



# KAISUN HOLDINGS LIMITED

## 凱順控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code : 8203



INTERIM REPORT  
2019

\* For identification purpose only

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

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

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

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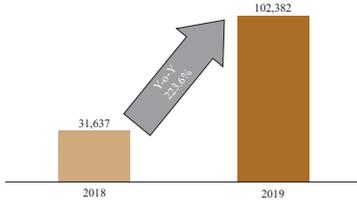
*This report, for which the directors (the “Directors”) of Kaisun Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with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



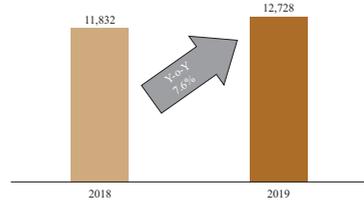


**2019 INTERIM RESULT HIGHLIGHTS (HK\$'000)**

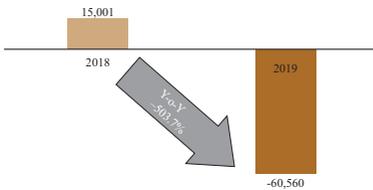
**Revenue**



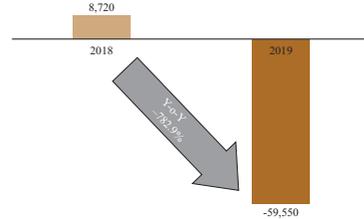
**Gross profit**



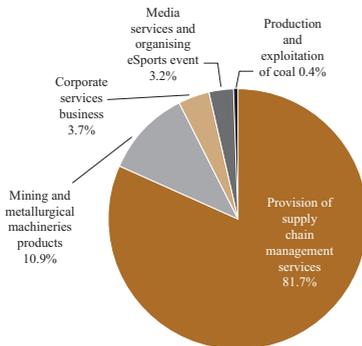
**(Loss)/profit from operations**



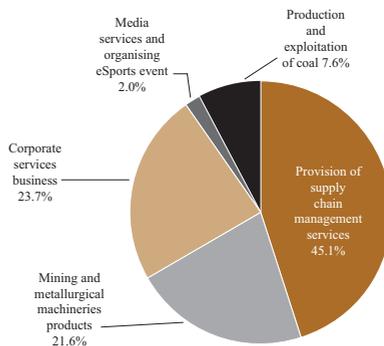
**(Loss)/profit for the period**



**2019 Segment Revenue**



**2018 Segment Revenue**





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

## **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*FOR THE SIX MONTHS ENDED 30 JUNE 2019*

	<i>Note</i>	<b>Unaudited Three months ended 30 June</b>		<b>Unaudited Six months ended 30 June</b>	
		<b>2019 HK\$'000</b>	2018 HK\$'000	<b>2019 HK\$'000</b>	2018 HK\$'000
<b>Revenue</b>	5	<b>26,314</b>	19,537	<b>102,382</b>	31,637
Cost of goods sold		<b>(17,807)</b>	(8,374)	<b>(89,654)</b>	(19,805)
<b>Gross profit</b>		<b>8,507</b>	11,163	<b>12,728</b>	11,832
(Loss)/Gain on disposal of financial assets at fair value through profit or loss (FVTPL)		<b>(22,200)</b>	22	<b>(22,312)</b>	130
Fair value (loss)/gain on financial assets at FVTPL		<b>16,883</b>	(14,234)	<b>(16,161)</b>	29,628
Reversal of impairment loss on trade and other receivables		<b>(10,690)</b>	—	<b>1,210</b>	—
Other income and gains		<b>220</b>	439	<b>450</b>	5,469
Fair value loss on financial liabilities at FVTPL		<b>—</b>	—	<b>(1,300)</b>	—
Administrative and other operating expenses		<b>(18,523)</b>	(15,734)	<b>(35,175)</b>	(32,058)
<b>(Loss)/profit from operations</b>		<b>(25,803)</b>	(18,344)	<b>(60,560)</b>	15,001
Excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of a subsidiary	20	—	714	—	714
Share of profit of associates		—	(173)	—	—
Finance costs		<b>(1,099)</b>	—	<b>(2,183)</b>	—



		Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	Note	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>(Loss)/profit before tax</b>		<b>(26,902)</b>	(17,803)	<b>(62,743)</b>	15,715
Income tax credit/(expenses)	7	<b>(2,239)</b>	3,289	<b>3,193</b>	(6,995)
<b>(Loss)/profit for the period</b>	8	<b>(29,141)</b>	(14,514)	<b>(59,550)</b>	8,720
<b>Attributable to:</b>					
Owners of the Company		<b>(27,994)</b>	(13,456)	<b>(56,290)</b>	11,031
Non-controlling interests		<b>(1,147)</b>	(1,058)	<b>(3,260)</b>	(2,311)
		<b>(29,141)</b>	(14,514)	<b>(59,550)</b>	8,720
<b>(Loss)/earnings per share (HK Cents)</b>	10	<b>(5.05)</b>	(2.33)	<b>(10.33)</b>	1.92
— Basic					



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

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>(Loss)/profit for the period</b>	<b>(29,141)</b>	(14,514)	<b>(59,550)</b>	8,720
<b>Other comprehensive income for the period, net of tax:</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>(13,817)</u>	<u>(2,846)</u>	<u>(9,256)</u>	<u>6,053</u>
<b>Total comprehensive income for the period</b>	<b><u>(42,958)</u></b>	<b><u>(17,360)</u></b>	<b><u>(68,806)</u></b>	<b><u>14,773</u></b>
<b>Attributable to:</b>				
Owners of the Company	<u>(41,719)</u>	<u>(21,794)</u>	<u>(65,097)</u>	<u>11,031</u>
Non-controlling interests	<u>(1,239)</u>	<u>4,434</u>	<u>(3,709)</u>	<u>3,742</u>
	<b><u>(42,958)</u></b>	<b><u>(17,360)</u></b>	<b><u>(68,806)</u></b>	<b><u>14,773</u></b>



