



KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203



COVID-19

* For identification purpose only

2020

INTERIM REPORT



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.

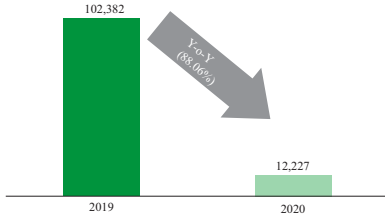
Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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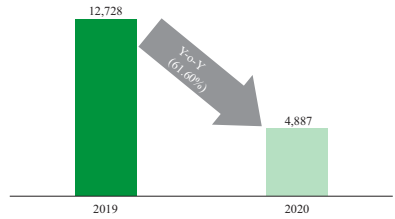
This report, for which the directors (the “Directors”) of Kaisun Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with 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 INTERIM RESULT HIGHLIGHTS (HK\$'000)

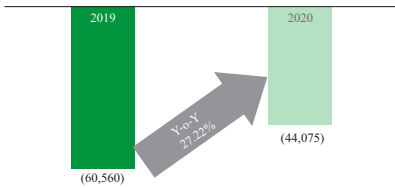
Revenue



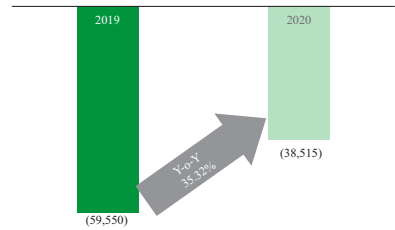
Gross profit



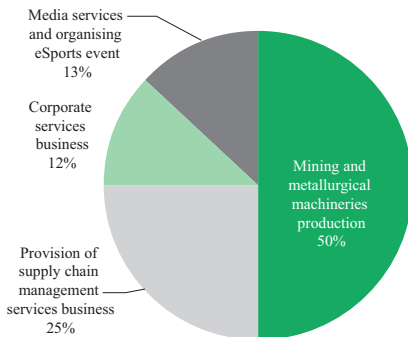
Loss from continuing operations



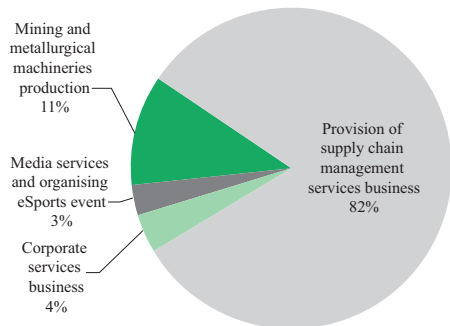
Loss for the period



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 six months ended 30 June 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 SIX MONTHS ENDED 30 JUNE 2020

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	5	8,125	26,314	12,227	102,382
Cost of goods sold		(4,671)	(17,807)	(7,340)	(89,654)
Gross profit		3,454	8,507	4,887	12,728
Gain/(loss) on disposal of financial assets at fair value through profit or loss (“FVTPL”)		27	(22,200)	934	(22,312)
Fair value (loss)/gain on financial assets at FVTPL		(8,159)	16,883	(15,875)	(16,161)
(Impairment loss)/reversal of impairment loss on trade and other receivables		(3,985)	(10,690)	(7,971)	1,210
Other income and gains		997	220	1,080	450
Fair value loss on financial liabilities at FVTPL		—	—	—	(1,300)
Administrative and other operating expenses		(13,644)	(18,523)	(27,130)	(35,175)
Loss from continuing operations		(21,310)	(25,803)	(44,075)	(60,560)
Share of profit of associates		(162)	—	(324)	—
Finance costs		(1,078)	(1,099)	(2,500)	(2,183)



	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss before tax from continuing operations		(22,550)	(26,902)	(46,899)	(62,743)
Discontinued operations					
Loss from discontinued operations	20	—	—	(1)	—
Loss before tax		(22,550)	(26,902)	(46,900)	(62,743)
Income tax credit/(expenses)	7	4,113	(2,239)	8,385	3,193
Loss for the period	8	(18,437)	(29,141)	(38,515)	(59,550)
Attributable to:					
Owners of the Company					
Loss for the period from continuing operations		(18,267)	(27,994)	(36,383)	(56,290)
Loss for the period from discontinued operations		—	—	(1)	—
Loss for the period attributable to owners of the Company		(18,267)	(27,994)	(36,384)	(56,290)
Non-controlling interests					
Loss for the period from continuing operations		(170)	(1,147)	(2,131)	(3,260)
Loss for the period from discontinued operations		—	—	—	—
Loss for the period attributable to non-controlling interests		(170)	(1,147)	(2,131)	(3,260)
Loss for the period		(18,437)	(29,141)	(38,515)	(59,550)
Loss per share (HK Cents)					
— Basic	10	(3.20)	(5.05)	(6.68)	(10.33)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss for the period	(18,437)	(29,141)	(38,515)	(59,550)
Other comprehensive income for the period, net of tax:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>(12,921)</u>	<u>(13,817)</u>	<u>(5,658)</u>	<u>(9,256)</u>
Total comprehensive income for the period	<u>(31,358)</u>	<u>(42,958)</u>	<u>(44,173)</u>	<u>(68,806)</u>
Attributable to:				
Owners of the Company				
Loss for the period from continuing operations	(31,114)	(41,719)	(42,042)	(65,097)
Loss for the period from discontinued operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period attributable to owners of the Company	(31,114)	(41,719)	(42,042)	(65,097)
Non-controlling interests				
Loss for the period from continuing operations	(244)	(1,239)	(2,131)	(3,709)
Loss for the period from discontinued operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period attributable to non-controlling interests	(244)	(1,239)	(2,131)	(3,709)
Total Comprehensive income attributable to:				
Owners of the Company	(31,114)	(41,719)	(42,042)	(65,097)
Non-controlling interests	(244)	(1,239)	(2,131)	(3,709)
	<u>(31,358)</u>	<u>(42,958)</u>	<u>(44,173)</u>	<u>(68,806)</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	<i>Note</i>	Unaudited 30 June 2020 HK\$'000	Unaudited 31 December 2019 HK\$'000
Non-current assets			
Fixed assets	11	25,982	29,087
Prepaid land lease		11,565	12,041
Goodwill		1,118	1,118
Intangible assets	12	122,369	130,913
Investment in associate		1,377	1,959
Financial assets at fair value through other comprehensive income ("FVTOCI")	19	19,109	19,109
Long-term deposits		20,000	20,000
Right-of-use Assets		1,421	1,879
		202,941	216,106
Current assets			
Prepaid land lease		489	498
Inventories		6,146	4,813
Trade and bills receivables	13	46,792	53,584
Deposits, prepayments and other receivables		70,092	40,334
Bank and cash balances		26,816	25,926
Assets of a disposal group classified as held for sale	20	—	15
Financial assets at FVTPL	18	34,012	52,489
		184,347	177,659

