

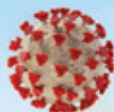


KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203



COVID-19

2023 THIRD QUARTERLY REPORT



* For identification purpose only

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This report, for which the directors (the “Directors”) of Kaisun Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



The board of Directors (the “Board”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2023 together with the unaudited comparative figures period in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2023

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	4	24,346	85,435	185,911	216,483
Cost of goods sold and services		(18,904)	(83,523)	(172,131)	(204,150)
Gross profit		5,442	1,912	13,780	12,333
Investment and other income	6	832	7,175	10,042	21,954
Other gains and losses	7	(1,594)	(5,388)	(7,414)	19,438
Administrative and other operating expenses		(14,917)	(12,652)	(41,755)	(43,457)
(Loss)/profit from operations		(10,237)	(8,953)	(25,347)	10,268
Finance costs	11	(2,078)	(1,164)	(5,843)	(7,795)
(Loss)/profit before tax		(12,315)	(10,117)	(31,190)	2,473
Income tax credit	8	1,160	941	2,479	3,160
(Loss)/profit for the period		(11,155)	(9,176)	(28,711)	5,633
Attributable to:					
Owners of the Company		(10,695)	(9,006)	(27,349)	4,754
Non-controlling interest		(460)	(170)	(1,362)	879
		(11,155)	(9,176)	(28,711)	5,633
(Loss)/profit per share (HK cents)					
Basic	10	(1.85)	(1.56)	(4.74)	0.82

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

For the nine months ended 30 September 2023

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<i>Note</i>				
(Loss)/profit for the period	(11,155)	(9,176)	(28,711)	5,633
Other comprehensive expense:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>(623)</u>	<u>(6,006)</u>	<u>(3,733)</u>	<u>(11,775)</u>
Other comprehensive expense for the period, net of tax	<u>(623)</u>	<u>(6,006)</u>	<u>(3,733)</u>	<u>(11,775)</u>
Total comprehensive expense for the period	<u>(11,778)</u>	<u>(15,182)</u>	<u>(32,444)</u>	<u>(6,142)</u>
Attributable to:				
Owners of the Company	<u>(11,258)</u>	(13,384)	<u>(30,003)</u>	(4,173)
Non-controlling interest	<u>(520)</u>	<u>(1,798)</u>	<u>(2,441)</u>	<u>(1,969)</u>
	<u>(11,778)</u>	<u>(15,182)</u>	<u>(32,444)</u>	<u>(6,142)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Share capital	Share premium	Shares held under share award scheme	Foreign currency translation reserve	Financial assets at FVTOCI reserve	Accumulated losses	Non-controlling interests	Total	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	57,657	1,361,095	(3,371)	5,421	700	(1,409,713)	11,789	18,970	30,759
Capital injection by non-controlling interest in a subsidiary	—	—	—	—	—	—	—	3,025	3,025
Total comprehensive income for the period	—	—	—	(8,927)	—	4,754	(4,173)	(1,969)	(6,142)
Changes in equity for the period	—	—	—	(8,927)	—	4,754	(4,173)	1,056	(3,117)
At 30 September 2022 (unaudited)	57,657	1,361,095	(3,371)	(3,506)	700	(1,404,959)	7,616	20,026	27,642
At 1 January 2023 (audited)	57,657	1,361,095	(3,371)	(978)	(6,300)	(1,425,071)	(16,968)	16,127	(841)
Issue of share (note 12)	685	815	—	—	—	—	1,500	—	1,500
Total comprehensive expense for the period	—	—	—	(2,654)	—	(27,349)	(30,003)	(2,441)	(32,444)
Changes in equity for the period	685	815	—	(2,654)	—	(27,349)	(28,503)	(2,441)	(30,944)
At 30 September 2023 (unaudited)	58,342	1,361,910	(3,371)	(3,632)	(6,300)	(1,452,420)	(45,471)	13,686	(31,785)

NOTES

1. GENERAL INFORMATION

Kaisun Holdings Limited (“the Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong. The Company’s shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The Group is principally engaged in coal mining business, consulting and media services business and corporate and investment business.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group’s condensed consolidated financial statements have been prepared in accordance with all applicable International Financial Report Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). 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”).

The condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statement for the year ended 31 December 2022, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of these changes in accounting policies are set out in note 3.

As disclosed in the Interim Report 2023 of the Company, the Group had net current liabilities of approximately HK\$217,418,000 as at 30 June 2023. These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors has given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering the next twelve months from 30 September 2023 prepared by the management of the Company, and after taking into consideration the following:

- (i) having regard to the gradual resumption of normal business activities of the Group following the ease of COVID-19 Pandemic, the directors believe that the Group is able to continue to generate sufficient cash flows from operations; and
- (ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to International Financial Reporting Standards (“IFRS”) issued by IASB to these financial statements for the current accounting period:

Amendments to IAS 1 — Classification of Liabilities as Current or Non-current

Amendments to IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies

Amendments to IAS 8 — Definition of Accounting Estimates

Amendments to IAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

IFRS 17 — Insurance Contracts

Amendments to IFRS 17 — Initial Application of IFRS 17 and IFRS 9

Amendments to IAS 12 — International Tax Reform — Pillar Two Model Rules

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

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

4. REVENUE

Disaggregation of revenue

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
Sales of goods:				
— Provision of supply chain management services for mineral business	11,427	77,062	153,210	183,885
— Mining and metallurgical machineries products	9,349	3,920	17,639	19,892
Provision of services:				
— Logistics services for mineral business	1,966	2,451	8,706	7,718
— Corporate services business	7	15	152	148
— Trust and trustee services	646	579	1,834	1,661
— Event management services	313	1,408	2,429	3,179
— Operating of railway logistic platform	638	—	1,941	—
	<u>24,346</u>	<u>85,435</u>	<u>185,911</u>	<u>216,483</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 the nine months ended 30 September (unaudited)	Provision of supply chain management services for mineral business		Mining and metallurgical machineries products		Logistics services for mineral business		Corporate services business		Trust and trustee services		Event management services		Operating of railway logistic platform		Total	
	2023 HK'000	2022 HK'000	2023 HK'000	2022 HK'000	2023 HK'000	2022 HK'000	2023 HK'000	2022 HK'000	2023 HK'000	2022 HK'000	2023 HK'000	2022 HK'000	2023 HK'000	2022 HK'000	2023 HK'000	2022 HK'000
Revenue by primary geographical markets																
— Hong Kong	—	—	—	—	—	—	152	148	—	—	2,429	3,178	—	—	2,581	3,327
— PRC except Hong Kong	153,210	183,885	17,638	19,892	8,706	7,718	—	—	—	—	—	—	1,941	—	181,496	211,495
— Others	—	—	—	—	—	—	—	—	1,834	1,661	—	—	—	—	1,834	1,661
Revenue from external customers	153,210	183,885	17,638	19,892	8,706	7,718	152	148	1,834	1,661	2,429	3,178	1,941	—	185,911	216,483
Timing of revenue recognition																
Products transferred at a point in time	153,210	183,885	17,638	19,892	8,706	7,718	—	—	—	—	—	—	—	—	179,555	211,495
Products and services transferred over time	—	—	—	—	—	—	152	148	1,834	1,661	2,429	3,178	1,941	—	6,356	4,988
Total	153,210	183,885	17,638	19,892	8,706	7,718	152	148	1,834	1,661	2,429	3,178	1,941	—	185,911	216,483

5. SEGMENT INFORMATION

IFRS 8 requires segmental disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purpose of assessing segmental performance and making decisions about operating matters.

The Group has three reportable segments namely coal mining business segment, consulting and media service business segment and corporate and investment business segment.

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

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

	Coal mining business segment HK\$'000	Consulting and media services business segment HK\$'000	Corporate and investment business segment HK\$'000	Total HK\$'000
For nine months ended				
30 September 2023 (unaudited)				
Revenue from external customers	181,496	4,295	120	185,911
Segment loss	(10,431)	(1,011)	(17,269)	(28,711)
Interest revenue	886	1	144	1,031
Interest expenses	2,712	11	3,120	5,843
Depreciation and amortisation	11,025	31	–	11,056
Income tax credit	1,667	–	812	2,479
Other material items of income and expenses:				
Staff cost	7,361	1,501	6,592	15,454
Other material non-cash items: (Impairment loss)/reversal of impairment loss on trade and other receivables	(2,758)	(26)	289	(2,495)

	Coal mining business segment HK\$'000	Consulting and media services business segment HK\$'000	Corporate and investment business segment HK\$'000	Total HK\$'000
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For nine months ended

30 September 2022 (unaudited)

Revenue from external customers	211,495	4,868	120	216,483
Segment profit/(loss)	(1,917)	(1,499)	9,049	5,633
Interest revenue	14	—	1	15
Interest expenses	1,237	21	6,537	7,795
Depreciation and amortisation	13,492	1	7	13,500
Income tax credit	1,812	—	1,348	3,160
Other material items of income and expense:				
Staff costs	8,461	2,093	6,523	17,077
Other material non-cash items:				
Reversal of impairment loss/ (Impairment loss) on trade and other receivables	(2,122)	(39)	29,961	27,800

**Unaudited
nine months ended 30 September**

	2023 HK\$'000	2022 HK\$'000
Reconciliations of segment profit or loss:		
Total (loss)/profit of reportable segments	(28,711)	5,633
Other loss	—	—
Consolidated (loss)/profit for the period	(28,711)	5,633

6. INVESTMENT AND OTHER INCOME

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Interest income on bank deposits	355	7	1,031	15
Dividend income from equity investments	66	57	179	70
Government grants	—	321	—	537
Rental Income	—	—	—	288
Service income for coal fire extinguishment works	(97)	6,518	8,020	19,560
Sundry income	508	272	812	1,484
	<u>832</u>	<u>7,175</u>	<u>10,042</u>	<u>21,954</u>

7. OTHER GAINS AND LOSSES

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Loss on disposal of financial assets at fair value through profit or loss ("FVTPL")	—	—	—	(191)
Fair value loss on financial assets at FVTPL	(3,158)	(2,155)	(4,919)	(8,171)
(Impairment loss)/reversal of Impairment loss on trade and other receivables	1,564	(3,233)	(2,495)	27,800
	<u>(1,594)</u>	<u>(5,388)</u>	<u>(7,414)</u>	<u>19,438</u>

8. INCOME TAX CREDIT

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Current tax				
— Hong Kong & PRC Income tax (credit)/expenses	(26)	62	245	203
Deferred tax credit	(1,134)	(1,003)	(2,724)	(3,363)
	<u>(1,160)</u>	<u>(941)</u>	<u>(2,479)</u>	<u>(3,160)</u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

No provision for the Hong Kong Tax is required since the Group has no assessable profit for the period.