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	<i>Note</i>	<b>Unaudited As at 30 June 2019 HK\$'000</b>	Audited As at 31 December 2018 HK\$'000
<b>Non-current assets</b>			
Fixed assets		<b>21,970</b>	24,273
Prepaid land lease		<b>12,503</b>	12,762
Goodwill	21	<b>1,118</b>	1,118
Intangible assets	12	<b>143,505</b>	149,772
Financial assets at FVTOCI	19	<b>26,900</b>	25,900
Long-term deposits		<b>20,000</b>	20,000
Right-of-use assets		<b>2,968</b>	—
		<b>228,964</b>	233,825
<b>Current assets</b>			
Prepaid land lease		<b>507</b>	507
Inventories		<b>9,673</b>	3,700
Trade and bills receivables	13	<b>75,976</b>	90,298
Deposits, prepayments and other receivables		<b>184,812</b>	182,677
Bank and cash balances		<b>63,174</b>	20,730
Financial assets at FVTPL	18	<b>58,929</b>	134,135
		<b>393,071</b>	432,047



		<b>Unaudited As at 30 June 2019 HK\$'000</b>	Audited As at 31 December 2018 HK\$'000
	<i>Note</i>		
<b>Current liabilities</b>			
Trade payables	14	<b>9,831</b>	2,479
Other payables and accruals		<b>37,612</b>	37,552
Bonds payable		<b>50,000</b>	50,000
Dividend payable	9	<b>1,960</b>	—
Other financial liabilities		<b>47,400</b>	33,000
Current tax liabilities		<b>4,398</b>	4,624
		<b>151,201</b>	127,655
<b>Net current assets</b>		<b>241,870</b>	304,392
<b>Total assets less current liabilities</b>		<b>470,834</b>	538,217
<b>Non-current liabilities</b>			
Lease liabilities		<b>3,017</b>	—
Deferred tax liabilities		<b>40,506</b>	38,820
<b>NET ASSETS</b>		<b>427,311</b>	499,397
<b>Capital and reserves</b>			
Share capital	15	<b>57,657</b>	57,657
Reserves		<b>327,593</b>	396,370
Equity attributable to owners of the Company		<b>385,250</b>	454,027
Non-controlling interests		<b>42,061</b>	45,370
<b>TOTAL EQUITY</b>		<b>427,311</b>	499,397



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Unaudited								
	Attributable to owners of the Company								
	Share capital	Share premium	Shares held for share award scheme	Foreign currency translation reserve	Financial assets fair value through other comprehensive income ("FVTOCI") reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018	57,657	1,363,055	(1,963)	(7,430)	—	(972,204)	439,115	41,420	480,535
Total comprehensive income for the period	—	—	—	(867)	—	11,031	10,164	3,742	13,906
Capital injection in a subsidiary	—	—	—	—	—	—	—	7,002	7,002
Changes in equity for the period	—	—	—	(867)	—	11,031	10,164	10,744	20,908
At 30 June 2018	57,657	1,363,055	(1,963)	(8,297)	—	(961,173)	449,279	52,164	501,443
At 1 January 2019	57,657	1,363,055	(395)	(9,479)	2,400	(959,211)	454,027	45,370	499,397
Total comprehensive income for the period	—	—	—	(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



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Net cash generated from/(used in) operating activities	<b>37,726</b>	(4,508)
Net cash (used in) investing activities	<b>(1,453)</b>	(8,078)
Net cash generated from financing activities	<b>11,780</b>	7,002
Net increase/(decrease) in cash and cash equivalents	<b>48,053</b>	(5,584)
Effect of foreign exchange rate changes	<b>(5,609)</b>	2,888
Cash and cash equivalents at beginning of period	<b>42,444</b>	(2,696)
	<b>20,730</b>	25,999
Cash and cash equivalents at end of period	<b>63,174</b>	23,303



## 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 Unit A, 23/F., Chinachem Plaza, 68 Connaught Road Central, Central, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

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



### 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### **Application of new and revised IFRSs**

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

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

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

#### ***IFRS 16 Leases***

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

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



#### *New definition of a lease*

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

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

#### *As a lessee — Leases previously classified as operating leases*

##### Nature of the effect of adoption of IFRS 16

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

##### Impacts on transition

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



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

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

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

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

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



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

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

- Right-of-use assets

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

- Lease liabilities

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

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



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

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

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

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

*Amounts recognised in the statement of financial position and comprehensive income*

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

(HK\$'000)	<b>Right-of-use assets</b>			<b>Lease liabilities</b>
	<b>Land use rights</b>	<b>Motor vehicles</b>	<b>Total</b>	
As at 1 January 2019	3,586	175	3,761	3,761
Additions/(decrease)	—	—	—	—
Depreciation charge	(619)	(175)	(794)	—
Interest expense	—	—	—	153
Payments	—	—	—	(897)
As at 30 June 2019	<u>2,967</u>	<u>—</u>	<u>2,967</u>	<u>3,017</u>

The Group recognised rent expense from short-term leases of HK\$3.01 million for the six months ended 30 June 2019.



### ***IFRIC 23 Uncertainty over income tax treatments***

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

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

## **4. FAIR VALUE MEASUREMENTS**

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

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

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

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

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



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

Description	Fair value measurements using:		Total
	Level 1	Level 3	30 June
	Unaudited	Unaudited	2019
	HK\$'000	HK\$'000	Unaudited
	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurements:</b>			
<b>Financial assets</b>			
Financial assets at FVTPL			
Listed securities	58,929	—	58,929
Financial assets at FVTOCI			
Unlisted equity securities	—	26,900	26,900
<b>Total</b>	<b>58,929</b>	<b>26,900</b>	<b>85,829</b>
<b>Recurring fair value measurements:</b>			
<b>Financial liabilities</b>			
Financial liabilities at FVTPL			
Put option	—	4,300	4,300



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

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

**Recurring fair value measurements:**

**Financial assets**

Financial assets at FVTPL

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

Unlisted equity securities	—	25,900	25,900
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<b>Total</b>	<b>134,135</b>	<b>25,900</b>	<b>160,035</b>
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**Recurring fair value measurements:**

**Financial liabilities**

Financial liabilities at FVTPL

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

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
<b>Financial assets at FVTOCI</b>		
At 1 January	<b>25,900</b>	—
Initial application of IFRS 9	—	19,700
Purchases	<b>1,000</b>	2,500
Settlements	—	2,500
Total gains or losses recognised in other comprehensive income	—	1,200
	<b>26,900</b>	<b>25,900</b>

