in the 4th quarter 2020.





Field survey conducted by the drilling team

Analysis of Xinjiang's coal industry amid COVID-19 pandemic in 2020

The main area for China coal production has gradually shifted to the western regions in recent years, in particular, coal mining in Xinjiang grow faster under the support of China's macro policy. This is evidenced by the approval by the National Energy Administration since 2020 of 12 new coal projects, of which 10 are located in Xinjiang. Hence, the proportion Xinjiang coal production in relation to the total coal production in China will increase.

According to the National Bureau of Statistics of China, in August 2020, Xinjiang's coal production reached 167.31 million tons, a year-on-year increase of 12%; while electricity supply from Xinjiang reached a record-high of 11.4 billion kWh, a year-on-year increase of 79.43%. This reflects the strength of Xinjiang infrastructure in supply of coal and can provide a steady and stable source of energy supply for the nation amid the COVID-19.

Located in geographically important and strategic position for energy development in China, Xinjiang has large potential in developing its coal industry. Under the strong demand for electricity generated by coal and supporting policy by local government, it is envisaged by the Group the Xingliang Mine can generate good revenue for the Group.

(Retrieved source: http://big5.xinhuanet.com/gate/big5/www.xj.xinhuanet.com/2020-09/18/c_1126509752.htm)

(Retrieved source: <https://finance.sina.com.cn/money/future/indu/2020-09-17/doc-iivhvpwy7249058.shtml>)

Xingliang Mine for 3rd Quarter

- Xingliang Mine had completed the preliminary application for the extinguishment of coal fire in the mining area in the 2nd quarter. The project is in the final stages of application, and is expected to kickstart in the 4th quarter after receiving preliminary approval from the local government.
- Technical report under the collaboration with the Joint Geological Survey Team of Coal Geology Bureau of Xinjiang Uygur Autonomous Region for the fire extinguishment area was preliminarily completed.
- Xingliang Mine had reached a preliminary cooperation agreement with a construction team, allowing the team to conduct on-site visits for a better understanding for implementation of the fire extinguishment work. Other parties for cooperation will be introduced.

iv. Mongolia – Supply Chain Management Business

The railway logistics platform in Choir City of Mongolia is located at a strategically important conduit between Russia and China, and has a unique geographical advantage on the trilateral trade between China, Mongolia and Russia. The railway logistics platform has a total area of 35,000m² with an annual loading capacity of 1.8 million tons. It mainly provides loading and unloading services, customs declaration, warehousing and logistics services.



Analysis of Mongolia's mining industry amid COVID-19 pandemic in 2020

The Foreign Ministers of China and Mongolia recently signed the revised Agreement on China-Mongolia Border Ports and Their Management System, vowing to boost bilateral trade and strengthen economic cooperation. Also, China agreed to continue increasing the import of coal from Mongolia, giving confidence to Mongolia's mining industry and economy.

Owing to stringent COVID-19 measures still remaining in place in Mongolia, the construction work for Choir Logistics Centre was delayed and expected to commence in the 4th quarter of 2020 or early next year. As China and Mongolia further strengthen bilateral ties, the Group believes that their coal trade will continue to expand, and is likely to benefit Choir Logistics Platform in the long run.

(Retrieved source: <https://www.china5e.com/news/news-1098719-1.html>)

Choir Project for 3rd Quarter

- Due to differing views between the Group and the vendor regarding the contractual interpretation of the clauses on fulfillment of obligations of Choir Logistics Centre, the entire acquisition has not been formally completed. The construction of the Choir Logistics Centre continued to be postponed.

AGRICULTURAL INVESTMENT AND DEVELOPMENT

Kaisun Group continues to provide professional guidance and services such as financial control, audit, legal advice and alike to support the business development of Cheung Lee Agricultural Co., Limited ("Cheung Lee").

