



KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203



2024

INTERIM 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 six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding period in 2023 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		Unaudited Six months ended 30 June	
	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Revenue	4	501,609	161,565
Cost of goods sold and services		(428,129)	(153,227)
Gross profit		73,480	8,338
Investment and other income	6	1,183	9,210
Other gains and losses	7	(8,557)	(5,820)
Administrative and other operating expenses		(51,367)	(26,838)
Profit/(loss) from operations		14,739	(15,110)
Finance costs	12	(12,788)	(3,765)
Profit/(loss) before tax		1,951	(18,875)
Income tax credit	8	1,774	1,319
Profit/(loss) for the period	9	3,725	(17,556)
Attributable to:			
Owners of the Company		(83)	(16,654)
Non-controlling interest		3,808	(902)
		3,725	(17,556)
Loss per share (HK cents)			
Basic	11	(0.01)	(2.89)

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

For the six months ended 30 June 2024

	Unaudited	
	Six months ended	
	30 June	
<i>Note</i>	2024	2023
	HK\$'000	HK\$'000
Profit/(loss) for the period	3,725	(17,556)
Other comprehensive expense:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(4,108)	(3,110)
Other comprehensive expense for the period, net of tax	(4,108)	(3,110)
Total comprehensive expense for the period	(383)	(20,666)
Attributable to:		
Owners of the Company	(3,265)	(18,745)
Non-controlling interest	2,882	(1,921)
	(383)	(20,666)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Note</i>	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Non-current assets			
Property, plant and equipment	13	74,743	43,012
Right-of-use assets		10,053	10,636
Intangible assets	14	249,709	260,845
Deferred tax assets		9,224	8,522
		343,729	323,015
Current assets			
Inventories		10,160	3,783
Financial assets at fair value through profit or loss ("FVTPL")	20	10,347	14,601
Trade and bills receivables	15	82,484	74,157
Deposits, prepayments and other receivables		95,006	75,502
Deposits in a licensed corporation		25,479	25,182
Bank and cash balances		50,552	9,907
		274,028	203,132
Current liabilities			
Trade payables	16	59,810	11,255
Other payables and accruals		327,845	279,049
Contract liabilities		52,733	53,996
Bonds payable		46,800	46,800
Other financial liabilities		11,726	11,726
Lease liabilities		199	186
Current tax liabilities		2,237	2,127
		501,350	405,139

	<i>Note</i>	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Net current liabilities		(227,322)	(202,007)
Total assets less current liabilities		116,407	121,008
Non-current liabilities			
Other financial liabilities		30,337	30,337
Other payables and accruals		97,097	99,439
Lease liabilities		52	156
Deferred tax liabilities		20,482	22,254
		147,968	152,186
NET LIABILITIES		(31,561)	(31,178)
Capital and reserves			
Share capital	17	58,342	58,342
Reserves		(112,223)	(108,958)
Equity attributable to owners of the Company		(53,881)	(50,616)
Non-controlling interests		22,320	19,438
CAPITAL DEFICIENCY		(31,561)	(31,178)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital	Share premium	Shares held under share award scheme	Foreign currency translation reserve	Financial assets at FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Capital deficiency
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	57,657	1,361,095	(3,371)	(978)	(6,300)	(1,425,071)	(16,968)	16,127	(841)
Total comprehensive expense for the period	—	—	—	(2,091)	—	(16,654)	(18,745)	(1,921)	(20,666)
Changes in equity for the period	—	—	—	(2,091)	—	(16,654)	(18,745)	(1,921)	(20,666)
At 30 June 2023 (unaudited)	57,657	1,361,095	(3,371)	(3,069)	(6,300)	(1,441,725)	(35,713)	14,206	(21,507)
At 1 January 2024 (audited)	58,342	1,361,910	(3,371)	(3,520)	(7,200)	(1,456,777)	(50,616)	19,438	(31,178)
Total comprehensive expense for the period	—	—	—	(3,182)	—	(83)	(3,265)	2,882	(383)
Changes in equity for the period	—	—	—	(3,182)	—	(83)	(3,265)	2,882	(383)
At 30 June 2024 (unaudited)	58,342	1,361,910	(3,371)	(6,702)	(7,200)	(1,456,860)	(53,881)	22,320	(31,561)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Net cash generated from operating activities	91,436	18,670
Net cash used in investing activities	(36,229)	(15,781)
Net cash used in financing activities	(12,879)	(4,193)
Net increase/(decrease) in cash and cash equivalents	42,328	(1,304)
Effect of foreign exchange rate changes	(1,683)	(121)
Cash and cash equivalents at beginning of period	40,645	(1,425)
	9,907	7,823
Cash and cash equivalents at end of period	50,552	6,398

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 is unaudited but have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”). 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 2023 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 2023, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses based on the current situation. Actual results may differ from these estimates.

The Group had net current liabilities and net liabilities of approximately HK\$227,322,000 and HK\$31,561,000 respectively as at 30 June 2024. 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 of the Company have 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 June 2024 prepared by the management of the Company, and after taking into consideration the following:

- (i) having regard to the resumption of the normal business activities of the Group including the production and sales of coal in Xinjiang mine, the directors believe that the Group will be able to generate positive 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, including but not limited to the matured bond payables of HK\$46,800,000 and the accrued interest of approximately HK\$9,360,000.