PRC Enterprise Income Tax has been provided at a rate of 25% (2022: 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.

9. DIVIDENDS

No dividend has been declared by the Company the nine months ended 30 September 2023 (nine months ended 30 September 2022: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
(Loss)/profit for the purpose of calculating basic (loss)/earnings per share	<u>(10,695)</u>	<u>(9,006)</u>	<u>(27,349)</u>	<u>4,754</u>
Number of shares <i>(Thousand shares)</i>				
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>578,279</u>	<u>576,566</u>	<u>577,143</u>	<u>576,566</u>

No diluted (loss)/earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 September 2023 and 2022.

11. FINANCE COSTS

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Interest on bond payables	1,170	780	3,120	6,537
Interest component of lease liabilities	17	4	42	77
Others	891	380	2,681	1,181
	<u>2,078</u>	<u>1,164</u>	<u>5,843</u>	<u>7,795</u>

12. SHARE CAPITAL

	Unaudited as at 30 September 2023 HK\$'000	Audited as at 31 December 2022 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: 583,415,844 ordinary shares of HK\$0.10 each as at 30 September 2023 (576,566,055 ordinary shares of HK\$0.10 each as at 31 December 2022)	<u>58,342</u>	<u>57,657</u>

Note: On 8 September 2023, 6,849,789 remuneration shares were allotted and issued to Kemp Services Limited, at the Issued Price of HK\$0.219 per share. For details, please refer to the announcements of the Company dated 7 June 2023 and 8 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

CHAIRMAN'S STATEMENT

As we entered the third quarter of 2023, the global economy continues to navigate through a period of significant challenges and uncertainties. The global GDP growth is projected to be at a subdued pace of 2.7% for the year, as per the data from the Conference Board. Core inflation remains a concern, and the effects of monetary tightening continue to ripple across major economies.

China, an influential player in the global economic landscape, has shown signs of recovery in Q3, with GDP growth reported at 4.9% year on year, exceeding market forecasts. This growth, as reported by Reuters, is indicative of the effectiveness of several policy measures implemented by Chinese policymakers to boost consumption and stimulate economic recovery. Nevertheless, the trajectory of China's economy remains complex, with concerns related to the property sector and other internal and external risks persisting.

In Hong Kong, the economic situation has improved, albeit at a slower pace than anticipated. According to the advance estimates, real GDP grew by 4.1% in the third quarter over a year earlier. While it was lower than forecast, it marked a continuation of the recovery trend, supported by a revival in private consumption. However, the city is still grappling with manpower shortage, with job vacancies in the private sector continuing to rise. According to the figures released by the Census and Statistics Department of the Government, the total number of vacancies was 81,460 in June 2023, representing an increase of 30% or 18,960 over the preceding year.

Turning to the Group's performance, the third quarter of 2023 has been a period of resilience and steady progress. Although the overall revenue of our event management and trust business has declined amidst the uncertain economic landscape, our gross profit margin has increased by 100% compared with the same period last year. Data from the first three quarters shows that the overall gross margins of Kaisun Business Solutions Unit achieved a 28% year-on-year growth. However, the Group continues to face challenges on two fronts — manpower shortage and consumption downgrading. The former is constraining our capacity to seize new business opportunities during this transformative period, and the latter is exerting pressure on our overall revenue.

Looking forward, given the sound economic inertia, we believe the economy will continue to maintain stable and upward trend in the fourth quarter. Over the past few years, our focus has been on streamlining our business structure and controlling costs, which we have done to the extreme and ultimately helped us survive the pandemic. Now our focus has shifted to explore new possibilities and clients for our businesses, striking a balance between prudence and ambition. We are confident that our robust strategy combined with the dedication and resilience of our team will ensure we emerge stronger from these challenging times.

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. It owns 50 sets of safety certificates for mining products and obtains European Standard Certificate in the first quarter of 2023. Its major products are overhead manned cableway devices and its accessories, as well as technical consultancy services including equipment installation, technical support and after-sales services.

Analysis on China’s mining machinery manufacturing industry in 2023

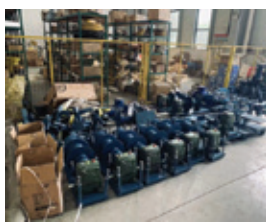
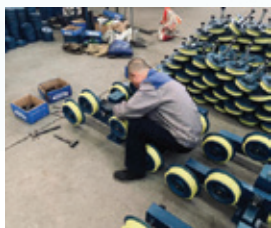
China continues to optimize and expand its advanced coal production capabilities, which is reflected by its steady growth in coal production. China produced 3.44 billion tonnes of raw coal in the first three quarters of this year, a year-on-year increase of 3.0%; and coal imports during the period surged 73.1% to 350 million tonnes; as per official data from the National Bureau of Statistics.

The Group believes that the steady growth of the Mainland economy and the continued increase in economic activities, coupled with the nation’s significant efforts to secure stable coal supply, are expected to drive the growth of the domestic demand for coal machinery and equipment, and boost the business volume of Tengzhou Kaiyuan.