Over the past two decades Cheung Lee has evolved into an agricultural integrator that provides unique green agri-food industry chain solutions, consisting of modern farming, cultivation management as well as physical and online sales platforms connecting both Chinese and international green food wholesale and retail businesses.

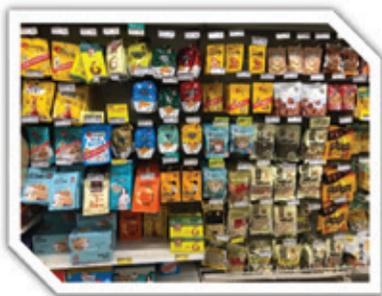
At present, Cheung Lee has 4 core businesses, namely vegetables, fresh fruits, tea and nuts and its by-products, and owns 10,000 mu of agricultural base, 1,500 mu of fruit plantation base and 10,000 mu of Pu'er Terrace Tea and Pu'er Ancient Tree Tea plantation base.

Cheung Lee Highlights for 3rd Quarter

- Cheung Lee has expanded the sales channels of “Natural Vegetable” to online stores. It is now available at HKTVMALL, where its products can be purchased in supermarkets in North London.
- After adding new partners, Cheung Lee plans to export tea and strengthen its tea trading business.



- Under the brand name of “Fengyunxiaozi”, Cheung Lee planned to enter nuts segments in China and now these nuts are available at supermarkets in China and e-commerce platform JD.com.



“Fengyunxiaozi” nuts now available at supermarkets in China



FOURTH QUARTER 2020 DEVELOPMENT GOALS

In order to meet our pre-pandemic targets, Kaisun Group will step up our efforts so that our production can return to normal as soon as possible and accelerate business expansion. The Group's business goals in the 4th quarter are as follows:

Shandong – Mining and Metallurgical Machinery Production

- In order to increase product varieties and competitiveness, Tengzhou Kaiyuan aims to complete the development of the 2 new mining machineries in the 4th quarter.
- Tengzhou Kaiyuan aims to improve its efficiency in collecting accounts receivable, increase cash flow and enhance liquidity.

Shandong – Supply Chain Management Services

- Shandong Kailai plans to kickstart the expansion works for its eastern platform in the 4th quarter, so that the new storage centre will commence operations in 2021.
- Begin construction of a fully enclosed environmental friendly design facility which is planned to commence operations alongside the new storage centre in 2021, Shandong Kailai aims to attain long term sustainability through implementing better environmental protection practices.

Xinjiang – Coal Exploitation Business

- Xingliang Mine aims to kickstart its fire extinguishment work to help increase the cash flow for the Group.
- Xingliang Mine is preparing for the preliminary application for the mining license of 1.2 million tons.

Mongolia – Supply Chain Management Business

- The Group will continue to negotiate with the vendor to resolve the differences regarding the contractual interpretation of the clauses on fulfillment of obligations of Choir Logistics Centre, and hopes to complete the entire acquisition and commence construction as soon as possible.

Agricultural Investment and Development

- Cheung Lee aims to develop a plan to increase the products under “Natural Vegetable” and increase its export to overseas market by utilizing existing sales channel of its tea segment.
- Cheung Lee is working with partners to introduce its tea products to the retail market in Russia.

KAISUN BUSINESS SOLUTIONS

EVENT MANAGEMENT & MEDIA PRODUCTION SERVICES

People’s Communications & Consultancy Company Limited and VOV Studio Limited were greatly affected by the pandemic as all of the local events were delayed or cancelled during the last 3 quarters. Since then, the team shifted its focus to generate more business from existing clients by providing online services, such as web design, social media management and other online support. In the third quarter, the team launched its Wechat Official Account and began to create content for it. The articles and videos posted received great success with over 80,000 views, and more importantly, it has attracted new clients hoping to use the platform to promote their own brands. Looking into the future, PCCC will continue to grow its online business, and will resume local events when coronavirus become under control.