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 2019:**

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

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 2019 Unaudited HK\$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	weighted average cost of capital	14%–16%	Increase	<b>26,900</b>
		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	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>Revenue from contract with customers within the scope of IFRS 15</b>				
Disaggregated by major products or service lines				
— Provision of supply chain management services business	14,569	4,117	83,691	15,961
— Mining and metallurgical machineries products	8,316	6,590	11,137	6,847
— Production and exploitation of coal	452	711	452	711
— Corporate services business	1,176	7,500	3,775	7,500
— Media services and organizing eSports event	1,800	618	3,327	618
	<u>26,313</u>	<u>19,537</u>	<u>102,382</u>	<u>31,637</u>

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 six months ended 30 June (unaudited) HK\$'000	Provision of supply chain management services business		Mining and metallurgical machineries production		Production and exploitation of coal		Corporate services business		Media services and organising eSports event		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenue by primary geographical markets</b>												
— Hong Kong	61,096	4,118	—	—	—	—	2,412	7,500	2,894	770	66,402	12,388
— PRC except Hong Kong	19,047	11,842	11,137	6,847	—	—	—	—	—	—	30,184	18,689
— Australia	1,406	—	—	—	—	—	—	—	234	—	1,640	—
— Dubai	2,142	—	—	—	—	—	—	—	—	—	2,142	—
— Middle East	—	—	—	—	—	—	—	—	399	—	399	—
— Tajikistan	—	—	—	—	452	711	—	—	—	—	452	712
— Others	—	—	—	—	—	—	1,363	—	—	—	1,363	—
Segment revenue	<u>83,691</u>	<u>15,961</u>	<u>11,137</u>	<u>6,847</u>	<u>452</u>	<u>711</u>	<u>3,775</u>	<u>7,500</u>	<u>3,527</u>	<u>770</u>	<u>102,582</u>	<u>31,789</u>
Intersegment revenue												
— Hong Kong	—	—	—	—	—	—	—	—	(200)	(152)	(200)	(152)
Revenue from external customers	<u>83,691</u>	<u>15,961</u>	<u>11,137</u>	<u>6,847</u>	<u>452</u>	<u>711</u>	<u>3,775</u>	<u>7,500</u>	<u>3,327</u>	<u>618</u>	<u>102,382</u>	<u>31,637</u>
<b>Timing of revenue recognition</b>												
Products transferred at a point in time	83,691	15,961	11,137	6,847	452	711	—	—	—	—	95,280	23,559
Products and services transferred over time	—	—	—	—	—	—	3,775	7,500	3,327	618	7,102	8,078
Total	<u>83,691</u>	<u>15,961</u>	<u>11,137</u>	<u>6,847</u>	<u>452</u>	<u>711</u>	<u>3,775</u>	<u>7,500</u>	<u>3,327</u>	<u>618</u>	<u>102,382</u>	<u>31,637</u>

## 6. SEGMENT INFORMATION

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

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

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

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

	Provision of supply chain management services business	Mining and metallurgical machineries production	Production and exploitation of coal	Securities trading	Corporate services business	Media services and organising eSports event	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>For six months ended</b>							
<b>30 June 2019 (unaudited)</b>							
Revenue from external customers	83,691	11,137	452	—	3,775	3,327	102,382
Segment profit/(loss)	(6,392)	579	(5,974)	(39,862)	86	(1,594)	(53,157)
<b>As at 30 June 2019 (unaudited)</b>							
Segment assets	173,516	34,906	177,089	98,941	27,692	1,370	513,514
Segment liabilities	(16,472)	(4,399)	(55,205)	(108,574)	(3,826)	(1,806)	(190,282)

### For six months ended

<b>30 June 2018 (unaudited)</b>							
Revenue from external customers	15,961	6,847	711	—	7,500	618	31,637
Segment profit/(loss)	4,382	(594)	(9,080)	21,400	5,703	(543)	21,268
<b>As at 31 December 2018 (audited)</b>							
Segment assets	194,165	34,472	167,385	134,135	22,660	1,576	554,393
Segment liabilities	(4,729)	(5,311)	(52,089)	(4,355)	(1,817)	(1,233)	(69,594)

Unaudited  
Six months ended 30 June

	2019 HK\$'000	2018 HK\$'000
<b>Reconciliations of segment profit or loss:</b>		
Total (loss)/profit of reportable segments	(53,157)	17,296
Other loss	(6,393)	(8,576)
Consolidated (loss)/profit for the period	(59,550)	8,720

7. INCOME TAX (CREDIT)/EXPENSES

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Current tax				
— Hong Kong & PRC Income tax (credit)	(546)	—	(527)	—
Deferred tax (credit)/ expenses	2,785	(3,289)	(2,666)	6,995
	2,239	(3,289)	(3,193)	6,995

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

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

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

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

## 8. (LOSS)/PROFIT FOR THE PERIOD

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

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Directors' remuneration	<b>1,087</b>	1,243	<b>2,175</b>	2,189
Cost of inventories sold of supply chain management services for mineral business	<b>13,658</b>	2,883	<b>81,450</b>	1,945
Cost of mining and metallurgical machineries production	<b>2,254</b>	3,589	<b>5,344</b>	3,709
Depreciation	<b>2,281</b>	1,499	<b>3,462</b>	1,782
Operating lease rentals in respect of land and buildings	<b>545</b>	481	<b>994</b>	979
Loss on disposal of financial assets at FVTPL (held for trading)	<b>22,200</b>	(22)	<b>22,312</b>	(130)
Fair value (gain)/loss on financial assets at FVTPL	<b>(16,883)</b>	14,234	<b>16,161</b>	(29,628)
Staff costs (including directors' emoluments)				
Basic salaries, bonuses, allowances, and benefits in kind	<b>6,513</b>	5,673	<b>11,970</b>	10,715
Retirement benefits scheme contributions	<b>133</b>	136	<b>254</b>	283
Reversal of impairment loss on trade and other receivables	<b>10,690</b>	—	<b>(1,210)</b>	—

## 9. DIVIDENDS

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Dividend payable attributable to the period		
— Final dividend of 0.34 HK cents (2018: Nil) per share approved and payable during the period	<b>1,960</b>	—

The Company has recognised 2018 final dividend payable of HK\$1,960,325 to the shareholders in the unaudited condensed consolidated statement of financial position as at 30 June 2019.

No dividend has been paid or declared by the Company for the six months ended 30 June 2019 (Six months ended 30 June 2018: Nil).