(Data from: http://www.stats.gov.cn/xxgk/jd/sjjd2020/202310/t20231020_1943778.html)

Tengzhou Kaiyuan Highlights for the 3rd quarter

- Tengzhou Kaiyuan continued to strengthen the company's internal management system, in order to make adjustments and improve operational efficiency based on concrete and comprehensive data.
- Through the renewal of mining machinery and equipment, Tengzhou Kaiyuan has successfully enhanced the mechanical performance and competitiveness of its products, and continues the development of the Southeast Asian market.
- Through the development of data-driven quality management strategies, Tengzhou Kaiyuan strives to ensure consistent product quality, improve customer satisfaction and reduce costs, resulting in cumulative sales revenue of approximately HK\$17.64 million.



Daily operations of Tengzhou Kaiyuan

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 enjoys favourable geographical advantage as it is located at China’s railway hub with a number of state-owned enterprises nearby. At present, Shandong Kailai’s logistics centre, including its environmental protection facilities and storage centre, boasts a total area of 110,000m², with an annual loading capacity of 3 million tons.

Analysis on China’s coal rail transportation in 2023

From January to September 2023, the national railway delivered 2.897 billion tonnes of coal, of which 1.135 billion tonnes of coal were used for electricity, reflecting the efforts made to ensure the supply of electric coal. As of the end of September, 371 power plants directly supplied by railways nationwide had coal in stock consumable for 37 days.

In accordance with the guidelines by the Party and the State Council, the State Railway has made every effort to ensure the transport of key materials related to national economy and people’s livelihood. This, coupled with government orders to central enterprises to ensure the supply of energy and electricity, help drive the growth of the coal industry chain and bring a positive impact on Shandong Kailai’s coal supply chain business.

(Data from: http://news.china.com.cn/txt/2023-10/23/content_116768008.shtml)

(Data from: <http://finance.people.com.cn/BIG5/n1/2023/1025/c1004-40102982.html>)

Shandong Kailai for the 3rd quarter

- The reconstruction of wall at the West Cargo Yard of Shandong Kailai was completed, which helps strengthen our dust control facilities and reduce environmental pollution.
- The Group continues the construction of the fourth environmental protection shed to fulfil corporate social responsibility and promote green concepts.
- Shandong Kailai was invited to the 2023 Summer National Coal fair to gain more market knowledge of the latest developments of the coal industry in China. The Company established communication channels with upstream and downstream enterprises and laid down foundations for a mutual trust relationship, which will help achieve mutual benefits.
- The green image of Shandong Kailai has successfully earned the recognition of consumers, which helps improve its market competitiveness. The company recorded a cumulative sales revenue of approximately HK\$131.1 million for the first 3 quarters.



Shandong Kailai invited to the 2023 Summer National Coal fair



Daily operations of Shandong Kailai

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

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

To facilitate the consolidation project, Xingliang Mine was granted a prospecting license of 1.2 million tons on 11 August 2020. In addition, Xingliang Mine’s application for the coal fire extinguishment work has been submitted in 2021, and a cooperation agreement has been reached with the subcontractor, started the fire extinguishing project in the third quarter, received a mining license of 1.2 million tons in the fourth quarter of 2022.

Analysis of Xinjiang's coal industry in 2023

Data from the National Bureau of Statistics shows that from January to August 2023, the output of raw coal from Xinjiang was 280 million tons, a year-on-year increase of 10%. Xinjiang's coal shipments amounted to 94.55 million tonnes, a year-on-year increase of 5.95%, reflecting that the national strategy of "Xinjiang-to-Outbound coal transport" has become a core component of the development strategy of Xinjiang's coal industry and that it has a significant influence in the national energy supply system.

The Group believes that Xinjiang is rich in coal resources and is one of the most important sources of energy supply for the country. Under the nation's macro-policy support and the rise in demands for coal and electricity within the region, Xingliang Mine will generate a steady stream of revenue and profit for the Group.

(Data from: <https://baijiahao.baidu.com/s?id=1780699911982572954&wfr=spider&for=pc>)

Xingliang Mine for the 3rd quarter

- Since the fire extinguishing project was due in September 2022, Xingliang Mine continued to apply for an extension of the project, which is expected to be approved and will be able to kickstart in the fourth quarter of 2023.
- The management team from Hong Kong travelled to Turpan to follow up on the mining site and the progress of various assessments in order to ensure that the construction team is ready and well prepared for the fire extinguishing project.



Mining machineries on standby in the mining area



Daily operations of Xingliang Mine

iv. Mongolia – Supply Chain Management Business

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

Analysis of Mongolia's mining industry in 2023

According to the statistics from the National Statistical Office of Mongolia, during the period of January-September 2023, Mongolia's coal output totalled 55.53 million tons, an increase of 172.9% over the same period last year; coal exports totalled 48.92 million tons, a year-on-year increase of 156.9%, reflecting the resurgence of Mongolia's coal industry.

The Group believes that Mongolia will continue to capitalize on its geographical advantages with China and improve its port infrastructure so as to enhance the capacity of custom clearance at various ports, which will benefit the business development of the Choir Logistics Centre in the long run.

(Data from: <https://coal.in-en.com/html/coal-2636306.shtml>)

Choir Project for the 3rd quarter

- The Group cooperated with Sainsaikhan Consulting Services LLC to be the construction, operation and strategic contractor of the Choir Project. The Hong Kong management team visited Mongolia to oversee the operations and had meetings with the representatives of Sainsaikhan to discuss further development plans.
- In the third quarter, the Group and its contractor continued to work hand-in-hand to foster the development of the Choir Project, and recorded a revenue of approximately HK\$640,000 in cooperation share.