ESPORTS BUSINESS

Ever since the launch of GIRLGAMER Esports IP in 2017, every year, the team will launch offline international events for building its reputation. This year, for safety reasons, the team decided to move the stage from offline to online. GIRLGAMER Challenge 2020 will bring together the best female esports teams globally. The online tournaments will be held respectively in Oceania, Asia, Europe, North America and South America. The champions will be announced by the end of November 2020. Meanwhile, the fundraising activities restarted gradually as lockdown restrictions start to be relaxed across the world. Depending upon the recent development of the esports business and the market sentiment, the team also planned to put the exit plan of the esports business on the agenda in due course.

KAISUN TRUST AND TRUSTEE SERVICES

Kaisun Trust and Trustee Services Company Limited (“Kaisun Trust”) officially became a member of Hong Kong Trustee’s Association in the third quarter. Having steady clients, Kaisun Trust was less affected by the pandemic. The total size of assets under management has increased during the year 2020 and it also brings in steady cash flow for the Group via its trust administration service. In the fourth quarter, Kaisun Trust will strive to expand its customer reach while building its own reputation in Hong Kong.

INVESTMENT PLATFORM

Daily operational activities in UK, worldwide fundraising activities, site visits to companies in Central Asia under our investment platform business were seriously disrupted by Covid-19 pandemic. Despite resumption of some part of business in Europe in July, the rapid rise in COVID-19 case in August raised the uncertainty on the existing operational activities, and Central Asia is no exception as well, resulting in lack of progress in the past quarter.

SECURITIES TRADING BUSINESS

The Group’s listed-securities trading business continues to be managed by the investment committee with analytical and performance reports generated regularly. As the COVID-19 pandemic continues to accelerate globally, new regulations and social distancing rules were being introduced across multiple European countries. Although the global economy has slightly recovered this quarter, investors remain cautious when chance of outbreak of another round of COVID-19 will be high upon entering the winter influenza season, increasing the possibility of the lockdown, and amid the US presidential election. The investment committee believed the COVID-19 pandemic will continue to impact the global and local economic activities as well as securities markets. Our investment strategy is to continue to reduce the weight of the investment portfolio when opportunities arise and wait for market recovery.

As at 30 September 2020, the fair value of listed investment was HK\$40,664,485. The cost of listed investment was HK\$59,150,709.

During the nine months end 30 September 2020, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK\$15,493,566. Dividend received from listed securities during the 3rd Quarter was HK\$54,080.

Financial Review

Revenue of the Group for nine months ended 30 September 2020 amounted to approximately HK\$19.7 million, represented a decrease of approximately 84.1% when compared with the same period in 2019 (nine months ended 30 September 2019: HK\$123.6 million). The decrease in revenue was mainly attributable to outbreak of coronavirus which stopped most of our operations since the first quarter in 2020.

The Group gross profit for nine months ended 30 September 2020 decreased by approximately 57.0% to approximately HK\$7.1 million when compared with the same period in 2019 (nine months ended 30 September 2019: HK\$16.5 million). The decrease in gross profit was due to drop in revenue caused by the reason mentioned in previous paragraph.

For nine months ended 30 September 2020, the total administrative and other operating expenses was approximately HK\$42.1 million, decrease of approximately 23.3% compared with the same period in 2019 (nine months ended 30 September 2019: HK\$54.9 million). Such drop in administrative expenses was mainly attributable to human resources restructuring in late 2019.

For nine months ended 30 September 2020, the loss from continuing operations was approximately HK\$59.9 million (nine months ended 30 September 2019 loss from operations: HK\$88.1 million). The loss from operation was narrowed due to a drop of fair value loss on financial asset at FVTPL from approximately HK\$23.9 million to HK\$15.5 million, a gain on disposal of financial assets at FVTPL of approximately HK\$1.1 million (A loss on disposal of financial assets at FVTPL for nine months ended 30 September 2019: HK\$25.6 million) and was partially offset by impairment loss on trade and other receivables of approximately HK\$12.5 million.