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 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 the International Financial Reporting Standards (“IFRSs”) issued by the IASB to this interim financial report for the current accounting period:

Amendments to IAS 1	Presentation of financial statements: Classification of liabilities as current or non-current (“2020 amendments”)
Amendments to IAS 1	Presentation of financial statements: Non-current liabilities with covenants (“2022 amendments”)
Amendments to IFRS 16	Leases: Lease liability in a sale and leaseback
Amendments to IAS 7	Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. 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 lines for the period is as follows:

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sales of goods:		
— Production and sales of coals	444,832	—
— Provision of supply chain management services for mineral business	40,327	141,783
— Mining and metallurgical machineries products	8,151	8,290
Provision of services:		
— Logistics services for mineral business	2,157	6,740
— Corporate services business	—	145
— Trust and trustee services	917	1,188
— Event management services	2,798	2,116
— Operating of railway logistic platform	2,158	1,303
— Others	269	—
	501,609	161,565

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the six months ended 30 June (unaudited)	Production and sales of coals		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		Others		Total	
	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000	2024 HK'000	2023 HK'000
Revenue by primary geographical markets																				
— Hong Kong	—	—	—	—	—	—	—	—	145	917	1,188	2,798	2,116	—	—	17	—	3,732	3,448	
— PRC except Hong Kong	444,832	—	40,327	141,783	8,151	8,290	2,157	6,740	—	—	—	—	—	—	—	—	—	495,467	156,813	
— Others	—	—	—	—	—	—	—	—	—	—	—	—	—	2,158	1,303	252	—	2,410	1,303	
Revenue from external customers	444,832	—	40,327	141,783	8,151	8,290	2,157	6,740	—	145	917	1,188	2,798	2,116	2,158	1,303	269	501,609	161,565	
Timing of revenue recognition																				
Products transferred at a point in time	444,832	—	40,327	141,783	8,151	8,290	2,157	6,740	—	—	—	—	—	—	—	—	—	495,467	156,813	
Products and services transferred over time	—	—	—	—	—	—	—	—	—	145	917	1,188	2,798	2,116	2,158	1,303	269	6,142	4,752	
Total	444,832	—	40,327	141,783	8,151	8,290	2,157	6,740	—	145	917	1,188	2,798	2,116	2,158	1,303	269	501,609	161,565	

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 six months ended				
30 June 2024 (unaudited)				
Revenue from external customers	497,625	3,984	–	501,609
Segment profit/(loss)	15,067	22	(11,364)	3,725
Interest revenue	356	1	532	889
Interest expenses	10,432	16	2,340	12,788
Depreciation and amortisation	11,258	1	–	11,259
Income tax credit	(1,072)	–	(702)	(1,774)
Other material items of income and expenses:				
Staff cost	7,414	939	4,567	12,920
Other material non-cash items:				
Impairment loss/(reversal of impairment loss) on trade and other receivables	3,945	(1)	3	3,947
Additions to segment non-current assets	7,512	–	–	7,512
As at 30 June 2024 (unaudited)				
Segment assets	568,719	2,954	46,084	617,757
Segment liabilities	<u>468,562</u>	<u>2,401</u>	<u>178,355</u>	<u>649,318</u>

	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 six months ended

30 June 2023 (unaudited)

Revenue from external customers	158,116	3,329	120	161,565
Segment loss	(8,508)	(488)	(8,560)	(17,556)
Interest revenue	588	1	87	676
Interest expenses	1,811	4	1,950	3,765
Depreciation and amortisation	7,435	1	—	7,436
Income tax credit	(1,020)	—	(299)	(1,319)
Other material items of income and expenses:				
Staff cost	4,989	1,036	4,423	10,448
Other material non-cash items:				
Impairment loss/(reversal of impairment loss) on trade and other receivables	4,209	93	(243)	4,059
Additions to segment non-current assets	9	—	—	9
As at 30 June 2023 (unaudited)				
Segment assets	449,720	3,247	58,070	511,037
Segment liabilities	<u>150,932</u>	<u>373,652</u>	<u>2,928</u>	<u>527,512</u>

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Reconciliations of segment profit or loss:		
Total profit/(loss) of reportable segments	3,725	(17,556)
Other loss	<u>—</u>	<u>—</u>
Consolidated profit/(loss) for the period	<u>3,725</u>	<u>(17,556)</u>

6. INVESTMENT AND OTHER INCOME

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Interest income on bank deposits	889	676
Dividend income from equity investments	189	113
Service income for coal fire extinguishment works	—	8,117
Sundry income	<u>105</u>	<u>304</u>
	<u>1,183</u>	<u>9,210</u>

7. OTHER GAINS AND LOSSES

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Net foreign exchange loss	(357)	—
Fair value loss on financial assets at FVTPL	(4,253)	(1,761)
Impairment loss on trade and other receivables	(3,947)	(4,059)
	(8,557)	(5,820)

8. INCOME TAX CREDIT

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax		
— Hong Kong & PRC		
Income tax expenses	191	271
Deferred tax credit	(1,965)	(1,590)
	(1,774)	(1,319)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both period.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, has been provided at a rate of 25% for both years.

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. PROFIT/(LOSS) FOR THE PERIOD

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

	Unaudited	
	Six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Directors' remuneration	2,087	2,092
Cost of inventories sold	395,803	146,128
Depreciation on property, plant and equipment	5,865	1,691
Depreciation on right-of-used assets	339	580
Amortisation of intangible assets (included in administrative and other operating expenses)	5,055	5,165
Fair value loss on financial assets at FVTPL	4,253	1,761
Impairment loss on trade and other receivables	3,947	4,059
Net exchange loss	357	—

10. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil).

11. LOSS PER SHARE

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

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Loss for the purpose of calculating basic loss per share	<u>(83)</u>	<u>(16,654)</u>
Number of shares <i>(Thousand shares)</i>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>583,416</u>	<u>576,566</u>

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 June 2024 and 2023.

12. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Interest on bond payables	2,340	1,950
Interest component of lease liabilities	20	25
Imputed interest expenses on payables for mining rights	7,324	—
Interests on bank and other borrowings	3,104	1,790
	<u>12,788</u>	<u>3,765</u>

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant, and equipment of approximately HK\$7.5 million, and the additions to construction in progress amounted to approximately HK\$29.8 million. During the six months ended 30 June 2023, the Group acquired property, plant, and equipment of approximately HK\$9,000 and no additions made to construction in progress.