## 10. (LOSS)/EARNINGS PER SHARE

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	<u>(27,994)</u>	<u>(13,456)</u>	<u>(56,290)</u>	<u>11,031</u>
<b>Number of shares</b> <i>(Thousand shares)</i>				
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>576,566</u>	<u>576,566</u>	<u>576,566</u>	<u>576,566</u>

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

## 11. FIXED ASSETS

During the six months ended 30 June 2019, the Group acquired fixed assets of approximately HK\$903,000 (Six months ended 30 June 2018: HK\$6,689,000).



## 12. INTANGIBLE ASSETS

	<b>Mining rights</b> HK\$'000
<b>Cost</b>	
At 1 January 2018	248,234
Exchange difference	(13,620)
At 31 December 2018 and 1 January 2019	234,614
Mining right written off (unaudited)	(13,343)
Exchange difference (unaudited)	(235)
At 30 June 2019 (unaudited)	221,036
<b>Accumulated amortisation and impairment losses</b>	
At 1 January 2018	77,099
Amortisation for the year	13,009
Exchange difference	(5,266)
At 31 December 2018 and 1 January 2019	84,842
Amortisation for the period (unaudited)	6,352
Mining right written off (unaudited)	(13,343)
Exchange difference (unaudited)	(320)
At 30 June 2019 (unaudited)	77,531
<b>Carrying amount</b>	
At 30 June 2019 (unaudited)	143,505
At 31 December 2018	149,772

At 30 June 2019, the Group's mining rights are the rights obtained by the Group for production and exploitation of one coal mine (2018: one) located in the PRC and one (2018: two) coal mine 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 is from January 2019 to December 2019. The application of a mining license renewal in Tajikistan is in progress. 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:

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
0-30 days	<b>6,945</b>	46,476
31-60 days	<b>1,653</b>	2,294
61-90 days	<b>7,544</b>	1,244
91 days-1 year	<b>34,866</b>	9,080
Over 1 year	<b>24,968</b>	31,204
	<b><u>75,976</u></b>	<u>90,298</u>

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 2019, the ageing analysis of trade payables based on the date of receipt of goods, is as follows:

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
0-30 days	1,883	632
31-60 days	2,738	543
61-90 days	2,143	310
91 days - 1 year	2,816	223
Over 365 days	251	772
	<u>9,831</u>	<u>2,480</u>

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

## 15. SHARE CAPITAL

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

## 16. CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any significant contingent liabilities (31 December 2018: Nil).

## 17. COMMITMENTS

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

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
Capital contribution to a subsidiary	<b>10,000</b>	10,000
Capital contribution to fixed asset	<b>1,342</b>	1,342
	<b><u>11,342</u></b>	<u>11,342</u>

(b) **Lease commitments**

As at 30 June 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
Within one year	<b>908</b>	1,577
In the second to fifth years inclusive	<b>1,610</b>	1,687
	<b><u>2,518</u></b>	<u>3,264</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

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
Equity securities, at fair value — Listed in Hong Kong	<u><b>58,929</b></u>	<u>134,135</u>
Analysed as:		
Current assets	<u><b>58,929</b></u>	<u>134,135</u>

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

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
Held for trading	<u><b>58,929</b></u>	<u>134,135</u>

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

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

**19. FINANCIAL ASSETS AT FVTOCI (2018: AVAILABLE-FOR-SALES FINANCIAL ASSETS)**

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
Unlisted equity securities		
— In British Virgin Islands	<b>10,900</b>	9,900
— In United Kingdom	<b>7,800</b>	7,800
	<b>18,700</b>	17,700
9% redeemable preference shares	<b>8,200</b>	8,200
	<b>26,900</b>	25,900

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

**Policy prior to 1 January 2018**

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

**20. ACQUISITION OF SUBSIDIARIES**

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

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

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

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

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

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

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

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

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

## 21. GOODWILL

	HK\$'000
<b>Cost</b>	
At 1 January 2018 (audited)	—
Arising on acquisition of subsidiaries	1,118
At 31 December 2018 (audited), and 1 January 2019 and 30 June 2019 (unaudited)	1,118
<b>Accumulated impairment losses</b>	
At 1 January 2018	—
Impairment for the year	—
At 31 December 2018 (audited), and 1 January 2019 and 30 June 2019 (unaudited)	—
<b>Carrying amount</b>	
At 30 June 2019 (unaudited)	1,118
At 31 December 2018 (audited)	1,118

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (“CGUs”) that are expected to benefit from that business combination. The carrying amount of goodwill (other than goodwill relating to discontinued operations) had been allocated as follows:

	<b>Unaudited as at 30 June 2019 HK\$'000</b>	Audited as at 31 December 2018 HK\$'000
Provision of advertising and public relationship events Pineapple Media Limited	<u><b>1,118</b></u>	<u>1,118</u>

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2018: 3%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group’s provision of advertising and public relationship events are 16% (2018: 16%).

## MANAGEMENT DISCUSSION & ANALYSIS

As a visionary Belt and Road project incubator, Kaisun is gradually seeing some project growing towards a promising direction.

In terms of business operation in the Group, although there has been ongoing civil unrest in our beloved city of Hong Kong, many of our projects are located in mainland China and overseas, and are thus mostly unaffected. It also provides a small solace that our other businesses that are based in Hong Kong (such as event management and trustee services) have not observed major impacts to this date. Nevertheless the social situation tugs at all our heartstrings, and we hope for the best for everyone in Hong Kong.

In a more macro point-of-view for the city's business environment, as Hong Kong is facing lots of uncertainties many investors have chosen to leave Hong Kong, and some banks and MNCs have started planning on moving their base to other nearby Asian cities. Kaisun Holdings may also begin to look for alternate markets for some of our service-based businesses.

We do expect the concerns about the situation in the city and also the China-US trade conflict would continue to drive volatility in the capital market, thus affecting our securities trading business that has been acting as a form of support in covering part of the Group's administrative costs. As such, the investment committee decided it was appropriate time to realize profit by cashing out on our existing stock shares during this interim period.

At the same time, we continue to work on our goal set in First Quarter in 2019 to "focus" and carry out ongoing business operations. Our Belt and Road projects have progressed at a steady pace.

For the upcoming months, while the Group will continue to build our existing Belt and Road projects with a focused mindset and maintaining a sharp acumen in the business world, we may also begin to actively implement exit strategies for some of our projects, given that the desired criteria are met. As for further details of the development of our projects as well as our securities trading business, please refer to the following sections.