	<i>Note</i>	Unaudited 30 June 2020 HK\$'000	Unaudited 31 December 2019 HK\$'000
Current liabilities			
Trade payables	14	3,184	3,672
Other payables and accruals		87,594	42,479
Bonds payable		50,000	50,000
Financial liabilities at amortised cost with put option		49,879	49,879
Liabilities of a disposal group classified as held for sale	20	1,419	5,048
Current tax liabilities		38	3,904
		192,114	154,982
Net current liabilities		(7,767)	22,677
Total assets less current liabilities		195,174	238,783
Non-current liabilities			
Deferred tax liabilities		32,060	31,094
Lease liabilities		1,086	1,488
		33,146	32,582
NET ASSETS		162,028	206,201
Capital and reserves			
Share capital	15	57,657	57,657
Reserves		71,754	113,796
Equity attributable to owners of the Company		129,411	171,453
Non-controlling interests		32,617	34,748
TOTAL EQUITY		162,028	206,201



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Unaudited									
	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Shares held for share award scheme	Foreign currency translation reserve	Financial assets at FVTOCI reserve	Accumulated losses	Total			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
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	—	—	—	(8,807)	—	(56,290)	(65,097)	(3,709)	(68,806)	
Purchase of shares held under the share award scheme	—	—	(1,720)	—	—	—	(1,720)	—	(1,720)	
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)	(1,720)	(8,807)	—	(56,290)	(68,777)	(3,309)	(72,086)	
At 30 June 2019	57,657	1,361,095	(2,115)	(18,286)	2,400	(1,015,501)	385,250	42,061	427,311	
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	—	—	—	(3,527)	—	(38,515)	(42,042)	(2,131)	(44,173)	
Changes in equity for the period	—	—	—	(3,527)	—	(38,515)	(42,042)	(2,131)	(44,173)	
At 30 June 2020	57,657	1,361,095	(3,371)	(74,301)	(5,392)	(1,206,277)	129,411	32,617	162,028	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Unaudited	
	Six months ended	
	30 June	
	2020	2019
	HK\$'000	HK\$'000
Net cash generated from operating activities	2,818	37,726
Net cash generated from/(used in) investing activities	140	(1,453)
Net cash generated from financing activities	5,451	11,780
Net increase in cash and cash equivalents	8,409	48,053
Effect of foreign exchange rate changes	(7,519)	(5,609)
Cash and cash equivalents at beginning of period	890	42,444
	25,926	20,730
Cash and cash equivalents at end of period	26,816	63,174



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 June 2020:**

Description	Fair value measurements using:		Total
	Level 1	Level 3	30 June
	Unaudited	Unaudited	2020
	HK\$'000	HK\$'000	Unaudited HK\$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed securities	<u>34,012</u>	<u>—</u>	<u>34,012</u>
Financial assets at FVTOCI			
Unlisted equity securities	<u>—</u>	<u>19,109</u>	<u>19,109</u>
Total	<u><u>34,012</u></u>	<u><u>19,109</u></u>	<u><u>53,121</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		Total
	using:		31 December
	Level 1	Level 3	2019
	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	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 June 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 June 2020:

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

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 June 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 is as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	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	—	452	—	452
— Mining and metallurgical machineries production	5,073	8,316	6,068	11,137
Provision of services:				
— Provision of supply chain management services business	2,109	14,570	3,094	83,691
— Corporate services business	533	1,176	1,420	3,775
— Media services and organising eSports event	410	1,800	1,645	3,327
	<u>8,125</u>	<u>26,314</u>	<u>12,227</u>	<u>102,382</u>
Discontinued operations				
— Production and exploitation of coal	—	—	—	—
	<u>8,125</u>	<u>26,314</u>	<u>12,227</u>	<u>102,382</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 six months ended 30 June (unaudited)	Continuing operations												Discontinued operations			
	Mining and metallurgical machineries						Media services and Corporate services organising eSports						Production and exploitation of coal			
	Provision of supply chain management services business		production		Production and exploitation of coal		business		event		Total		Production and exploitation of coal		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
Revenue by primary geographical markets																
— Hong Kong	—	61,096	—	—	—	—	290	2,412	784	2,894	1,074	66,402	—	—	1,074	66,402
— PRC except Hong Kong	3,094	19,047	6,068	11,137	—	—	16	—	—	—	9,178	30,184	—	—	9,178	30,184
— Australia	—	1,406	—	—	—	—	—	—	421	234	421	1,640	—	—	421	1,640
— Dubai	—	2,142	—	—	—	—	—	—	—	—	—	2,142	—	—	—	2,142
— Middle East	—	—	—	—	—	—	—	—	—	399	—	399	—	—	—	399
— Tajikistan	—	—	—	—	—	452	—	—	—	—	—	452	—	—	—	452
— Others	—	—	—	—	—	—	1,114	1,363	500	—	1,614	1,363	—	—	1,614	1,363
Segment revenue	3,094	83,691	6,068	11,137	—	452	1,420	3,775	1,705	3,527	12,287	102,582	—	—	12,287	102,582
Intersegment revenue																
— Hong Kong	—	—	—	—	—	—	—	—	(60)	(200)	(60)	(200)	—	—	(60)	(200)
Revenue from external customers	3,094	83,691	6,068	11,137	—	452	1,420	3,775	1,645	3,327	12,227	102,382	—	—	12,227	102,382
Timing of revenue recognition																
Products transferred at a point in time	3,094	83,691	6,068	11,137	—	452	—	—	—	—	9,162	95,280	—	—	9,162	95,280
Products and services transferred over time	—	—	—	—	—	—	1,420	3,775	1,645	3,327	3,065	7,102	—	—	3,065	7,102
Total	3,094	83,691	6,068	11,137	—	452	1,420	3,775	1,645	3,327	12,227	102,382	—	—	12,227	102,382

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:

	Continuing operations						Discontinued operations		
	Provision of supply chain management services	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	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For six months ended 30 June 2020 (unaudited)									
Revenue from external customers	3,094	6,068	–	–	1,420	1,645	12,227	–	12,227
Segment profit/(loss)	(2,808)	(936)	(5,053)	(18,160)	(3,846)	(3,006)	(33,809)	(1)	(33,810)
As at 30 June 2020 (unaudited)									
Segment assets	28,677	35,045	179,266	22,745	17,798	221	283,752	2	283,754
Segment liabilities	2,633	7,053	76,700	27,461	1,902	1,308	117,057	2,931	119,988
For six months ended 30 June 2019 (unaudited)									
Revenue from external customers	83,691	11,137	452	–	3,775	3,327	102,382	–	102,382
Segment profit/(loss)	(6,392)	579	(5,974)	(39,862)	86	(1,594)	(53,157)	–	(53,157)
As at 30 June 2019 (unaudited)									
Segment assets	173,516	34,906	177,089	98,941	27,692	1,370	513,514	–	513,514
Segment liabilities	16,472	4,399	55,205	108,574	3,826	1,806	190,282	–	190,282



	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Reconciliations of segment profit or loss:		
Total loss of reportable segments	(33,810)	(53,157)
Other loss	(4,705)	(6,393)
Consolidated loss for the period	<u>(38,515)</u>	<u>(59,550)</u>

7. INCOME TAX (CREDIT)/EXPENSES

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
— Hong Kong & PRC				
Income tax (credit)/expenses	(5,676)	(546)	(5,766)	(527)
Deferred tax (credit)/expenses	1,563	2,785	(2,619)	(2,666)
	<u>(4,113)</u>	<u>2,239</u>	<u>(8,385)</u>	<u>(3,193)</u>

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. LOSS FOR THE PERIOD

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Directors' remuneration	1,084	1,087	2,167	2,175
Cost of inventories sold of supply chain management services for mineral business	653	13,658	884	81,450
Cost of mining and metallurgical machineries production	2,721	2,254	3,309	5,344
Depreciation	1,862	2,281	3,114	3,462
Operating lease rentals in respect of land and buildings	509	545	950	994
(Gain)/loss on disposal of financial assets at FVTPL	(27)	22,200	(934)	22,312
Fair value loss/(gain) on financial assets at FVTPL	8,159	(16,883)	15,875	16,161
Staff costs (including directors' emoluments)				
Basic salaries, bonuses, allowances, and benefits in kind	6,573	6,513	12,103	11,970
Retirement benefits scheme contributions	122	133	250	254
Impairment loss/(reversal of impairment loss) on trade and other receivables	3,985	10,690	7,971	(1,210)



9. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

10. LOSS PER SHARE

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Loss for the purpose of calculating basic loss per share	<u>(18,267)</u>	<u>(27,994)</u>	<u>(36,384)</u>	<u>(56,290)</u>
Number of shares <i>(Thousand shares)</i>				
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 June 2020 and 2019.

11. FIXED ASSETS

During the six months ended 30 June 2020, the Group acquired fixed assets of approximately HK\$2,000 (Six months ended 30 June 2019: HK\$903,000).