14. INTANGIBLE ASSETS

	Mining rights
	HK\$'000
<hr/>	
Cost	
At 1 January 2023	339,095
Exchange differences	(9,116)
	<hr/>
At 31 December 2023 and 1 January 2024	329,979
Exchange differences	(7,767)
	<hr/>
At 30 June 2024	322,212
	<hr/>
Accumulated amortisation and impairment losses	
At 1 January 2023	60,529
Amortisation for the year	10,287
Exchange differences	(1,682)
	<hr/>
At 31 December 2023 and 1 January 2024	69,134
Amortisation for the period	5,055
Exchange differences	(1,686)
	<hr/>
At 30 June 2024	72,503
	<hr/>
Carrying amount	
At 30 June 2024	249,709
	<hr/>
At 31 December 2023	260,845
	<hr/>

At 30 June 2024, the Group's mining rights represent the rights for production and exploitation of a coal mine in Xinjiang, PRC. The major content of the coal mine is long-flame coal. The mining rights are stated at cost less accumulated amortisation and impairment losses over the estimated useful lives of mining rights.

In 2018, the Group entered into an agreement with Turpan Gaochang District Government for the consolidation of nearby small-scale mines with the Group's coal mine in Xingliang (the "Consolidation Project").

During the year ended 31 December 2022, the Consolidation Project was completed and the Group received a new mining right license for the enlarged mining area of the coal mine in Xingliang (the "Enlarged Xingliang Mine"). Pursuant to the new mining rights, the mining area of the Group's mining operation was increased from 1.0822 square kilometers to 8.864 square kilometers with increased coal reserves. The new mining rights of the Enlarged Xingliang Mine are 32 years from 2022 to 2054.

15. TRADE AND BILLS RECEIVABLES

	Unaudited as at 30 June 2024 HK\$'000	Audited as at 31 December 2023 HK\$'000
Trade receivables	122,282	118,438
Allowance for doubtful debts	(55,459)	(44,281)
	66,823	74,157
Bills receivables	15,661	—
	82,484	74,157

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 is as follows:

	Unaudited as at 30 June 2024 HK\$'000	Audited as at 31 December 2023 HK\$'000
0-30 days	8,714	44,304
31-60 days	1,432	9,779
61-90 days	12,043	2,842
91 days-365 days	37,940	21,704
Over 1 year	62,153	39,809
	<u>122,282</u>	<u>118,438</u>

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	Unaudited as at 30 June 2024 HK\$'000	Audited as at 31 December 2023 HK\$'000
HK\$	340	420
RMB	80,256	73,001
US\$	1,888	736
	<u>82,484</u>	<u>74,157</u>

16. TRADE PAYABLES

At 30 June 2024, the ageing analysis of trade payables based on the date of receipt of goods, is as follows:

	Unaudited as at 30 June 2024 HK\$'000	Audited as at 31 December 2023 HK\$'000
0-30 days	36,620	2,309
31-60 days	2,908	1,494
61-90 days	6,316	2,159
91-365 days	13,727	5,290
Over 1 year	239	3
	<u>59,810</u>	<u>11,255</u>

The carrying amounts of the Group's trade payables are denominated in RMB.

17. SHARE CAPITAL

	Unaudited as at 30 June 2024 HK\$'000	Audited as at 31 December 2023 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\$0.1 each	<u>58,342</u>	<u>58,342</u>

18. CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

19. COMMITMENTS

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

	Unaudited as at 30 June 2024 HK\$'000	Audited as at 31 December 2023 HK\$'000
Capital contribution to a subsidiaries	198,435	203,219
Capital expenditures for property, plant and equipment	5,118	5,241
Acquisition of equity investments	16,116	16,505
	<u>219,669</u>	<u>224,965</u>

20. FINANCIAL ASSETS AT FVTPL

	Unaudited as at 30 June 2024 HK\$'000	Audited as at 31 December 2023 HK\$'000
Equity securities, at fair value		
— Listed in Hong Kong	<u>10,347</u>	<u>14,601</u>
Analysed as:		
Current assets	<u>10,347</u>	<u>14,601</u>

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

	Unaudited as at 30 June 2024 HK\$'000	Audited as at 31 December 2023 HK\$'000
Held for trading	<u>10,347</u>	<u>14,601</u>

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss in accordance with IFRS 9.

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

The fair values of listed securities are based on current bid prices.

MANAGEMENT DISCUSSION AND ANALYSIS

The world economy in the first half of 2024 has remained relatively stable, but there are still some challenges and uncertainties to grapple with. Firstly, the US economy has maintained moderate growth, with the unemployment rate remaining at a relatively low level, and inflation has eased somewhat but is still above the Federal Reserve's target. After a series of interest rate hikes, the Fed is modestly slowing its pace, still, high interest rates may last for some time. Furthermore, geopolitical tensions remain high, the Russia-Ukraine conflict persists, and there is some uncertainty in China-US relations, all of which could pose potential threats to the global economic recovery.

China's economy grew 4.7% YOY in Q2 2024, noticeably weaker than the 5.3% pace in Q1. Overall, the China's economy remained stable in the first half of 2024, with economic growth showing a gradual upturn, driving the development of secondary sector, including mining, with growth of 5.8% in Q2.

In recent years, Xinjiang's coal production growth has maintained a leading position among several major producing areas. In the first half of this year, about 62 million tons of coal were shipped out of Xinjiang, of which 42.14 million tons were transported by railway, an increase of 131.1% YOY. However, the Group's coal mining business in Xinjiang remains under pressure. On the one hand, since the beginning of this year, the contradiction between sufficient supply and sluggish demand has gradually expanded, leaving the coal market in the doldrums and coal prices on a declining trend. As of July 15, 2024, a number of listed companies with coal mining as their main business disclosed their profit forecast for the first half of 2024. Except for Wintime Energy Group (600157.SS), growing against the trend and China Shenhua Energy (601088.SS) declining slightly, the rest of the companies forecast a serious decline in net profit, down by almost half from a year earlier. Mainstream coal mines have to make a concession to the price cuts on the auctions, and small and medium-sized private mines including ours can only follow the price cuts. On the other hand, on July 1 this year, the Xinjiang Autonomous Region officially raised the coal resource tax from 6% to 9%, which led to a rise in costs and further squeezed the profit margins of the group's coal mining business. The Management will also continue to monitor the relevant policies so as to make timely adjustments to the marketing strategies.