## MINING, MANUFACTURING OF MACHINERIES & SUPPLY

### i. Shandong – Mining and Metallurgical Machinery Production

Tengzhou Kaiyuan specialized in mining and metallurgical machinery production and owned 27 sets of safety certificates for mining products. Its major products are overhead manned cableway devices and accessories, and its business include equipment installation, technical support and after sales services.

#### ***Tengzhou Kaiyuan Highlight for 2nd Quarter***

Tengzhou Kaiyuan introduced a new version of overhead manned cableway devices to cater for market demand. Not only can the new version attain energy conservation, with its lower energy consumption improved efficiency, this new version contribute to support coal mine with low carbon emission.

#### **New Version of Overhead Manned Cableway Device**



- The new version of overhead manned cableway device was well received by the market. Revenue for Tengzhou Kaiyuan in the 2nd quarter of 2019 was approximately HKD11.14 million, an increase of 62.8% compared to that of the same period last year. Profit for interim period was around HKD579,000.

- Production facilities were moved to the new production centre in Mo Zi Innovation and Technology Park, where operation and production had started. With larger capacity and reduced cost of production by economies of scale, Tengzhou Kaiyuan productivity and profitability had improved.

### **Tengzhou Kaiyuan New Production Centre**



### **Production Facilities in the New Production Centre**



### **ii. Shandong – Supply Chain Management Services**

Shandong Kailai Energy Industrial Co., Limited (“Shandong Kailai”) specialized in coal supply chain management, warehouse and logistics management, and loading and unloading service. It has the right to use a section of railway permitted by the Chain’s Jinan Railway Bureau. It has total area of 40,000 square meters and annual loading capacity of 3 million tons.



### ***Shandong Kailai Highlight for 2nd Quarter***

- With completion of steel reinforcement and widening of cargo platform, Shandong Kailai brought in more orders, raising revenue in the 2nd quarter of 2019 to around HKD19.04 million.
- Air quality is improved after our first quarter installation of the spraying system which greatly reduced air dust and particles. By above implementation, we put sustainability of green culture and environmental protection into practice.

#### **Spraying System suppress Dust Pollution by rotating in 360 degrees**



### **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 Ququanhu Town, Turpan City and within the scope of the Tuha coal field area, which is one of the four major fields in Xinjiang province. Xingliang Mine had signed an agreement with local government in 2018, allowing Xingliang mine to consolidate small mines in its neighbourhood.

### ***Coal Integration and Production in 2019***

The target to achieve “20 million tons of coal integration mission in 2019” by central enterprises was set by State-owned Assets Supervision and Administration Commission of the State Council (SASAC). Under the requirement of increasing coal production capacity, it is envisaged that coal production will increase. According to research conducted by China National Coal Association, coal production in 2019 is expected to increase by approximately 100 million tons.

*(Retrieved source: <https://www.china5e.com/news/news-1053878-1.html>.)*

Being selected as the main entity for consolidating smaller mines in neighbouring area by local Turpan government, Xingliang mine was recognized as the developer of Ququanhu mine with mining license of annual production capacity of 1.2 million tons.

### ***Xingliang Mine Highlight for 2nd Quarter***

- Working on all required reports, including feasibility report, social stability risk analysis report, geological disaster assessment report, environmental assessment report and exploration report.
- Reached consensus with the 156 Team of Xingjiang Mining Geological Bureau to start outdoor drilling activities.
- Preliminary work for reparation of road and construction on ground of Xingliang mine had started to facilitate more exploration and outdoor works. As the developer of Ququanhu mines, mining area will be raised from 1.1 square kilometers to 8.8 square kilometers.

#### **iv. Mongolia – Supply Chain Management Business**

The Railway logistic platform in Choir City of Mongolia acquired by Kaisun is located in a necessary path between Russia and China, and has unique geographical advantage on trilateral logistics and trade between China, Mongolia and Russia.

The Choir Platform covers a total area of 35,000 square meters, with an annual average loading capacity of 1.8 million tons. It mainly provides loading and unloading services, customers declaration, warehousing and logistics services.

### ***Choir Project Highlight***

- Kaisun Group signed construction agreement with the China Railway Engineering Construction Mongolia (CREC) for the construction of Choir Logistic Centre.

After completion of remaining construction work by CREC, application for relevant government licenses can start, and after obtaining completion certificate for construction, relevant licenses, approval documents and, the railway logistic centre can be put into operation.



Mr. Yang Yongcheng, Executive Director of Kaisun Holdings Limited and Mr. Bao Guozhong, representing China Railway Engineering Construction Mongolia signed the agreement. Mr. Joseph Chan, Chairman of Kaisun Holdings Limited, Mr. Samdan Erdene, Consul-General of Consulate General of Mongolia in HKSAR and Macao SAR, Ms. Iris Wong, Director, Belt and Road & External Relations of the Hong Kong Trade Development Council, Mr. Yang Xiaoqi, Chairman of China General Chamber of Commerce in Mongolia attended the event.

### **v. Commodities trade highlight for interim period**

Commodities trade recorded revenue of around HKD61 million for the interim period 2019, including commodities trade of cement of around HKD51.5 million.

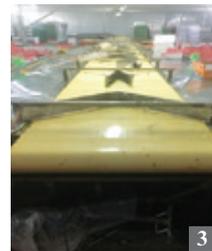
## AGRICULTURAL INVESTMENT AND DEVELOPMENT

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

### Yunnan Agricultural Base



### Nursery (1), Cultivate (2) and Package (3) by Cheung Lee



### ***Cheung Lee Highlight for 2nd Quarter***

- Prioritized cultivation in “Wild Vegetables” without using any chemical fertilizers and pesticides. Building brand of “Safe Vegetable” by adopting “zero residue”.
- Established Cheung Lee Silk Road Co., Limited for import and export of vegetables and fruits to further expand business to Belt and Road region.
- Cooperated with Shenzhen Fuying Financial Group to introduce financial services to the sales of agricultural products and trades of vegetables and fruits, it is expected that revenue will increase with diversified business products.

### **THIRD QUARTER 2019 DEVELOPMENT GOALS**

Continuing our effort on our existing business, our third quarter business goals are as follows:

#### **Shandong – Mining and Metallurgical Machinery Production**

- Invest resources for employee’s training and development to build up our sales team, so as to improve sales and after-sales services.