12. INTANGIBLE ASSETS

	Mining rights
	HK\$'000
Cost	
At 1 January 2019	234,614
Mining right written off (Unaudited)	(13,058)
Exchange differences (Unaudited)	(4,878)
	<hr/>
At 31 December 2019 and 1 January 2020 (Unaudited)	216,678
Exchange differences (Unaudited)	(6,480)
	<hr/>
At 30 June 2020 (Unaudited)	210,198
	<hr/>
Accumulated amortisation and impairment losses	
At 1 January 2019	84,842
Amortisation for the year (Unaudited)	12,445
Impairment loss for the year (Unaudited)	3,989
Mining right written off (Unaudited)	(13,058)
Exchange differences (Unaudited)	(2,453)
	<hr/>
At 31 December 2019 and 1 January 2020 (Unaudited)	85,765
Amortisation for the period (Unaudited)	6,046
Exchange differences (Unaudited)	(3,982)
	<hr/>
At 30 June 2020 (Unaudited)	87,829
	<hr/> <hr/>
Carrying amount	
At 30 June 2020 (Unaudited)	122,369
	<hr/> <hr/>
At 31 December 2019 (Unaudited)	130,913
	<hr/> <hr/>

At 30 June 2020, the Group's mining rights are the rights obtained by the Group for production and exploitation of one coal mine (2019: one) located in the PRC and one (2019: one) coal mines located coal mines located in Tajikistan. The major content of the coal mine in PRC and Tajikistan is thermal coal and anthracite and bituminous coal respectively. The terms of the mining rights of the coal mines in PRC and Tajikistan are from January 2019 to December 2019 and August 1997 to September 2018 respectively. The mining rights are stated at cost less accumulated amortisation and impairment losses over the term of the mining rights.



13. TRADE AND BILLS RECEIVABLES

The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers. An ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	Unaudited as at 30 June 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
0-30 days	772	11,687
31-60 days	4,297	482
61-90 days	3,189	230
91 days-1 year	15,728	11,816
Over 1 year	22,806	29,369
	46,792	53,584

The carrying amounts of the Group's trade and bill receivables are denominated in United States dollars, Renminbi and Hong Kong dollars.



14. TRADE PAYABLES

At 30 June 2020, the ageing analysis of trade payables based on the date of receipt of goods, is as follows:

	Unaudited as at 30 June 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
0-30 days	231	2,105
31-60 days	828	901
61-90 days	1,618	—
91 days-1 year	51	—
Over 1 year	456	666
	<u>3,184</u>	<u>3,672</u>

The carrying amounts of the Group's trade payables are denominated in United States dollars, Renminbi and Hong Kong dollars.

15. SHARE CAPITAL

	Unaudited as at 30 June 2020 HK\$'000	Unaudited as at 31 December 2019 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 Ordinary shares of HK\$0.1 each (31 December 2019: 576,566,055)	<u>57,657</u>	<u>57,657</u>



16. CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

17. COMMITMENTS

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

	Unaudited as at 30 June 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
Capital contribution to a subsidiary	<u>255,037</u>	<u>255,187</u>

(b) Lease commitments

As at 30 June 2020, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Unaudited as at 30 June 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
Within one year	1,345	1,302
In the second to fifth years inclusive	<u>320</u>	<u>983</u>
	<u>1,665</u>	<u>2,285</u>

Operating lease payments represent rentals payable by the Group for certain of its offices and factory premises. Leases are negotiated for an average term of 1 to 4 years and rentals are fixed over the lease terms and do not include contingent rentals.



18. FINANCIAL ASSETS AT FVTPL

	Unaudited as at 30 June 2020 HK\$'000	Unaudited as at 31 December 2019 HK\$'000
Equity securities, at fair value — Listed in Hong Kong	<u>34,012</u>	<u>52,489</u>
Analysed as:		
Current assets	<u>34,012</u>	<u>52,489</u>

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

	Unaudited as at 30 June 2020 HK\$'000	Audited as at 31 December 2019 HK\$'000
Held for trading	<u>34,012</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.



19. FINANCIAL ASSETS AT FVTOCI

	Unaudited as at 30 June 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, United Kingdom and Hong Kong were denominated in HK\$, Great British Pound and HK\$ respectively.



20. DISCONTINUED OPERATIONS

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

(a) Discontinued operations

(i) Results

	Unaudited Six months ended 30 June 2020 HK\$'000
Revenue	—
Cost of goods sold	—
	<hr/>
Gross loss	—
Other income and gains and losses	—
Administrative and other operating expenses	(1)
	<hr/>
Loss for the period	(1)
	<hr/> <hr/>

Note:

The Directors have reassessed the presentation and consider it is more appropriate to reflect only the revenue and the results arising from transactions with third parties under the discontinued operations and the inter-company profits are under continuing operations.



(ii) **Cash flows**

	Unaudited Six months ended 30 June 2020 HK\$'000
Operating cash flows	—
Investing cash flows	—
Financing cash flows	—
	<hr/>
Total cash flows	—
	<hr/> <hr/>

(b) **Assets of a disposal group classified as held for sale**

	Unaudited Six months ended 30 June 2020 HK\$'000
Non-current assets	
Investment in subsidiaries	<hr/> 205,518
Current assets	
Cash and cash equivalents	—
	<hr/>
Total assets (before intra-group elimination)	205,518
Less: Intra-group elimination	(205,518)
	<hr/>
Total assets	—
	<hr/> <hr/>



(c) **Liabilities of a disposal group classified as held for sale**

	Unaudited Six months ended 30 June 2020 HK\$'000
Current liabilities	
Other payable & accruals	1,419
Current account with related companies	<u>248,617</u>
Total liabilities (before intra-group elimination)	250,036
Less: Intra-group elimination	<u>(248,617)</u>
Total liabilities	<u>1,419</u>

Note:

Assets held for sale and liabilities directly associated with assets held for sale above are presented before elimination of intra-group balances of HK\$205.5 million and HK\$250.0 million respectively.