Hong Kong's economy continues its steady growth momentum, with improving merchandise exports, stabilizing asset markets, and a sustained recovery of inbound tourism. Exports of services remained as an important driver of growth, which grows notably by 8.4% YOY in Q1. Yet, exports of financial services declined further as cross-border financial and capital raising activities continued to weaken amidst tightening financial conditions. As a result, the Group's Business Solution division ("KBS") in Hong Kong saw a marked improvement in its overall operations in the first half of the year. However, Hong Kong's economic landscape still showed signs of strain. The service sector has been squeezing its profit margins due to weaker market demand and intense competition. The seasonally adjusted Purchasing Manager's Index (PMI) for Hong Kong rose to 49.5 in July, from 48.2 in June, dropping below the 50 boom-bust divide for the third consecutive month, reflecting intensifying competition and a sustained deterioration in business environment, according to S&P Global's announcement. Therefore, KBS has not relaxed its cost control measures and its labour expenses and rentals continued to decline in the first half of the year.

Looking forward to the second half of the year, the Management will continue to focus on cost control to strive for more profits. On the one hand, the Group will streamline its structure to improve operational efficiency, reduce management costs and legal risks, and on the other hand, we will further embrace environmental, social, and governance (ESG) into our business to reduce resource waste and operating costs. Looking ahead, the overall economic situation remains uncertain in the second half of the year, and the Group needs to be agile in a challenging market to ensure that every step will bring us tangible benefits and returns.

MINING, MANUFACTURING OF MACHINERY & SUPPLY

1. Shandong – Production of mining and metallurgical machinery

Tengzhou Kaiyuan Industrial Co., Ltd. (“Tengzhou Kaiyuan”), a joint venture of the Group’s subsidiaries, specializes in mining and metallurgical machinery production. It owns 52 mining product safety mark certificates and obtained the European standard certificate in the first quarter of 2023. Its major products are overhead manned cableway devices and their accessories, as well as technical consultancy services, including equipment installation, technical support and after-sales services.

Analysis of China’s Coal Equipment Demand in 2024

There are seven provinces with raw coal output exceeding 100 million tons, totaling 4.18 billion tons, which accounts for 88.7% of the country’s total. Specifically, the raw coal output of Shanxi, Shaanxi, Inner Mongolia, and Xinjiang reached 3.83 billion tons, making up 81.3% of the country’s total. This represents an increase of 778 million tons and a three-percentage-point rise from 2020. Notably, Xinjiang has expedited the release of advanced coal production capacity, increasing coal production by almost 200 million tons compared to 2020. Xinjiang’s coal exports have exceeded 100 million tons, making it a new national coal supply growth pole. Additionally, the raw coal output of Ordos and Yulin surpassed 600 million tons and 800 million tons, respectively, and the proportion of their output at the national level has increased to 30.2%.

Moreover, the construction of five major coal supply guarantee bases in Shanxi, western Inner Mongolia, eastern Inner Mongolia, northern Shaanxi, and Xinjiang is progressing rapidly. The coordinated development of coal, new energy, and new material industry chains continues to deepen, while the advanced production capacity of coal mines is being accelerated. The coal transportation channel system is becoming increasingly complete, and coal resource allocation capabilities have been significantly enhanced.

(Source: <https://m.chinanews.com/wap/detail/cht/zw/ft10195072.shtml>)

The coal market is showing improvement with a significant increase in coal mine output, along with ongoing enhancements in safety management and equipment requirements. The Group has confidence that Tengzhou Kaiyuan's coal machinery and equipment business will also see positive developments.

Tengzhou Kaiyuan 2024 Summary

- With a focus on enhancing the company's product competitiveness and brand influence, Tengzhou Kaiyuan is continuously developing and updating mining machinery and equipment. This concerted effort led to a significant increase in our market share of overhead crew devices for coal mines, a testament to our strong performance in the industry.
- As of June 2024, the cumulative sales revenue is HK\$8.15 million.



Tengzhou Kaiyuan production workshop

2. Shandong – Supply Chain Management Services

Shandong Kailai Energy Logistics Co., Ltd. (“Shandong Kailai”) is a joint venture of a subsidiary of the Company. (“Shandong Kailai”) specializes on coal supply chain management, loading and unloading, warehousing, coal blending, washing and logistics business. It obtained the right from the Jinan Railway Bureau to use the dedicated railway line Yanzhou depot (Guanqiao Station). The Company has obvious location advantages since it is located at the southernmost end of the Jinan Railway Bureau and is the intersection of the Jinan Railway Bureau and Shanghai Railway Bureau. Many state-owned chemical companies are nearby, giving it a geographical advantage and no significant competitors. Shandong Kailai Logistics Centre covers an area of 110,000 square meters, including environmental protection equipment and storage centres, with an average annual loading and unloading capacity of 3 million tons.

Analysis of China’s Coal Railway Transportation in 2024

The coal industry has significantly improved organization, coordination, and safety measures, resulting in a steady increase in high-quality coal production. Although national coal production saw a slight year-on-year decline, the decrease has been narrowing, with production showing an increase month on month. Data from the National Bureau of Statistics reveals that the output of industrial raw coal of a designated size in May was 380 million tons, marking a 0.8% decrease compared to the previous year. However, this decline was 2.1 percentage points narrower than in April, with the average daily output remaining steady at 12.38 million tons, similar to that of April. From January to May, China produced 1.86 billion tons of industrial raw coal above the designated size, representing a year-on-year decrease of 3.0%, which was 0.5 percentage points narrower than that from January to April.