#### **Shandong – Supply Chain Management Services**

- Continue to expand business to meet the current market needs, and actively explore future needs to capture new opportunities.

#### **Xinjiang – Coal Exploitation Business**

- Engage geological and mining expert to assist Xingliang mine to complete required documents and reports to local government.
- Prepare documents required for technical report assessment and fulfil filing procedures requirements.

## **Agricultural Investment and Development**

- Engage a new strategic partner to provide one-stop service and diversify business.
- Expand Cheung Lee's sales network to the Greater Bay Area and Belt and Silk Road countries in order to increase Cheung Lee market shares in vegetables and fruits.

## **EVENT MANAGEMENT BUSINESS**

The Group's subsidiary, People's Communication & Consultant Company Limited ("PCCC"), had carried out 16 projects during the first half of 2019, continuing to broaden our service scope.

Other than event management, PCCC has provided clients with quality proposals on marketing strategies and promotional branding, giving the Group considerable cash flow support. The company will continue to build on its growth in the second half of the year by exploring business opportunities in Southeast Asia, in line with the headquarters' Belt & Road vision whilst hoping to bring in a new source of revenue.

## **ESPORTS BUSINESS UNIT**

2019 is a crucial and also exciting year for Kaisun's Esports subsidiary EvoLoop and its signature Esports IP GIRLGAMER Esports Festival. As our Esports IP matures, for the very first time, we launched 2019 GIRLGAMER World Tour together with the concept of IP franchising. The new move not only brings in new partnerships and new sources of income to our current structure, but also allows GIRLGAMER to maximize its global influence in merely one year. Through regional qualifiers to be held respectively in Oceania, Asia, Europe and South America, winners from different regions will gather in Dubai at the end of the year for the grand GIRLGAMER international world finals.

The GIRLGAMER brand has also obtained Logitech G as our annual global sponsor, showing the increasing value and recognition of our Esports IP.

## The first stop of 2019 GIRLGAMER Global Journey – Sydney



Having the support from the local government, GIRLGAMER Sydney Festival was included as part of the programme at VIVID SYDNEY, Australia’s biggest event of the year. The Sydney event started its two-day schedule on 9th June 2019, and saw well-equipped female Esports players competing over popular games <Counter-Strike: Global Offensive>, <Overwatch> and <Super Smash Bros>. Apart from activities such as cosplay competition and business conference that GIRLGAMER fans are familiar with, the Sydney Festival also included tie-up activities at Westfield Sydney, which operates under the Scentre Group. GIRLGAMER Sydney Festival had attracted many Esports enthusiasts to attend the offline event, and also gained more than 2.7 million views online.

GIRLGAMER Sydney Festival had a number of exciting achievements, which included the following:

- Online views exceeded 2.7 million, social media and traditional media estimated to reach 23 million. News about the GIRLGAMER Esports Festival had been translated into 7 languages and spread worldwide.
- Gained support from Benefit Cosmetics, a subsidiary of LVMH Group; Mogul, an ASX-listed eSports media company; and EB Games, a world-famous video game retailer.
- The first time in history people can watch GIRLGAMER Esports Festival live streaming outdoors.



## **INVESTMENT VEHICLE DEVELOPMENT**

In the first half of 2019, there has been no substantial changes to Sturgeon's and Xinying's investments. Kaisun and Sturgeon Capital are planning a long-term Belt and Road business development strategy. At the same time, both parties are also leveraging their experience and existing network to introduce to each other potential partners and investors from the Eurasia region that may contribute to the Group's project development or exit strategy. As usual, the dividend received from Xinying preference shares continued to provide support for part of regular administrative expenses.

## **SECURITIES TRADING BUSINESS**

The Group's listed-securities trading activities continues to be managed by the investment committee. As the stock market fluctuations continues and uncertainties increase, the investment committee had decided to lower the weight of the securities that were originally with higher shareholdings with profit partly realized, and diversify our investment by targeting long-term growth securities in different sectors.

As at 30 June 2019, the fair value of listed investment was HK\$58,989,290.

During the six months ended 30 June 2019, part of our existing securities portfolio recorded an unrealized loss compared to the fourth quarter of 2018, the unrealized fair value loss on listed securities was HK\$16,160,550. Dividend received from listed securities was HK\$59,850.

## **BUSINESS UNIT FOR CONSULTING AND TRUST BUSINESS**

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

We may be looking into expanding the business as the consulting and trust business grows.

## CORPORATE SOCIAL RESPONSIBILITY

### The 3rd Belt and Road Friendly Basketball Tournament (April 2019)

Further to the success of the 1st and 2nd Belt and Road Friendly Basketball Tournament, the 3rd Belt and Road Friendly Basketball Tournament was held on 27 and 28 April, 2019 at Confucius Hall Secondary School, To Kwan Wan and Chuk Yuen Sports Centre where Kaisun was an event partner. This year, eight participating teams comprises teams from ethnic minorities in Hong Kong and came from Belt and Road countries, secondary school and local social service organizations. The 8 teams were Team Pakistan, Team Philippines, Team Singapore, Team Malaysia, Team Nepal, Confucius Hall Secondary School, Team Hubei and Team New Home Association.



By organizing sports events through inviting teams from ethnic minorities coming from different sectors of the Hong Kong society, we hope that we can further build friendships among all participants and support development of local ethnic minorities.

## Financial Review

Revenue of the Group for six months ended 30 June 2019 amounted to approximately HK\$102.4 million, represented an increase of approximately 223.6% when compared with the same period in 2018 (six months ended 30 June 2018: HK\$31.6 million). The increase in revenue was mainly attributable to: 1. increase in trading activities from our provision of supply chain management services business and; 2. consulting and trust business established in last quarter of 2018 that generated revenue of approximately HK\$3.8 million.

The Group gross profit for six months ended 30 June 2019 increased by approximately 7.57% to approximately HK\$12.7 million when compared with the same period in 2018 (six months ended 30 June 2018: HK\$11.8 million). The improvement in gross profit was mainly attributable to increased revenue generated from provision of supply chain management services business.

For six months ended 30 June 2019, the total administrative and other operating expenses was approximately HK\$35.2 million, increase of approximately 9.7% compared with the same period in 2018 (six months ended 30 June 2018: HK\$32.1 million), due to an increase in staff costs with increase in number of staffs within the Group and commission paid.