MANAGEMENT DISCUSSION & ANALYSIS

Group Management Discussion & Analysis

Hong Kong's gross domestic product (GDP) dropped 8.9% in the first quarter of 2020 compared to that of last year, the steepest drop ever recorded since the first quarter of 1974. The impact of COVID-19 pandemic on society and businesses during the first quarter was revealed in the second quarter. Hong Kong's unemployment rate climbed to its highest level in 15 years, hitting 5.9% between March and May, surpassing 5.5% recorded during the global financial crisis in 2018. The number of the unemployed increased to 230,000, 85% higher than 124,000 recorded at the end of 2019. As Kristalina Georgieva, the Managing Director of the International Monetary Fund (IMF) puts it, "A global crisis like no other needs a global response like no other". Although the business environment became extremely difficult since the start of the year, the Group stayed as a team to battle coronavirus. During the first half of 2020, we made our best effort to ensure the health and safety of our employees, maintaining close communication with our operation teams in mainland China to stay updated on when manufacturing would be resumed in mainland China. As mentioned in our first quarterly report, due to quarantine measures, our auditors remained unable to travel to mainland China to start the audit in mainland China. HKEx has been helpful to hear our problem but neither auditors, HKEx nor us as issuer have ever experienced such quarantine measures including virus test, the Group could only make very regular communications to see what we could do in the next few days.

Looking Forward from Group Level

Administratively, our focus in first half of the year was prevention of pandemic in our work place and for the second half of 2020, we will resume to normal operations under new normal environment, not relying on "pandemic prevention" as excuse for inefficiency at work. Personnel wise, we will conduct a year-end performance review; financial wise, cost — cutting will continue to be our top priority. In order to reduce administrative costs to the minimum, following measures will be taken: speak with the landlord for possible rent reduction; seek ways to eliminate non-essential spending on overseas companies. Our Management will continue to be cautious on managing cash flow while keeping the business operating normally. "Towards new normal" will be the keyword adopted as the new global strategy for the second half of the year and it's not just about how the globe should take further measures to contain the virus, but

also requires a deep understanding for the whole society, enterprises and individuals and be prepared for the worst. All of us at Kaisun will work together to move the Company forward.

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.



Production plant returning to full capacity



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

During the second quarter, China started to ease its stringent lockdown measures after coronavirus outbreak was largely under control within its borders. Despite encouraging signs of improvement, Mainland China government continued to take a strong stance amid new waves of infections, maintaining majority of restrictions and measures. Amid such restrictions and measures, most economic activities remained stagnant and both demand and supply of the coal industry were weak.

The impact of COVID-19 was felt across China. Shandong, a densely populated province in close proximity to Beijing, implemented strong measures and restrictions to contain the coronavirus, resulting in slow progress in resumption of work of all industries, delaying factory orders and negatively affected the mining and machinery production industry.

Tengzhou Kaiyuan was facing massive challenges in the 2nd quarter under the pandemic. However, with infections declining continuously and economic and social activities gradually returning to normal, when demand for coal is high for the forthcoming summer, the Group believes that orders for Tengzhou Kaiyuan would return to normal level in the 3rd quarter.

(Retrieved source: http://www.xinhuanet.com/2020-06/08/c_1126085117.htm)

Tengzhou Kaiyuan Highlights for 2nd Quarter

- As a result of the downturn in coal industry amid coronavirus, Tengzhou Kaiyuan experienced a substantial drop in orders. Revenue for Tengzhou Kaiyuan in the 2nd quarter of 2020 amounted to approximately HK\$6.068 million, representing a decrease of 45.5% compared to that of the same period last year.
- Starting from this quarter, Tengzhou Kaiyuan officially enjoys favorable lease terms offered by the local government for a rent-free period of 2 years and a half-rent period of 3 years, lowering the operating expenses of our production plant and improving our liquidity.

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

In addition to the pandemic, the geopolitical tensions and macroeconomic uncertainty affected China’s coal-rail industry in the beginning of the 2nd quarter. Fortunately, as coronavirus gradually came under control in China, resumption of production across industries raised the demand for coal. Under the support of macroeconomic policies by Mainland government, the Group is hopeful that our coal supply chain business will gradually return to normal in the 3rd quarter.

(Retrieved source: http://www.xinhuanet.com/fortune/2020-07/11/c_1126225555.htm)

(Retrieved source: <http://finance.eastmoney.com/a/202007081547171093.html>)

(Retrieved source: <https://www.china5e.com/news/news-1088453-1.html>)



Shandong Kailai for 2nd Quarter

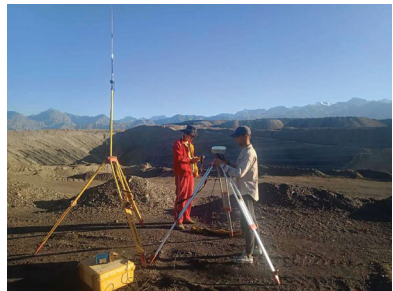


- As supply exceeding demand in transport of coal by rail, Shandong Kailai recorded approximately HK\$3.094 million in revenue in the 2nd quarter of 2020.
- Utilizing this low season resulting from coronavirus, Shandong Kailai planned for renovation. Its plan includes expanding its storage centre and constructing environmental protection facilities so as to suppress dust pollution and reduce dust and airborne particles.

Preparatory work for renovation

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 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.