During the first five months, China's coal production reached the second-highest level in history for this period. In May, the output hit an all-time high, and coal production remained relatively high. Looking at key provinces and regions, the raw coal output in Inner Mongolia, Shanxi, Shaanxi, and Xinjiang from January to May was 530 million tons, 470 million tons, 310 million tons, and 200 million tons respectively. This represents a year-on-year increase of 2.7%, a decrease of 15.0%, and an increase of 1.4% and 6.6% respectively. Data indicate that in the first half of June, the average daily output of major coal companies increased by 0.8% from the previous month and by 4.5% year-on-year. It is expected that the year-on-year decline in national raw coal output in June will continue to narrow.

In May, the national railway coal shipment volume was 230 million tons, marking a year-on-year increase of 0.7%, with the thermal coal shipment volume accounting for 210 million tons, reflecting a year-on-year increase of 4.9%. From January to May, the country's cumulative railway coal shipments were 1.17 billion tons, showing a year-on-year increase of 1.4%, while the cumulative thermal coal shipments were 970 million tons, demonstrating a year-on-year decrease of 0.5%.

(Source: <https://hk.investing.com/news/stock-market-news/article-558883>)

Shandong Kailai continues to monitor the national railway logistics trend after releasing coal production capacity, with the group's belief Kailai's potential for steady development.

Shandong Kailai 2024 Summary

- The group restructured Shandong Kailai's management, introduced a new sales team, and strengthened the team's execution capabilities.
- Shandong Kailai is continuing to expand coal trading projects and focusing on high-quality thermal coal in Xinjiang. As of June 2024, the cumulative sales revenue from coal trading was approximately HK\$41.23 million.



Shandong Kailai Logistics Platform

3. Xinjiang – coal mining business (a wholly owned subsidiary of Shandong Kailai)

Xinjiang Turpan Xingliang Mining Co., Ltd. ("Xingliang Mining") is a wholly-owned subsidiary of Shandong Kailai, located in Qiquanhu Town, Turpan City. The mine is in the Tuha Coalfield, one of the four major coalfields in Xinjiang. Its coal types are mainly long-flame coal, which is suitable for power generation and chemical coal. In 2018, Xingliang Mining signed an integrity agreement with the Gaochang District Government, using Xingliang Mining as the integration body to consolidate the resources of nearby small-scale coal mines.

Xingliang Mining was approved for a prospecting license in August 2020 and a 1.2 million tons/year mining license in the fourth quarter of 2022. In addition, the fire area control and coal fire extinguishing project was approved in 2021, and a cooperation agreement was reached with the construction team on the fire area control project, launched in November 2023.

Analysis of Xinjiang Coal Mining Industry in 2024

As China's coal production capacity moves westward, Xinjiang plays an increasingly significant role as a new growth pole in coal supply. Reporters recently learned from the Xinjiang Railway Department that from January to April, Xinjiang Railway shipped 53.81 million tons of coal, a year-on-year increase of 21.3%, of which Xinjiang's external coal transportation exceeded 28 million tons, a year-on-year increase of 52%. Facing the strong demand for coal transportation, the Xinjiang Railway Department made full use of the "one main and two auxiliary" transportation channel capabilities of the Lanzhou-Xinjiang Railway, Linha Railway, and Geku Railway to organize the transportation of trains entering and exiting Xinjiang at the boundary entrance. From January to April, the average number of daily handover trains increased by 17 pairs year-on-year, ensuring that coal trains could be loaded and transported quickly.

Some logistics companies have built coal storage and transportation bases in Gansu, Ningxia and other places to strengthen coal supply further. Located in the Guanghui Liugou Logistics Base in Guazhou County, Jiuquan City, Gansu Province, the sizeable closed coal storage warehouses and quick-loading systems connected into lines are particularly eye-catching in the Gobi Desert. Yan Zhenshan, director of the production and operation department of Guangzhou Huilong Logistics Co., Ltd. of Guanghui Logistics Co., Ltd., said that the Liugou Logistics Base relieves the railway transportation pressure of "Xinjiang Coal Sinotransport" through coal bunkers. Currently, this base has three railways. Loading lines and two sets of railway quick loading systems can achieve daily loading of more than 18 trains.

Stable coal production is the bedrock of Sinotrans' growth, and Xinjiang is at the forefront of this expansion. With the onset of the '14th Five-Year Plan', Xinjiang has seized the opportunity to shift national coal production capacity westward. It has accelerated the construction of large-scale coal supply guarantee bases and fostered the in-depth integration of new-generation information technology and the coal industry. The construction of intelligent coal mines serves as the starting point for this integration, paving the way for a promising future for Sinotrans and the coal industry at large.

(Source: <http://big5.news.cn/gate/big5/www.xj.xinhua.org/20240510/3b69615b47594c0984a9e9cc1810b162/c.html>)

As the country strengthens the development of railway transportation in the western region, it becomes easier for Xinjiang coal to access markets outside Xinjiang. The Group believes that demand within and outside Xinjiang is continuing to rise, and Xingliang Mine is an essential source of profits and cash flow for the Group.

Xinjiang Xingliang Mine 2024 Summary

- Ensuring safety in production is at the core of the company's operations. Xingliang Mine has implemented 24-hour monitoring of each construction team using surveillance equipment to guarantee the smooth operation of the 18-month fire-fighting project and the mine.
- Xingliang Mining primarily sells the engineering coal produced from the mine fire extinguishing project, mainly transporting it to the mainland via trucks and railways. As of June 2024, the sales volume amounted to HK\$446.09 million.