Choir Logistic Platform

AGRICULTURAL INVESTMENT AND DEVELOPMENT

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

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

Cheung Lee Highlights for the 3rd quarter

- Cheung Lee plans to strengthen the development of its agricultural organic nutrient solution business and expand its sales channels. In addition, the management team visited Donggang, Liaoning and plans to cooperate with state owned enterprises to develop the trading of strawberries and rice.
- Consolidate the existing vegetable business segment and continue to aim at improving the quality of vegetables to boost consumer confidence.



Cheung Lee in an interview with Liangzhou Rongmedia

FOURTH QUARTER 2023 DEVELOPMENT GOALS

The Group will continue to build on existing business, maintain steady growth, solidify business network and accelerate business expansion. The Group's business goals in the 4th quarter are as follows:

Shandong – Mining and Metallurgical Machinery Production

- Tengzhou Kaiyuan plans to optimise its products in the third quarter to explore more potential customers and increase operating revenue, while strengthening cost management with the goal of increasing yield and improving operating profit.
- In order to ensure timely collection of trade receivables, Tengzhou Kaiyuan plans to increase efforts for the collection phase to accelerate the turnover of funds.

Shandong – Supply Chain Management Services

- Shandong Kailai will continue its construction of the fourth environmental protection shed with the aim of reducing dust pollution, fulfilling environmental responsibility and enhancing its image and market competitiveness.

Xinjiang – Coal Exploitation Business

- Xingliang Mine is in close vicinity to an industrial area, with power plants and chemical plants as potential customers, including Xinjiang Huadian Turpan Power Plant, Xinjiang Guanghui Coal Cleaning Chemical Company Limited and Shenhong Industrial Park. As there is excess demand in the local area, Xingliang Mine will continue to initiate talks with potential customers with the aim to satisfy the local industrial coal demand with the majority of coal supplied by Xingliang Mine.
- Continue to undergo the extension procedures of the coal fire extinguishing project, and expects to obtain approval within the fourth quarter of 2023 and will gradually resume the fire extinguishing project.

Mongolia – Supply Chain Management Business

- Continue to maintain close contact with the partner team and keep a close understanding of the situation to ensure the smooth operation of the project and to bring stable revenue to the Group.

Agricultural Investment and Development

- In recognition of the huge untapped potential of the Liaoning market, Cheung Lee plans to open a local company and build factories in Liaoning to develop business segments including the trading of agricultural products and organic nutrient solution.
- Promote natural and high-quality vegetable planting to increase brand reputation.

EVENT MANAGEMENT & CONSULTING SERVICES

During the third quarter, despite the continued market downturn, our event management subsidiary still strived hard to maintain relationships with key accounts. However, the present economic climate has caused a significant decrease in business volume and revenue. Against the headwind, the team had to work around the clock, seizing every opportunity in an attempt to turn the situation around. Despite our overall revenue of the third quarter has fallen by half, the gross margin remained stable. In October, we gained new clients including Liaoning provincial government. The team hopes to retrieve the situation in the fourth quarter. Given that the overall market environment has not shown significantly improvement compared to last year, the team will strive to explore new clients in the fourth quarter for reaching our annual business goals.

KAISUN TRUST

Compared with the same period last year, Kaisun Trust's income increased by 10% in the third quarter. The team also began to actively expand its business and went to Taiwan to meet with clients. Due to a lack of manpower, its daily administration was delayed. To address this issue, the team plans to recruit Administrative Assistant at the beginning of 2024 to increase its administrative efficiency. The team launched a Russian version of its official website in the third quarter to attract potential customers from the CIS countries. Looking ahead to the fourth quarter, the team will continue to tap new customers and expects its total revenue for the full year to be similar to last year.

ESPORTS BUSINESS

Kaisun's esports subsidiary officially launched the new season of the "GIRLGAMER world tour" in the third quarter and concluded the tournaments respectively in South Korea and South Africa. The team is preparing for the upcoming tournaments in Europe and the United States. Due to the current economic environment, the annual sponsorship has not yet been firmed up. In this case, the team will maintain a prudent attitude and continue to negotiate with various brands. The team's primary goal for the fourth quarter will be implementing this year's sponsorship. The team is especially

looking forward to the upcoming tournaments. This is the first time that the GIRLGAMER Esports Festival IP coming to the United States and Mexico and the team believes that this will greatly expand the brand's fan base and influence.

SECURITIES TRADING BUSINESS

The Group's listed-securities trading business continued to be monitored by the investment committee with analytical and performance reports generated regularly and meetings regularly held to review and evaluate the risks of the portfolio. The global economy and stock markets experienced strong gains in the first half of the year, but failed to continue into the third quarter. This was mainly because the interest rates had remained at high levels for some time and investors expected another rise in interest rates before the end of the year, causing stocks to fall and money to flow into commodities. Coupled with production cuts by some oil exporters, oil prices and commodity prices soared. With regards to Hong Kong stocks, the Hang Seng Index has fallen 26.39%, dragged by technology stocks. As our investment strategy, the investment committee will use the averaging down to buy in blue chip stocks and stocks that pay dividend to lower the risk of new economy stocks meanwhile is considering selling long-held stocks that already gave return.

As at 30 September 2023, the fair value of listed investment was HK\$10,959,735. The cost of listed investment was HK\$34,889,795.

During the nine months end 30 September 2023, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK\$4,919,357. Dividend received from listed securities was HK\$179,306 and 350 shares of Meituan (HKEx: 3690) as dividend.