Geological survey team conducting field survey



In order to consolidate nearby small-scale mines, Xingliang Mine has completed the preliminary application procedures for increasing the annual capacity of the exploratory license to 1.2 million tonnes and coal fire extinguishment works for the open-pit mining area. It is expected that the procedures to be approved in the 2020 and has reached preliminary agreement with construction teams on coal fire extinguishment work.

Analysis of Xinjiang's coal industry amid the coronavirus outbreak in 2020

Xinjiang possesses estimated coal reserves of 2.2 trillion tons, accounting for 40% of China's coal reserves. In recent years, an influx of mega enterprises and management reform see evolution and modernization in Xinjiang's coal industry from a structural and logistical standpoint, as exemplified by its ever-maturing coal transportation network.

Data from the Development and Reform Commission of Xinjiang showed an increase of production in both electricity and coal in Xinjiang in 2020, showcasing its robust coal demand in spite of challenges posed by the virus outbreak. In the first 5 months of 2020, the region generated 138.22 billion kWh of electricity, a year-on-year increase of 11.6%; the production of raw coal also hit an all-time high with 105.32 million tons, a year-on-year increase of 15.9%.

Xinjiang's rise from the "ashes" is no coincidence. They are reaping the rewards from years of reform from their mining department and sweat of hard work from the railway department during pandemic. Following years of reform, Xinjiang's mining sector is now equipped with a sound macro-control system with state-of-the-art infrastructure. In the face of the pandemic, the railway department remained committed to the supply-side structural reform of freight transportation, with measures to boost freight volume, which played a pivotal role in ensuring energy stability to the nation.



The coronavirus pandemic has had minimal impact on Xinjiang's mining industry, as shown by its robust coal demand within and outside of the region. The Group believes that Xingliang Mine can benefit from the steady coal demand from the nearby power stations, and become the key revenue source for the Group.

(Retrieved source: <https://www.china5e.com/news/news-1093413-1.html>)

(Retrieved source: <http://www.zyztb.gov.cn/sjxw/336220.jhtml>)

Xingliang Mine for 2nd Quarter

- In order to complete the consolidation of nearby small-scale mines, Xingliang Mine has expanded its mining area from 1.1km² to 8.8 km² through the public auctioning process.
- Since the open-pit mining area has cases of spontaneous combustion, Xingliang Mine had been on the lookout for construction teams and secured a partnership with the Joint Geological Survey Team of Coal Geology Bureau of Xinjiang Uygur Autonomous Region to formulate a detailed survey plan and submit an application for the coal fire extinguishment project. The project is in the final stages of approval.

iv. Mongolia – Supply Chain Management Business

The railway logistics platform in Choir City of Mongolia acquired by Kaisun Group is located at a strategically important conduit between Russia and China, and has a unique geographical advantage on the trilateral logistics and 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 the coal industry of Mongolia amid the coronavirus outbreak in 2020

Under the pandemic, Mongolia gradually reopened its borders and resumed coal exports to China in April. However, the resumption progress remained slow owing to stringent epidemic control measures. According to the National Statistical Office of Mongolia, Mongolia's coal export to China plunged 50.6% from January to May in 2020 to 10.6 million tonnes, compared with that of the same period last year. It indicates a slump in the nation's coal industry and a sharp contraction in economic activity arising from COVID-19.

The Group believes that Mongolia's bold yet wise decisions have ensured minimal impact on its economy compared to many other countries. However, owing to stringent restrictions and measures, our construction work cannot start in the 2nd quarter and likely to start in the 3rd or 4th quarter. As Sino — Australia (the largest coal supplier of China) relationship turned soar, the coal industry of Mongolia is likely to benefit favoring the development of Choir Logistics Platform in the long run.

(Retrieved source: <https://www.china5e.com/news/news-1094382-1.html>)

(Retrieved source: <http://www.sxcoal.com/news/4613380/info/en>)

Choir Project Highlights

- Due to strict coronavirus measures and restrictions implemented by the Mongolian government, the Choir project remained open but with limited services in the 2nd quarter. As a result, the remaining construction project on the platform of the Choir Logistics Centre was postponed.



AGRICULTURAL INVESTMENT AND DEVELOPMENT

Kaisun Group continues to provide professional services such as on 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, including modern farming, cultivation management as well as physical and online sales platforms connecting both Chinese and international green food wholesale and retail businesses.



“Natural Vegetable”

At present, Cheung Lee has 4 main core businesses, including vegetables, fresh fruits, tea and nuts and its by-products, and owns 11,000 mu of agricultural base, 1,500 mu of fruit plantation base and 25,000 mu of Pu'er Terrace Tea and Pu'er Ancient Tree Tea plantation base.



Tea products

Cheung Lee Highlights for 2nd Quarter

- Cheung Lee has introduced “Natural Vegetable” into the local market on a trial basis to gather customer feedback, which paves the way for further market expansion through partnerships with different distributors and wholesalers.
- Cheung Lee focused on the development of our tea segment, and had kickstarted our tea processing unit and the trading of tea.

THIRD QUARTER 2020 DEVELOPMENT GOALS

In order to meet our pre-pandemic targets, Kaisun Group will step up our efforts to make sure our production return to normal as soon as possible and accelerate business expansion. The Group’s business goals in the 3rd quarter are as follows:

Shandong – Mining and Metallurgical Machinery Production

- With the addition of 2 latest models of mining machineries, Tengzhou Kaiyuan aims to update its product catalogue in order to attract new clients despite gloomy market.
- Tengzhou Kaiyuan has put in place an online communication plan keeping our staff informed with the company’s latest updates and related product information.