Current status of environmental protection

4. Mongolia – Supply Chain Management Services

Choir Logistic Service LLC, acquired by Kaisun Group, is located near the Erenhot Port in China. The location serves as a crucial transportation and logistics hub for China, Mongolia, and Russia, providing significant location advantages. The Choir platform spans an area of 35,000 square meters and has an average annual loading and unloading capacity of 1.8 million tons. The primary services offered by Choir include loading and unloading, warehousing, logistics, and customs clearance.

Analysis of Mongolia's Coal Industry in 2024

According to the latest statistical data released by the National Statistical Office of Mongolia, from January to June 2024, Mongolia's coal production totalled 47.6487 million tons, an increase of 12.595 million tons over the same period last year and a 35.9% year-on-year increase.

Mongolia's coal output increased significantly in June. The output for that month was 9.0181 million tons, an increase of 69.0% over the same period last year and 4.4% compared with May. The output of hard coal was 8.030 million tons, a year-on-year increase of 83.1%; the output of lignite was 988,000 tons, a year-on-year increase of 3.9%.

In the first half of the year, Mongolia's coal exports surged, reaching a total of 40.6198 million tons. This marked an 11.0999 million ton increase over the same period last year, a significant year-on-year increase of 37.6%. In June alone, Mongolia exported 8.0779 million tons of coal, a 43.6% year-on-year increase and a 7.5% increase from the previous month. The cargo volume at Ganqimaodu Port, the largest freight highway port between China and Mongolia, exceeded 20 million tons by the morning of June 26, reaching 20.2418 million tons, a 29.39% year-on-year increase.

Mongolia is strategically leveraging its geographical proximity to China, a country with a growing demand for coal. The Mongolian government is actively improving port infrastructure and enhancing the customs clearance and cargo handling capabilities of each port. These efforts are aimed at boosting trade between Mongolia and China. The establishment and operation of the Joyel Logistics Center are key steps towards the high-quality development of the entire industry chain and the enhancement of the group's international market competitiveness.

(Source: <https://www.ctctc.cn/info/202738.jsp>)

The Choir Project 2024 Annual Summary

- The Sainsaikhan Consulting Services LLC has been authorized by the Group to serve as the construction, operation, and strategic contractor for the Joyel Project. As of June 2024, the total collaboration income from the Choir project amounts to approximately HK\$2.16 million.



Choir platform

DEVELOPMENT GOALS FOR 2024

Shandong – Production of mining and metallurgical machinery

- Broaden the customer base, expand product diversification and application areas, and elevate product competitiveness and brand influence.
- Bolster financial analysis, enhance financial management quality, intensify efforts to collect accounts receivable, and rigorously control bad debts.

Shandong – Supply Chain Management Services

- Cultivate the sales team to expand the sales area and increase the company's operating income.

- Additionally, introduce advanced technology and equipment, such as constructing container sites, and dedicated railway lines to enhance the development of logistic bases.

Xinjiang – Coal Mining Business

- Enhance the advancement of fire-fighting initiatives and guarantee their prompt completion;
- Enhance coal production, sales, inventory management, and fortify compliance with mine safety and environmental protection regulations.

Mongolia – Supply Chain Management Services

- Improve station construction, facilities, and trade projects while deepening contractor cooperation.

KAISUN BUSINESS SOLUTIONS

Event Management & Consulting Services

The PR team saw a positive trend in the first half of 2024 compared to last year, in both financial figures and business volume. This year, the local Government is vigorously promoting mega event economy, however, which has failed to benefit small and medium-sized PR firms. In addition, the profit margins of the service industry have been squeezed due to the deterioration in demand and rising competition in the local market, which made it impossible for the team to expand the team's headcount significantly at the moment, so the team is constantly trying to strike a balance between the quality of services and the increased business projects.

Thankfully, our reputation continues to bring new customers and diverse service needs. In the first half of the year, we established closer cooperation with new and old customers, and are committed to meeting the diverse needs of customers. In the second half of the year, the team is expected to see a boom around the National Day. The team hopes to strive for as many projects as possible in the face of a general reduction in profit margins of the industry, so as to enhance competitiveness and expand its market share.

Kaisun Trust

Hong Kong's status as international financial hub is facing fierce competition and severe challenges, both from the higher interest rate environment and the US-China geopolitical tensions, resulting in the loss of professional talents and outstanding customers. In order to minimize the adverse situation, the team proactively visited our existing clients and potential business partners in the first half of the year, and continued to monitor market dynamics and client needs. These initiatives not only strengthened our relationships with existing clients, but also opened up new business opportunities.

Looking ahead to the second half of the year, the team will strive to improve our competitiveness and expand our business network to ensure that our services remain at the forefront of the industry.

Esports business

In the last year or two, tech brands have generally shifted their marketing focus to crypto and AI rather than the esports industry, which means that all stakeholders of the industry need to lower their expectations appropriately. The Group's esports business has continued to suffer from a lack of new sponsors and investors in the first half of the year, making it difficult to sustain the business and it is foreseeable that the situation will not improve significantly in the near future. In the second half of the year, the Group will finalize a solution or exit plan in due course.

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. In the past six months, the performance of the global economy has been improved powered by the artificial intelligence (AI) boom, while the gold prices have reached a new high. In addition, as Fed rate cuts looks more likely, the three major US stock indexes have risen steadily and all hit record highs. In terms of Hong Kong stock markets, due to strong US economic data, the Hang Seng Index fell to a low of 14,794 points at the beginning of the year. In April, driven by news such as the China Securities Regulatory Commission's measures to support Hong Kong stocks and the inclusion of Renminbi (RMB) stock trading counter under Southbound trading of Stock Connect, the Hang Seng Index rose by 3.9%, reaching a high of 19,706 points. Unfortunately, it still failed to break through the psychological mark of 20,000 points. Hong Kong stocks are expected to continue to improve in the second half of the year, mainly due to the steady growth of the China's economy, coupled with the potential of continued Fed rate cuts. As our investment strategy, the strategy of buying blue-chip stocks and stocks with stable dividends at low prices remains unchanged, while the investment committee is considering selling long-held stocks that already gave return.