FINANCIAL REVIEW

Revenue of the Group for the nine months ended 30 September 2023 amounted to approximately HK\$185.9 million, representing a decrease of approximately 14.1% when compared with the same period in 2022 (nine months ended 30 September 2022: HK\$216.5 million). The decrease in revenue was mainly attributable to decrease of revenue for provision of supply chain management services for mineral business and mining and metallurgical machineries products.

The Group's gross profit for the nine months ended 30 September 2023 increase by approximately 12.2% to approximately HK\$13.8 million when compared with the same period in 2022 (nine months ended 30 September 2022: HK\$12.3 million). Despite the decrease of revenue, the gross profit of the Group increased as revenue in other segments which generates higher profit margin than provision of supply chain management services for mineral business and mining and metallurgical machineries products increased when compared with the same period in 2022.

For nine months ended 30 September 2023, the total administrative and other operating expenses was approximately HK\$41.8 million, decrease of approximately 3.9% compared with the same period in 2022 (nine months ended 30 September 2022: HK\$43.5 million), the decrease in the administrative and other expenses was mainly attributable to the decrease of sales and market expenses and decrease in staff cost.

The Group recorded a one-off reversal of impairment loss on trade and other receivables of approximately HK\$27.8 million as other gains during the nine months ended 30 September 2022, the absence of such other gains led to the record other losses of approximately HK\$7.4 million during the nine months ended 30 September 2023.

For nine months ended 30 September 2023, the loss from operations was approximately HK\$25.3 million (profit from operations for nine months ended 30 September 2022: HK\$10.3 million). The loss from operation was primarily due to the combined effect of (i) decrease in investment and other income and record of other losses as listed in note 6 and 7 to the Group's condensed consolidated statement of profit or loss; and (ii) decrease in administrative and other operating expenses.

The Group recorded a loss of approximately HK\$28.7 million for nine months ended 30 September 2023, turning from profit to loss when compared with the same period in 2022 (profit for nine months ended 30 September 2022: HK\$5.6 million).

The total comprehensive expense attributable to owners of the Company for nine months ended 30 September 2023 amounted to approximately HK\$30.0 million (The total comprehensive expense attributable to owners of the Company for nine months ended 30 September 2022: HK\$4.2 million).

As at 30 September 2023, the Group held financial assets at FVTPL of approximately HK\$11.0 million, wholly comprised of securities listed in Hong Kong. In the uncertain performance of Hong Kong stock market as at 30 September 2023, no gain or loss on disposal of financial assets at FVTPL (loss on disposal of financial assets at FVTPL for the nine months ended 30 September 2022: HK\$0.2 million), whilst the fair value loss on financial assets at FVTPL was approximately HK\$4.9 million for nine months ended 30 September 2023 (fair value loss for nine months ended 30 September 2022: HK\$8.2 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 September 2023	% of share-holding as at 30 September 2023	Unrealized gain/(loss) on fair value change for the year ended 30 September 2023 HK\$	Fair value as at		% of the Group's total assets as at 30 September 2023	Investment cost HK\$	Reasons for fair value loss
				30 September 2023 HK\$	31 December 2022 HK\$			
Hong Kong Listed Securities								
Baidu, Inc. (9888) (Note 1)	1,100	0.00004%	23,870	146,740	122,870	0.03%	182,700	—
Biibilibi Inc. (9626) (Note 2)	660	0.0002%	(51,810)	71,478	123,288	0.01%	391,610	Drop in share price
ENN Energy Holdings Limited (2688) (Note 3)	10,000	0.0009%	(446,000)	650,000	1,096,000	0.13%	971,495	Drop in share price
Hong Kong Exchanges and Clearing Limited (0388) (Note 4)	5,000	0.0004%	(223,000)	1,463,000	1,686,000	0.30%	1,799,000	Drop in share price
HSBC Holdings plc (0005) (Note 5)	30,000	0.0002%	394,500	1,851,000	1,456,500	0.38%	1,468,500	—
JD.com Inc. (9618) (Note 6)	166	0.00001%	(17,447)	19,107	36,553	0.004%	—	Drop in share price
MEITUAN (3690) (Note 7)	350	0.00001%	40,110	40,110	—	0.01%	—	—
MTR Corporation (0066) (Note 8)	50,000	0.00080%	32,500	1,550,000	—	0.31%	1,517,500	—
Tencent Holdings Limited (0700) (Note 9)	3,500	0.00004%	(97,300)	1,071,700	1,169,000	0.22%	1,994,750	Drop in share price
Tracker Fund of Hong Kong (2800) (Note 10)	80,000	0.0011%	(118,400)	1,475,200	1,593,600	0.30%	1,620,800	Drop in share price
Wealthking Investments Limited (1140) (Note 11)	17,476,000	0.1661%	(4,456,380)	2,621,400	7,077,780	0.53%	24,943,440	Drop in share price
Total			(4,919,357)	10,959,735	14,361,591	2.22%	34,889,795	

Notes:

1. Baidu Inc (HKEx: 9888) — Baidu Inc is a leading AI company with a strong Internet foundation.
2. Bilibili Inc (HKEx: 9626) — Bilibili Inc is an iconic brand and a leading video community for young generations in China. The group is a full-spectrum video community that offers a wide array of content serving young generations' diverse interests.
3. ENN Energy Holdings Limited (HKEx: 2688) — The principal businesses of ENN Energy Holdings Limited are gas connection, sales of piped gas, construction and operation of vehicle gas refuelling stations, wholesale of gas, distribution of bottled liquefied petroleum gas ("LPG") and sales of gas appliances and materials.
4. 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.
5. 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").
6. JD.com Inc (HKEx: 9618) — JD.com Inc is a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider.
7. Meituan (HKEx: 3690) — Meituan provides platform which uses technology to connect consumers and merchants and offer diversified daily services, including food delivery, in-store, hotel and travel booking and other services.
8. MTR Corporation Limited (HKEx: 0066) — MTR Corporation Limited's businesses consist of (i) recurrent businesses (comprising Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, and other businesses (collectively referred to as "recurrent businesses in Hong Kong"), and Mainland China and international railway, property rental and management businesses (referred as "recurrent businesses outside of Hong Kong"), and both excluding fair value measurement of investment properties) and (ii) property development businesses (together with recurrent businesses referred to as "underlying businesses").
9. Tencent Holdings Limited (HKEx: 0700) — Tencent Holdings Limited is principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services.

10. Tracker Fund of Hong Kong (HKEx: 2800) — Tracker Fund of Hong Kong is a unit trust which is governed by its Trust Deed dated 23rd October 1999, as amended, supplemented or restated from time to time. The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance.
11. Wealthking Investments Limited (HKEx: 1140) — The principal investment objective is to achieve earnings for Wealthking Investments Limited in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises.

As at 30 September 2023, the Group held financial assets at fair value through other comprehensive income (“FVTOCI”) with carrying amount of approximately HK\$10.4 million wholly comprised of unlisted equity securities in Hong Kong and British Virgin Islands and redeemable preference shares. The details of financial assets at FVTOCI are set out as follow:

Company Name	% of shareholding as at 30 September 2023	Investment Cost		Carrying amount		% of carrying amount to the Group's total assets as at 30 September 2023
		As at 30 September 2023 HK\$	As at 31 December 2022 HK\$	As at 30 September 2023 HK\$	As at 31 December 2022 HK\$	
Financial assets at FVTOCI						
Cheung Lee Farming Corporation (Note 1)	8.7%	8,700,000	8,700,000	900,000	900,000	0.18%
Xin Ying Holdings Limited (Note 2)	N/A	8,000,000	8,000,000	9,500,000	9,500,000	1.93%
		<u>16,700,000</u>	<u>16,700,000</u>	<u>10,400,000</u>	<u>10,400,000</u>	

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. 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. As at 30 September 2023, the Group held 8,000,000 redeemable preference shares of Xin Ying.

Liquidity and Financial Resources

As at 30 September 2023, the Group has bank and cash balances and deposits in a licensed corporation of approximately HK\$4.0 million (as at 30 June 2023: HK\$6.4 million) and HK\$25.0 million (as at 30 June 2023: HK\$26.4 million) respectively.

As disclosed in the Interim Report 2023 of the Company, the net current liabilities of the Group as at 30 June 2023 amounted to approximately HK\$217.4 million. The net current liabilities status of the Group revealed potential going concern issues of the Group, to address the going concern issue, the management of the Group will if necessary, liaise with creditors on the maturity dates and repayment schedule of debts so that the Group can continue as a going concern; and consider fund-raising activities in the future. The Company will issue further announcements as of when appropriate in this regard.

Capital Structure

As at 30 September 2023, the Company has 583,415,844 shares of HK\$0.1 each in issue. The value of share capital was approximately HK\$58.34 million as at 30 September 2023 (30 June 2023: approximately HK\$57.66 million).

Charges on the Group's Assets

There was no charge on the Group's assets as at 30 September 2023 and 31 December 2022.

Gearing Ratio

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.09 as at 30 September 2023 (as at 31 December 2022: 0.09).

Foreign Exchange Exposure

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), United States dollars and Tajikistan Somoni. As at 30 September 2023, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

UPDATE OF THE GROUP TO ADDRESS THE DISCLAIMER OF OPINION AND OTHER MODIFICATIONS

Reference is made to the section headed "ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT MODIFICATION AND REMOVAL OF AUDIT MODIFICATION" set out in the Corporate Governance Report included in the Annual Report 2022 of the Company, the management of the Company would like to provide the following updates with regard to the Disclaimer of Opinion (the "Disclaimer") and Other Modification expressed by the Company's auditors for the Group's financial statements for the year ended 31 December 2022:

The Disclaimer

With the gradual resumption of the normal business activities of the Group following the easing of the COVID-19 Pandemic, the management believes that with improvement of business of the Group, the Group shall be able to generate positive cash flows from operations in the future, which would help to improve the Group's liquidity and therefore could help to address the Disclaimer.

Reference is also made to section headed "Loans to Up Energy Development Group Limited and Advance of Restructuring Cost" set out in the Management Discussion and Analysis included in the Annual Report 2022 of the Company. The management of the Company would like to update the stakeholders and potential investors of the Company that the liquidation of Up Energy is still in progress. In addition to the deed of novation entered by the Group with its creditors resulting from reversal of impairment loss on trade and other receivables of approximately HK\$29,978,000 during 2022, the management of the Group is still optimistic on the recovery of the remaining outstanding balances of trade receivables, loans to Up Energy and the advanced restructuring cost (together "amounts due from Up Energy"). Upon recovery of amounts due from Up Energy with related interest receivables, following the completion of the liquidation procedures, it is expected that the liquidity of the Group will be improved. Further updates will be provided as and when appropriate.