Shandong – Supply Chain Management Services

- In order to increase storage capacity, Shandong Kailai began expanding its east platform and started to construct a brand new storage centre. The works are expected to be completed in the 4th quarter in 2020.
- In addition to existing dust suppression facilities, Shandong Kailai plans to build a fully-enclosed coal storage centre, so as to achieve higher standards of environmental protection and put environmental sustainability into practice.



Xinjiang – Coal Exploitation Business

- The preliminary application procedures for the extinguishment of coal fire project in the open-pit mining area of Xingliang Mine was completed. The project is currently in the final stages of approval, and start of extinguishment of coal fire project is expected in the 4th quarter this year.
- Xingliang Mine’s team has been cooperating with the Joint Geological Survey Team of Coal Geology Bureau of Xinjiang Uygur Autonomous Region to complete a detailed technical survey report for the open-pit mining area.
- Xingliang Mine’s team continues to discuss with construction teams over the coal fire extinguishment project for the open-pit mining area, so as to minimize risks, ensure safety of the employees, and maintain coal reserves of the mine.

Mongolia – Supply Chain Management Business

- Due to the slow recovery of China-Mongolia cross-border businesses, the preparatory works are expected to be delayed until the 4th quarter.

Agricultural Investment and Development

- Cheung Lee will put more efforts in promoting “Natural Vegetable”, including formulating local marketing plans, such as increasing virtual partners like online shops to expand its sales channels.
- Cheung Lee has taken Fuan, Fujian as the starting point for its financial business in agriculture sector, implementing the same business model into other cities for further development.

KAISUN BUSINESS SOLUTIONS

Event Management & Media Production Services

All of the local events were delayed or cancelled because of the pandemic and cross-border closures and restrictions of entry in first half of the year. Since then, PCCC shifted its focus to generate more business from existing clients by providing online service, such as web design and other online support to reduce the impact of business downturn caused by COVID-19.

In addition to serving existing clients, VOV Studio Limited (“VOV”) hopes to further expand its online services. Live streaming platforms and “WeMedia” platforms have been among the few experiencing an explosive increase in demand as entertainment during the pandemic. VOV hopes to adapt to recent changes and look for suitable opportunities to provide its services.

Esports Business

Kaisun’s Esports IP GIRLGAMER Esports Festival world finals was successfully held on 22nd February 2020 in Meydan Grandstand in Dubai. The 2019 GIRLGAMER World Tour rounded off with over 19 million total online viewers and 235 million total reaches. In the second quarter, the ongoing fundraising was postponed due to the spread of the coronavirus.

For the second half of the year, the team decided to develop the online Esports platform when funds are available, and to resume GIRLGAMER World Tour when coronavirus become under control reducing worldwide travel restrictions.

Investment Platform Business

UK asset management company Sturgeon’s Uzbekistan fund was launched this April. However, the Covid-19 pandemic is a huge stumbling block to the normal fund raising and local business activities. A new Kazakhstan fund is now under its fundraising stage and it is expected to be established after the pandemic is over.



Securities Trading Business

The Group's listed-securities trading business continues to be monitored by the investment committee with analytical and performance reports generated regularly. The coronavirus (COVID-19) cases continued to rise worldwide while investors had suffered heavy losses during the period amid the resurgence in U.S.-China tensions and a collapse in oil prices, stocks, currencies and bonds. Meanwhile, Hong Kong is facing the new national security law and the third wave of pandemic. The Investment committee believed the COVID-19 pandemic will not slow down in the third quarter. Our investment strategy is to reduce the weight of the investment portfolio when opportunities arise and wait for market recovery.

Global Market Performance (As of 30 June 2020)



Source: Factset; Standards & Poor's (S&P 500); MSCI benchmarks (country returns)

As at 30 June 2020, the fair value of listed investment was HK\$34,012,570. The cost of listed investment was HK\$52,909,644.

During the six months end 30 June 2020, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK\$15,875,056.

Kaisun Trust and Trustee Services

Established in 2018, Kaisun Trust and Trustee Services Company Limited (“Kaisun Trust”) was on the right track. In the first quarter, Kaisun Trust launched its official website.

Having steady clients and income, Kaisun Trust was less affected by the pandemic during the second quarter. Kaisun Trust will focus on taking care of its existing customers and continue to look for opportunities to expand our services. For the second half of the year, Kaisun Trust will strive to build its reputation in Hong Kong.

Financial Review

Revenue of the Group for six months ended 30 June 2020 amounted to approximately HK\$12.2 million, representing a decrease of approximately 88.1% compared to the same period in 2019 (six months ended 30 June 2019: HK\$102.4 million). The decrease in revenue was mainly attributable to outbreak of coronavirus with our operations resumed recently during first half of 2020.

The Group gross profit for six months ended 30 June 2020 decreased by approximately 61.6% to approximately HK\$4.9 million compared to the same period in 2019 (six months ended 30 June 2019: HK\$12.7 million). The decrease in gross profit was mainly attributable to drop in revenue caused by the reason mentioned in previous paragraph.



For six months ended 30 June 2020, the total administrative and other operating expenses was approximately HK\$27.1 million, a decrease of approximately 22.9% compared to the same period in 2019 (six months ended 30 June 2019: HK\$35.2 million). The drop in administrative expenses was attributable to human resources restructuring in late 2019.

For six months ended 30 June 2020, the loss from continuing operations was approximately HK\$44.1 million (six months ended 30 June 2019 loss from operations: HK\$60.6 million). The loss from operation was narrowed due to a drop of fair value loss on financial asset at FVTPL from approximately HK\$38.4 million to HK\$14.9 million and was partially offset by impairment loss on trade and other receivables of approximately HK\$8.0 million.