As at 30 June 2024, the fair value of listed investment was HK\$10,347,062. The cost of listed investment was HK\$34,889,795.

During the six months ended 30 June 2024, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK\$4,253,444. Dividend received from listed securities was HK\$189,340.

FINANCIAL REVIEW

Revenue of the Group for the six months ended 30 June 2024 amounted to approximately HK\$501.6 million, representing an increase of approximately 210% when compared with the same period in 2023 (six months ended 30 June 2023: HK\$161.6 million). The increase in revenue was mainly attributable to the recognition of revenue generated from production and sales of coals during the first half of 2024, which was a new revenue source for when compared with the first half of 2023, offset by the decrease in revenue generated from provision of supply chain management services for mineral business.

The Group's gross profit for the six months ended 30 June 2024 increased by approximately 786% to approximately HK\$73.5 million when compared with the same period in 2023 (six months ended 30 June 2023: HK\$8.3 million) which was in line with the increase in revenue. The gross profit of the Group increased as over 80% of the Group's revenue were contributed from the Group's production and sales of coals, which generated a higher profit margin when compared with other segments.

For six months ended 30 June 2024, the total administrative and other operating expenses were approximately HK\$51.4 million, an increase of approximately 91.8% compared with the same period in 2023 (six months ended 30 June 2023: HK\$26.8 million), the increase in the administrative and other expenses was in line with the increase in operating activities as reflected by the increase of revenue in particular the expenses in relation to the newly recognized production and sale of coal income.

For six months ended 30 June 2024, the Group recorded an increase in other losses by 48.3% to approximately HK\$8.6 million when compared with the same period in 2023 (six months ended 30 June 2023: HK\$5.8 million). The increase in other losses was mainly attributable to the increase in fair value loss on financial assets at FVTPL.

For six months ended 30 June 2024, the profit from operations was approximately HK\$14.7 million (loss from operations for six months ended 30 June 2023: HK\$15.1 million). The profit from operation was primarily due to the increase in revenue.

Combining the effects of the above, the Group recorded a profit of approximately HK\$3.7 million for six months ended 30 June 2024, turning from loss to profit when compared with the same period in 2023 (loss for six months ended 30 June 2023: HK\$17.6 million).

As at 30 June 2024, the Group held financial assets at FVTPL of approximately HK\$10.3 million, wholly comprised of securities listed in Hong Kong. In the uncertain performance of Hong Kong stock market as at 30 June 2024, no gain or loss on disposal of financial assets at FVTPL was recognized (no gain or loss on disposal of financial assets at FVTPL for the six months ended 30 June 2023), whilst the fair value loss on financial assets at FVTPL was approximately HK\$4.3 million for six months ended 30 June 2024 (fair value loss for six months ended 30 June 2023: HK\$1.8 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 2024	% of share-holding as at 30 June 2024	Unrealized gain/(loss) on fair value change for the year ended 30 June 2024 HK\$	Fair value as at		% of the Group's total assets as at 30 June 2024	Investment cost HK\$	Reasons for fair value loss
				30 June 2024 HK\$	31 December 2023 HK\$			
Hong Kong Listed Securities								
Baidu, Inc. (9888) (Note 1)	1,100	0.00004%	(33,935)	93,775	127,710	0.02%	182,700	Drop in share price
Bilibili Inc. (9626) (Note 2)	660	0.0002%	21,978	83,754	61,776	0.01%	391,610	—
ENN Energy Holdings Limited (2688) (Note 3)	10,000	0.0009%	68,500	643,500	575,000	0.10%	971,495	—
Hong Kong Exchanges and Clearing Limited (0388) (Note 4)	5,000	0.0004%	(89,000)	1,251,000	1,340,000	0.20%	1,799,000	Drop in share price
HSBC Holdings plc (0005) (Note 5)	30,000	0.0002%	159,000	2,049,000	1,890,000	0.33%	1,468,500	—
JD.com Inc. (9618) (Note 6)	166	0.00001%	(1,527)	17,148	18,675	0.003%	—	Drop in share price
MEITUAN (3690) (Note 7)	350	0.00001%	10,220	38,885	28,665	0.01%	—	—
MTR Corporation (0066) (Note 8)	50,000	0.00053%	(262,500)	1,232,500	1,515,000	0.20%	1,517,500	Drop in share price
Tencent Holdings Limited (0700) (Note 9)	3,500	0.00005%	275,800	1,303,400	1,027,600	0.21%	1,994,750	—
Tracker Fund of Hong Kong (2800) (Note 10)	80,000	0.0011%	74,400	1,449,600	1,375,200	0.23%	1,620,800	—
Wealthking Investments Limited (1140) (Note 11)	17,476,000	0.1661%	(4,456,380)	2,184,500	6,640,880	0.35%	24,943,440	Drop in share price
Total			<u>(4,253,444)</u>	<u>10,347,062</u>	<u>14,600,506</u>	<u>1.66%</u>	<u>34,889,795</u>	

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.

Liquidity and Financial Resources

As at 30 June 2024, the Group has bank and cash balances and deposits in a licensed corporation of approximately HK\$50.6 million (as at 31 December 2023: HK\$9.9 million) and HK\$25.5 million (as at 31 December 2023: HK\$25.2 million) respectively.

The net current liabilities of the Group as at 30 June 2024 amounted to approximately HK\$227.3 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 June 2024, 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 June 2024 (31 December 2023: approximately HK\$58.34 million).

Charges on the Group's assets

There was no charge on the Group's assets as at 30 June 2024 and 31 December 2023.

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 2024 (as at 31 December 2023: 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 June 2024, the Group had no other significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Human Resources

As at 30 June 2024, the Group had 109 (as at 31 December 2023: 115) staff in Hong Kong and China.

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

The total staff costs, including Directors' emoluments, amounted to approximately HK\$12.9 million for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$10.4 million).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2024.