For six months ended 30 June 2019, the loss from operations was approximately HK\$60.6 million (six months ended 30 June 2018 profit from operations: HK\$15.0 million). The loss from operation was mainly attributable to the fair value loss on financial asset at FVTPL by approximately HK\$16.2 million and loss on disposal of financial assets at FVTPL by HK\$22.3 million. The Group recorded loss for six months ended 30 June 2019 of approximately HK\$59.5 million (profit for six months ended 30 June 2018: HK\$8.7 million).

The total comprehensive loss attributable to owners of the Company for six months ended 30 June 2019 amounted to approximately HK\$56.2 million (The total comprehensive income attributable to owners of the Company for six months ended 30 June 2018: HK\$11.0 million).

As at 30 June 2019, the Group held financial assets at fair value through profit or loss of approximately HK\$58.9 million, wholly comprised of securities listed in Hong Kong. The loss on disposal of financial assets at fair value through profit or loss amounted to approximately HK\$22.3 million compared to a gain in the same period in 2018 (as at 30 June 2018 gain: HK\$130,000), whilst the fair value loss on financial assets at fair value through profit or loss was approximately HK\$16.2 million for six months ended 30 June 2019 (fair value gain for six months ended 30 June 2018: HK\$29.6 million). The details of financial assets at fair value through profit or loss are set out as follow:

Company Name	Number of shares held as at 30 June 2019	% of share-holding as at 30 June 2019	Fair value gain/(loss) for the year ended 30 June 2019	Fair value as at		% of the Group's net assets as at 30 June 2019	Investment cost	Reasons for fair value loss
				30 June 2019	31 December 2018			
			HK\$	HK\$	HK\$		HK\$	
<b>Hong Kong Listed Securities</b>								
BOC Hong Kong (Holdings) Limited (2388) (Note 1)	15,000	0.00%	(1,500)	461,250	—	0.11%	462,750	Drop in share price
EJE (Hong Kong) Holdings Limited (8101) (Note 2)	60,000,000	2.07%	(660,000)	11,100,000	21,560,000	2.60%	4,525,000	Drop in share price
Eternity Technology Holdings Limited (1725) (Note 3)	2,790,000	0.93%	53,900	4,240,800	—	0.99%	4,186,900	—
Hong Kong Education (Int'l) Investments Limited (1082) (Note 4)	6,080,000	1.11%	(337,200)	5,532,800	—	1.29%	5,870,000	Drop in share price
OP Financial Investments Limited (1140) (Note 5)	15,000,000	0.51%	(14,550,000)	29,400,000	107,273,160	6.88%	21,994,880	Drop in share price
Silver Tide Holdings Limited (1943) (Note 6)	3,800,000	0.38%	(133,000)	1,767,000	—	0.41%	1,900,000	Drop in share price
Target Insurance (Holdings) Limited (6161) (Note 7)	11,250,000	2.16%	(522,070)	6,075,000	—	1.42%	6,597,070	Drop in share price
Tsui Wah Holdings Limited (1314) (Note 8)	534,000	0.04%	(10,680)	352,440	—	0.08%	363,120	Drop in share price
361 Degrees International Limited (1361) (Note 9)	—	—	—	—	617,770	—	—	—
MTR Corporation Limited (0066) (Note 10)	—	—	—	—	288,400	—	—	—
Sau San Tong Holdings Limited (8200) (Note 11)	—	—	—	—	1,260,000	—	—	—
Wang Yang Holdings Limited (1735) (Note 12)	—	—	—	—	342,400	—	—	—
Yield Go Holdings Limited (1796) (Note 13)	—	—	—	—	2,793,000	—	—	—
<b>Total</b>			(16,160,550)	<b>58,929,290</b>	<b>134,134,730</b>	<b>13.79%</b>	<b>45,899,720</b>	



*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) design, manufacture and sales of mattress and soft bed products; (ii) property investment; (iii) securities investment; and (iv) provision of property management and property agency services.
3. Eternity Technology Holdings Limited (HKEx: 1725) — The Eternity Technology Holdings Limited is principally engaged in the business of electronics manufacturing services ("EMS").
4. Hong Kong Education (Int'l) Investments Limited (HKEx: 1082) — Hong Kong Education (Int'l) Investments Limited acts as an investment holding company while its principal subsidiaries are principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.
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. Silver Tide Holdings Limited (HKEx: 1943) — Silver Tide Holdings Limited is a subcontractor in the construction industry mainly providing formwork works services to both the public and private sectors in Hong Kong.
7. Target Insurance (Holdings) Limited (HKEx: 6161) — Target Insurance (Holdings) Limited is principally engaged in writing of motor insurance business in Hong Kong.
8. 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.



9. 361 Degrees International Limited (HKEx:1361) — The principal activities of 361 Degrees International Limited are manufacturing and trading of sporting goods, including footwear, apparel and accessories in the PRC.
10. 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.
11. Sau San Tong Holdings Limited (HKEx: 8200) — The principal activities of Sau San Tong Holdings Limited is the distribution sale of cosmetic and skin care products, provision of beauty and slimming services, provision of franchise services, sale of health, beauty and related products, investments in securities and provision of money lending business.
12. Wang Yang Holdings Limited (HKEx: 1735) — Wang Yang Holdings Limited is a contractor in Hong Kong undertaking (i) foundation works which include piling works, excavation and lateral support works, and pile cap construction; (ii) superstructure works which include building works in relation to the parts of the structure above the ground level; and (iii) other construction works such as demolition works, site formation works, ground investigation works, minor works, hoarding works, A&A works and fitting-out works.
13. Yield Go Holdings Limited (HKEx: 1796) — Yield Go Holdings Limited is an established fitting-out contractor in Hong Kong with over 22 years of experience since the establishment of one of the group's principal operating subsidiaries, Hoi Sing Decoration, in 1995.