The Group recorded loss for six months ended 30 June 2020 of approximately HK\$38.5 million, representing a decrease of approximately 35.3% when compared with the same period in 2019 (loss for six months ended 30 June 2019: HK\$59.6 million).

The total comprehensive loss attributable to owners of the Company for six months ended 30 June 2020 amounted to approximately HK\$25.6 million (The total comprehensive loss attributable to owners of the Company for six months ended 30 June 2019: HK\$65.1 million).

As at 30 June 2020, the Group held financial assets at FVTPL of approximately HK\$34.0 million, wholly comprised of securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market as at 30 June 2020, the gain on disposal of financial assets at FVTPL amounted to approximately HK\$934,000 (as at 30 June 2019 loss: HK\$22.3 million), whilst the fair value loss on financial assets at fair value through profit or loss was approximately HK\$15.9 million for six months ended 30 June 2020 (fair value loss for six months ended 30 June 2019: HK\$16.2 million). The details of financial assets at fair value through profit or loss are set out as follow:

Company Name	Number of shares held as at 30 June 2020	% of shareholding as at 30 June 2020	Unrealized gain/(loss) on fair value change for the year ended 30 June 2020	Fair value as at		% of the Group's net assets as at 30 June 2020	Investment cost	Reasons for fair value loss
				30 June 2020 HK\$	31 December 2019 HK\$			
				HK\$			HK\$	
Hong Kong Listed Securities								
BOC Hong Kong (Holdings) Limited (2388) (Note 1)	15,000	0.0001%	(36,000)	369,750	405,750	0.23%	462,750	Drop in share price
EJE (Hong Kong) Holdings Limited (8101) (Note 2)	98,000,000	3.39%	(3,253,796)	7,644,000	10,323,000	4.72%	14,020,604	Drop in share price
HSBC Holdings plc (0005) (Note 3)	20,000	0.0001%	(291,000)	724,000	—	0.45%	1,015,000	Drop in share price
MTR Corporation Limited (0066) (Note 4)	40,000	0.001%	(120,000)	1,606,000	—	0.99%	1,726,000	Drop in share price
OP Financial Investments Limited (1140) (Note 5)	17,476,000	0.60%	(10,509,400)	15,204,120	26,496,000	9.38%	24,943,440	Drop in share price
Target Insurance (Holdings) Limited (6161) (Note 6)	18,010,000	3.45%	(1,664,860)	8,464,700	9,956,100	5.22%	10,741,850	Drop in share price
Cathay Pacific Airways Limited (0293) (Note 7)	—	—	—	—	345,600	—	—	—
China Petroleum & Chemical Corporation (0386) (Note 8)	—	—	—	—	938,000	—	—	—
Hong Kong Exchanges and Clearing Limited (0388) (Note 9)	—	—	—	—	3,795,000	—	—	—
Tsui Wah Holdings Limited (1314) (Note 10)	—	—	—	—	229,620	—	—	—
Total			(15,875,056)	34,012,570	52,489,070	20.99%	52,909,644	



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. 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.
8. 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.
9. 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.
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.

As at 30 June 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	% of the		% of	Investment cost	
	Number of shares held as at 30 June 2020 (Unaudited)	Group's net assets as at 30 June 2020 (Unaudited)		shareholding as at 30 June 2020 (Unaudited)	as at 30 June 2020 (Unaudited) HK\$
Cheung Lee Farming Corporation (Note 1)	870	8.7%	5.37%	8,700,000	8,700,000
Connect-Me Technologies Limited (Note 2)	990	9.9%	0.0006%	990	990
Sturgeon Capital Limited (Note 3)	24,999	9.96%	4.81%	7,800,000	7,800,000
Xin Ying Holdings Limited (Note 4)	8,000,000	N/A	4.94%	8,000,000	8,000,000
			15.12%	24,500,990	24,500,990



Notes:

1. Cheung Lee Farming Corporation incorporated under the laws of the British Virgin Islands with limited liability. The principal activities of the company together with its subsidiaries are engaged in the business of production and distribution of pollution-free vegetables.
2. Connect-Me Technologies Limited under the laws of the Hong Kong SAR with limited liability. They engaged in sale of electronic consumer products, key products including tablet PCs, smartphones, smartwatches, smart crutches, VR, electric self-balancing scooters, etc.
3. 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 June 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 June 2020, the Group has a bank and cash balance of approximately HK\$26.8 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 June 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, United States dollars and Tajikistan Somoni. As at 30 June 2020, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Human Resources

As at 30 June 2020, the Group had 124 (as at 31 December 2019: 123) staff in Hong Kong, the PRC and Tajikistan.



The Group continues to employ, promote and reward its staff with reference to their performance and experience. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality. During the period, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK\$12.9 million for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$12.7 million).

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 June 2020	Approximate percentage of the total issued shares as at 30 June 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 June 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 June 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 June 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 June 2020
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	29.01%
Ms. Yeung Po Yee, Bonita	Interest of spouse <i>(Note 1)</i>	167,263,298	29.01%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.21%
Ms. Wu Mingqin	Interest of spouse <i>(Note 2)</i>	81,950,000	14.21%

Notes:

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

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 30 June 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 six months ended 30 June 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 June 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2020. 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. 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 six months period ended 30 June 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 six months ended 30 June 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, 7 August 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>.