The Group recorded loss for nine months ended 30 September 2020 of approximately HK\$52.5 million, representing a decrease of approximately 39.2% when compared with the same period in 2019 (loss for nine months ended 30 September 2019: HK\$86.4 million).

The total comprehensive loss attributable to owners of the Company for nine months ended 30 September 2020 amounted to approximately HK\$36.4 million (The total comprehensive loss attributable to owners of the Company for nine months ended 30 September 2019: HK\$120.3 million).

As at 30 September 2020, the Group held financial assets at fair value through profit or loss of approximately HK\$40.7 million, wholly comprised of securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market as at 30 September 2020, although there is a gain on disposal of financial assets at fair value through profit or loss amounted to approximately HK\$1.1 million (as at 30 September 2019 loss on disposal of financial assets at FVTPL: HK\$25.6 million), whilst the fair value loss on financial assets at FVTPL was approximately HK\$15.5 million for nine months ended 30 September 2020 (for nine months ended 30 September 2019: HK\$23.9 million). The details of financial assets at FVTPL are set out as follow:

Company Name	Number of shares held as at 30 September 2020	% of share-holding as at 30 September 2020	Unrealized gain/(loss) on fair value change for the year ended 30 September 2020 HK\$	Fair value as at		% of the Group's net assets as at 30 September 2020	Investment cost HK\$	Reasons for fair value loss
				30 September 2020 HK\$	31 December 2019 HK\$			
Hong Kong Listed Securities								
BOC Hong Kong (Holdings) Limited (2388) (Note 1)	15,000	0.0001%	(99,750)	306,000	405,750	0.18%	462,750	Drop in share price
EJE (Hong Kong) Holdings Limited (8569) (Note 2)	9,800,000	3.39%	(5,507,796)	5,390,000	10,323,000	3.15%	14,020,604	Drop in share price
HSBC Holdings plc (0005) (Note 3)	20,000	0.0001%	(419,000)	596,000	—	0.35%	1,015,000	Drop in share price
MTR Corporation Limited (0066) (Note 4)	40,000	0.001%	(196,000)	1,530,000	—	0.89%	1,726,000	Drop in share price
OP Financial Investments Limited (1140) (Note 5)	17,476,000	0.60%	(10,159,880)	15,553,640	26,496,000	9.09%	24,943,440	Drop in share price
Target Insurance (Holdings) Limited (6161) (Note 6)	18,052,000	3.46%	811,040	11,011,720	9,956,100	6.43%	10,783,610	—
Tesson Holdings Limited (1201) (Note 7)	13,215,000	1.10%	77,820	6,277,125	—	3.67%	6,199,305	—
Cathay Pacific Airways Limited (0293) (Note 8)	—	—	—	—	345,600	—	—	—
China Petroleum & Chemical Corporation (0386) (Note 9)	—	—	—	—	938,000	—	—	—
Hong Kong Exchanges and Clearing Limited (0388) (Note 10)	—	—	—	—	3,795,000	—	—	—
Tsui Wah Holdings Limited (1314) (Note 11)	—	—	—	—	229,620	—	—	—
Total			(15,493,566)	40,664,485	52,489,070	23.76%	59,150,709	

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. 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.
3. 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").
4. MTR Corporation Limited (HKEx: 0066) — MTR Corporation Limited 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.
5. OP Financial Investments Limited (HKEx: 1140) — OP Financial Investments Limited ("OP Financial") is a Hong Kong listed Investment Company with the mandate allowing the Company to invest in various assets, financial instruments, and businesses globally. OP Financial produce medium to long term shareholder returns by developing customized investment solutions for and alongside institutional and corporate investors in the region. OP Financial's co-investors are mainly large financial institutions and organizations targeting either high growth opportunities within China or strategic investments outside the region. OP Financial 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.
6. Target Insurance (Holdings) Limited (HKEx: 6161) — Target Insurance (Holdings) Limited is principally engaged in writing of motor insurance business in Hong Kong.