As at 30 June 2019, the Group held financial assets at fair value through other comprehensive income ("FVTOCI") of approximately HK\$26.9 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 30 June 2019	% of share-holding as at 30 June 2019	% of the Group's net assets as at 30 June 2019	Investment cost as at	
				30 June 2019 HK\$'000	31 December 2018 HK\$'000
Cheung Lee Farming Corporation ( <i>Note 1</i> )	870	8.7	2.04%	8,700	7,700
Sturgeon Capital Limited ( <i>Note 2</i> )	24,999	9.96	1.83%	7,800	7,800
Xin Ying Holdings Limited ( <i>Note 3</i> )	8,000,000	N/A	1.87%	8,000	8,000
			5.73%	24,500	23,500

*Notes:*

- Cheung Lee Farming Corporation incorporated under the laws of the British Virgin Islands with limited liability. The principal activities of the company together with its subsidiaries are engaged in the business of production and distribution of pollution-free vegetables.
- Sturgeon Capital Limited is an independent alternative investment manager specializing in frontier and emerging markets. Sturgeon Capital manages the Sturgeon Central Asia fund, a multi-strategy investment fund focused on Central Asia and the surrounding region. The Sturgeon Capital management team have been investing in the region since 2005 and is made up of industry professionals with diverse professional background of regional and industry specific experience.
- 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 2019, the Group has a bank and cash balance of approximately HK\$63.17 million (as at 31 December 2018: HK\$20.7 million).

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

## **Gearing Ratio**

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

## **Foreign Exchange Exposure**

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



## **Human Resources**

As at 30 June 2019, the Group had 150 (as at 31 December 2018: 122) 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 year 2018, 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\$12.7 million for the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$10.9 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 2019	Approximate percentage of the total issued shares as at 30 Jun 2019
Chan Nap Kee, Joseph	Beneficial owner	<b>166,793,298</b> <i>(Note 1)</i>	<b>28.93%</b>
Yang Yongcheng	Beneficial owner	<b>1,675,000</b> <i>(Note 2)</i>	<b>0.29%</b>
Wong Yun Kuen	Beneficial owner	<b>525,000</b> <i>(Note 3)</i>	<b>0.09%</b>
Liew Swee Yean	Beneficial owner	<b>204,000</b> <i>(Note 3)</i>	<b>0.04%</b>
Siu Siu Ling, Robert	Beneficial owner	<b>204,000</b> <i>(Note 3)</i>	<b>0.04%</b>
Anderson Brian Ralph	Beneficial owner	<b>150,000</b> <i>(Note 3)</i>	<b>0.03%</b>
Chen Chun Long	Beneficial owner	<b>6,147,000</b> <i>(Note 4)</i>	<b>1.07%</b>
Ching Ho Tung, Philip	Beneficial owner	<b>220,000</b> <i>(Note 4)</i>	<b>0.04%</b>

Save as disclosed above, as at 30 June 2019, none of the directors or chief executives of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352



of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

*Note:*

1. After allotment of rights shares on 16 January 2017 and share consolidation of 10 shares into 1 share became effective on 16 February 2017, the total number of shares beneficially owned by Mr. Chan Nap Kee, Joseph ("Mr. Chan") was 160,212,298. Of these, 2,004,000 shares were shares awarded to Mr. Chan as Director on 30 December 2015 under 2013 Share Award Scheme. In addition, 2,750,000 shares were purchased by Mr. Chan Nap Kee, Joseph on the market from 29 March to 31 December 2017. Hence total number of shares owned by Mr. Chan was 161,882,298 as at 31 December 2017.

On 22 March 2018, 3,081,000 shares were shares awarded to Mr. Chan as Director under the Share Award Scheme 2016. Hence, the total no. of shares owned by Mr. Chan was 164,963,298. In addition, 1,490,000 shares were purchased by Mr. Chan on the market from 29 June 2018 to 31 December 2018. Hence the total number of shares owned by Mr. Chan was 166,453,298 as at 31 December 2018.

During the period from 1 January 2019 to 30 June 2019, 340,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 166,793, 298 as at 30 June 2019.

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng as Director on 30 December 2015 under the Share Award Scheme 2013. On 22 March 2018, 1,000,000 shares were shares awarded to Mr. Yang as Director under the Share Award Scheme 2016.
3. Of these, 150,000 shares were shares awarded to each of Mr. Liew Swee Yean, Mr. Siu Siu Ling, Robert and Mr. Anderson Brian Ralph as Director on 30 December 2015 under the Share Award Scheme 2013.
4. These were shares held by Mr. Chen Chun Long and Mr. Ching Ho Tung as at 19 June 2019 when they were appointed as joint Chief Executive Officers of the Company.



## 2. Interests of Substantial Shareholders in Shares of the Company

As at 30 June 2019, so far as is known to the Directors of the Company, the persons (not being a Director of the Company) who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of the total issued as at 30 June 2019
Mr. Chan Nap Kee, Joseph	Beneficial Owner	166,793,298	<b>28.93%</b>
Ms. Yeung Po Yee, Bonita	Interest of spouse <i>(Note 1)</i>	166,793,298	<b>28.93%</b>
Mr. Zhang Xiongfeng	Beneficial Owner	77,990,000	<b>13.53%</b>
Ms. Wu Mingqin	Interest of spouse <i>(Note 2)</i>	<u>77,990,000</u>	<u><b>13.53%</b></u>

*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 June 2019, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

### **3. Share-based Compensation Scheme**

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

#### ***Share Award Scheme 2016***

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

During the six months ended 30 June 2019, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 6,620,000 shares for total consideration of about HK\$1,721,786. During the year ended 31 December 2018, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 1,170,000 shares for total consideration of about HK\$395,050. Hence, the total no. of shares in the Share Award Scheme as at 30 June 2019 was 7,790,000.

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 2019, neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities, except that the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 6,620,000 shares for total consideration of about HK\$1,721,786.

### **CORPORATE GOVERNANCE**

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

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

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

Audit Committee  
Remuneration Committee  
Nomination and Corporate Governance Committee

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

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

### **Appointment of Joint Chief Executive Officers**

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

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

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

## **1. Audit Committee**

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

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

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

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



## **2. Code of Conduct Regarding Securities Transactions by Directors**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the three months ended 31 March 2019. The Company has also made specific enquiry to all Directors and the Company was not aware of any noncompliance with the required standard of dealings under the GEM Listing Rules and its code of conduct regarding securities transactions by Directors.

## **3. Code on Corporate Governance Practice**

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

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



#### **4. Review of Risk Management and Internal Control Effectiveness**

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the six months ended 30 June 2019, covering material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems are effective and adequate.

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

Hong Kong, 9 August 2019

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

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

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