The Group will continue to actively negotiate with its creditors with a purpose to further improve the liquidity of the Group. Although there are progresses on addressing the Disclaimer, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2023 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether and when the Disclaimer can be removed.

Other Modifications

In respect of discontinued operations in the production and exploitation of coal business in Tajikistan, the Group obtained a draft legal memo from its legal advisor with an aim to resolve the audit issue. The auditor of the Group basically agreed that the content of the draft legal memo can be used to resolve the audit issue. Nevertheless, the draft legal memo involved legal issues on BVI, and therefore the Group also needs to obtain a BVI legal opinion in order to fully resolve the audit issue. The Company is currently in the course of sourcing BVI legal advisors to issue the abovementioned BVI legal opinion.

The modification on opening balances and corresponding figures is expected to be removed when other matter are removed.

PRIOR PERIOD ERRORS IN RELATION TO INTERIM REPORT 2018 OF THE COMPANY

The Interim Report 2018 of the Group contained certain errors in respect of adoption of IFRS 9 in relation to (i) classification and measurement of certain investments held by the Group disclosed as “Available-For-Sale Financial Assets”, and (ii) estimation of expected credit losses for impairment assessment in respect of trade and other receivables of the Group. The management of the Company is in the process of finalizing the relevant disclosure on the abovementioned errors, and it is expected that the relevant disclosure will be made in the next annual report of the Company.

OTHER INFORMATION

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

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

Name of Directors	Capacity	Number of Shares as at 30 September 2023	Approximate percentage of the total issued Shares as at 30 September 2023
Chan Nap Kee, Joseph	Beneficial owner	167,263,298 <i>(Note 1)</i>	28.67%
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>	0.03%
Chen Chun Long	Beneficial owner	6,147,000 <i>(Note 4)</i>	1.05%

Save as disclosed above, as at 30 September 2023, 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 year ended 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263,298 as at 30 September 2023.

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. In addition, 60,000 shares were purchased by Mr. Yang on the market from 12 November 2018 to 31 December 2018.
3. Of these, 150,000 shares were shares awarded to each of Mr. Liew Swee Yean and Dr. Wong Yun Kuen as Director on 30 December 2015 under the Share Award Scheme 2013.
4. These were shares held by Mr. Chen Chun Long as at 19 June 2019 when he was appointed as a joint Chief Executive Officer of the Company.

2. Interests of Substantial Shareholders in Shares of the Company

As at 30 September 2023, so far as is known to the Directors of the Company, the persons who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in Shares and underlying Shares

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of the total issued shares as at 30 September 2023
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	28.67%
Ms. Yeung Po Yee, Bonita	Interest of spouse (<i>Note 1</i>)	167,263,298	28.67%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.05%
Ms. Wu Mingqin	Interest of spouse (<i>Note 2</i>)	81,950,000	14.05%

Notes:

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

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 30 September 2023, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

3. Share Schemes

The Company has adopted two share schemes, namely the new share option scheme and the new share award scheme pursuant to resolutions passed by the shareholders of the Company on 14 July 2023, which are in compliance with the requirements of the GEM Listing Rules effective from 1 January 2023. The total number of shares which may be allotted and issued upon exercise of all share options and grant of share awards under the new share option scheme and the new share award scheme must not in aggregate exceed 10% of the total number of shares of the Company in issue as at the adoption date on 14 July 2023, i.e. 57,656,605 shares based on the 576,566,055 shares in issue as at 14 July 2023.

The Company may grant share options to eligible participants to subscribe for the Shares under its share option scheme (the principal terms of which are set out in the Company's circular dated 21 June 2023). No share option was granted during the nine months ended 30 September 2023 and the Company had no share option outstanding as at 30 September 2023.

The Company adopted a share award scheme on 14 June 2016 ("Share Award Scheme 2016") and had a term of 5 years from the date of adoption, the Share Award Scheme 2016 was expired on 13 June 2021. The total number of shares in the Share Award Scheme 2016 as at 30 September 2023 was 13,610,000, represented approximately 2.36% of the issued capital of the Company.

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

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

4. Directors' Interest in Competing Business

None of the Directors or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

5. Purchase, Sale or Redemption of Listed Securities

During the nine months ended 30 September 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities.

CORPORATE GOVERNANCE

Based on principles of transparency and independence, the Board 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 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 of the Company is chaired by an independent non-executive Director.

1. Audit Committee

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

The Audit Committee comprises three independent non-executive directors, namely Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Wu Zheng, and Mr. Liew Swee Yean is the chairman of the Audit Committee.

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

The Group’s financial statements for the nine months ended 30 September 2023 have been reviewed by the Audit Committee, 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 on Corporate Governance Practices

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 CG Code throughout the nine months ended 30 September 2023 under review.

3. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the nine months ended 30 September 2023. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

4. Review of Risk Management and Internal Control Effectiveness

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the nine months ended 30 September 2023, 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, 14 November 2023

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 Mr. CHAN Nap Kee Joseph, Mr. YANG Yongcheng and three independent non-executive Directors Mr. LIEW Swee Yean, Dr. WONG Yun Kuen and Mr. WU Zheng.

This report will remain on the GEM website at www.hkgem.com on the "Latest Listed Company Information" page for at least 7 days from the day of its posting, and on the Company's website at www.kaisun.hk.