7. Tesson Holdings Limited (HKEx: 1201) — Tesson Holdings Limited is principally engaged in Lithium Ion Motive Battery Business and Property and Cultural Business during the year.
8. 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.
9. China Petroleum & Chemical Corporation (HKEx: 0386) — China Petroleum & Chemical Corporation is principally engages in oil and gas and chemical operations in the People’s Republic of China (the “PRC”). Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil and natural gas by pipelines; refining crude oil into finished petroleum products; and marketing crude oil, natural gas and refined petroleum products. Chemical operations include the manufacture and marketing of a wide range of chemicals for industrial uses.
10. 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.
11. 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.

As at 30 September 2020, the Group held financial assets at 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 shares held as at	% of shareholding as at	% of the Group's net assets as at	Investment cost as at	as at
	30 September 2020 (Unaudited)	30 September 2020 (Unaudited)	30 September 2020 (Unaudited)	30 September 2020 (Unaudited) HK\$	31 December 2019 (Unaudited) HK\$
Cheung Lee Farming Corporation <i>(Note 1)</i>	870	8.7%	5.08%	8,700,000	8,700,000
Connect-Me Technologies Limited <i>(Note 2)</i>	990	9.9%	0.0006%	990	990
Sturgeon Capital Limited <i>(Note 3)</i>	24,999	9.96%	4.56%	7,800,000	7,800,000
Xin Ying Holdings Limited <i>(Note 4)</i>	8,000,000	N/A	4.67%	8,000,000	8,000,000
			<u>14.31%</u>	<u>24,500,990</u>	<u>24,500,990</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.
- Connect-Me Technologies Limited under the laws of the Hong Kong SAR with limited liability. They engaged in sale of electronic consumer products, key products including tablet PCs, smartphones, smartwatches, smart crutches, VR, electric self-balancing scooters, etc.
- Sturgeon Capital Limited ("Sturgeon Capital") 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. On 11 November 2019, we acquired 45.56% equity interest in SCH Limited, the company which holds approximately 90.04% of equity interest in Sturgeon Capital. After such acquisition we hold effectively 50.98% of equity interest in Sturgeon Capital (41.02% in Sturgeon Capital through SCH Limited and 9.96% directly in Sturgeon Capital). Further to completion of share swap restructuring, we indirectly control Sturgeon Capital by holding 50.98% equity interest in SCH Limited. As at 30 September 2020, the share swap restructuring is still in progress.



4. 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 2020, the Group has a bank and cash balance of approximately HK\$16.2 million (as at 31 December 2019: HK\$25.9 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 0.13 as at 30 September 2020 (as at 31 December 2019: 0.13).

Foreign Exchange Exposure

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), Sterling Pound and United States dollars. As at 30 September 2020, 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 2020	Approximate percentage of the total issued shares as at 30 September 2020
Chan Nap Kee, Joseph	Beneficial owner	167,263,298 <i>(Note 1)</i>	29.01%
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 2020, 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.

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 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 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 September 2020.

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 2020, 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:

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 September 2020
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	29.01%
Ms. Yeung Po Yee, Bonita	Interest of spouse (Note 1)	167,263,298	29.01%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.21%
Ms. Wu Mingqin	Interest of spouse (Note 2)	81,950,000	14.21%

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 2020, 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 2020, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, had not purchased any shares on the Stock Exchange. The total no. of shares in the Share Award Scheme as at 30 September 2020 was 13,610,000.

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 2020, neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities.

CORPORATE GOVERNANCE

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

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

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

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

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

1. Audit Committee

The Company established the audit committee (“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 2020 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 2020. The Company has also made specific enquiry to all Directors and the Company was not aware of any non compliance 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. 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 nine months period ended 30 September 2020 under review.

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 2020, 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, 6 November 2020

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>.