Litigation

As at 30 June 2024, the Group had no significant pending litigation.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the latest practicable date prior to the issue of this report, the Company has maintained a sufficient public float in accordance with the GEM Listing Rules.

Significant investment, material acquisition and disposal

Saved as disclosed in this report, there is no significant investment nor material acquisition and disposal undertaken by the Group during the period.

Significant events after the reporting period

There were no significant or material events after the period ended 30 June 2024 and up to the date of this report.

Dividends

The Board did not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: Nil).

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 2023 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 2023:

The Disclaimer

The increase in revenue and gross profit for the period ended 30 June 2024 due to revenue generated from production and sale of coal is expected to be continued in the coming years. 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.

The Group will also 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 2024 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 assessing the impact of the abovementioned errors, and will provide further information in relation to the errors in the future financial statements of the Company if necessary.

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 June 2024	Approximate percentage of the total issued Shares as at 30 June 2024
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 June 2024, none of the directors or chief executive 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 June 2024.

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 joint Chief Executive Officers of the Company.

2. Interests of Substantial Shareholders in Shares of the Company

As at 30 June 2024, 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 June 2024
Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	28.67%
Yeung Po Yee, Bonita	Interest of spouse (<i>Note 1</i>)	167,263,298	28.67%
Zhang Xiongfeng	Beneficial Owner	81,950,000	14.05%
Wu Mingqin	Interest of spouse (<i>Note 2</i>)	81,950,000	14.05%

Notes:

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

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 30 June 2024, 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

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.

No shares were purchased by the trustee of the Share Award Scheme 2016 for six months ended 30 June 2024. During the year ended 31 December 2019, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 12,440,000 shares for total consideration of approximately HK\$2,976,000. 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 approximately HK\$395,000. Hence, the total no. of shares in the Share Award Scheme 2016 as at 30 June 2024 was 13,610,000, represented approximately 2.33% of the issued capital of the Group.

Details of grantees in the Share Award Scheme 2016 are set out below:

Grantee	Date of Award	Number of Awarded Shares	Vesting Date	Closing price of shares on the grant date
17 Selected Employees	2 June 2017	11,305,200	On or before 26 June 2017	HK\$0.42
Mr. Chan Nap Kee, Joseph (Executive Director)	22 March 2018	3,081,000	22 March 2018	HK\$0.325
Mr. Yang Yongcheng (Executive Director)	22 March 2018	1,000,000	22 March 2018	HK\$0.325

No share was awarded, cancelled or lapsed under the Share Award Scheme 2016 during the six months ended 30 June 2024.

As at the date of this report, the Share Award Scheme 2016 is expired. It is planned that a new Share Award Scheme (the Share Award Scheme 2023) using the shares currently held by the trustee of Share Award Scheme 2016 as the pool of shares to be awarded will be adopted. Further announcements will be made by the Company as and when appropriate.

Share Award Scheme 2023

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 and no share awards were cancelled or lapsed during the six months ended 30 June 2024.

The number of Awards Shares available for grant under Scheme mandate of the Share Award Scheme 2023 as at the end of reporting period was 44,046,605 Award Shares (assuming no other Scheme options and awards are granted), representing approximately 7.55% of the Company's total number of issued Shares as at the date of this report.

A summary of the Principal terms of the Share Award Scheme 2023 are as follows:

Purpose

The purpose of the Share Award Scheme 2023 is to recognise the contribution or future contribution of eligible participants for their contribution to the Group, and provide the eligible participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the eligible participants to

continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Who may join

Eligible participants (“Eligible Participants”) under the Share Award Scheme 2023 include (i) employee participants, the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted award under the Share Award Scheme 2023 as inducement to enter into employment contracts with any member of the Group) (the “Employee Participants”); and (ii) related entity participants, directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company (“Related Entity Participants”).

Maximum entitlement of each participant

No Awards may be granted to any person such that the total number of Shares issued and to be issued upon Awards and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company’s issued share capital from time to time (the “1% Individual Limit”). Any further grant of Awards in excess of the 1% Individual Limit is subject to Shareholders’ approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of Share Awards to a substantial Shareholder (as defined in the GEM Listing Rules), a director or Chief executive of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Awards already granted and to be granted excluding any Awards lapsed in accordance with the Scheme Rules to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further

grant of Awards is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Award

Subject to the terms of the Share Award Scheme 2023, the Board shall be entitled at any time within 10 years from the adoption date of the Share Award Scheme 2023 to offer the grant of a Award to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Award Scheme 2023) determine.

Offer period

An offer of the grant of an Award shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of an Award may be accepted after the expiry of the effective period of the Share Award Scheme 2023 or after the Share Award Scheme 2023 has been terminated. A Share Option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the Award duly signed by the grantee on or before the date upon which an offer of an Award must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

Vesting Period

The minimum vesting period in respect of any Awarded Shares is twelve (12) months, and the Board or the Remuneration Committee or the Committee (if authorised by the Board) shall have the authority to determine a shorter vesting period in accordance with the terms and conditions of the Scheme Rules.

Term of the Share Award Scheme

The Share Award Scheme 2023 shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033. As at 30 June 2024, the Share Award Scheme 2023 has a remaining life of approximately 9 years.

For details of the Share Award Scheme 2023, please refer to the circular of the Company date 21 June 2023.

Share Option Scheme

The Company has adopted a share option scheme on 14 July 2023 (the "Share Option Scheme") which was approved by the Shareholders of the Company at the extraordinary general meeting held on 14 July 2023.

No share options ("Share Options") were granted, exercised, cancelled or lapsed under the Share Option Scheme up to 30 June 2024. The number of Share Options available for grant under scheme mandate of the Share Option Scheme as at the end of the reporting period was 44,046,605 Share Options (assuming no other scheme options and awards are granted) representing approximately 7.55% of the Company's total number of issued Shares as at the date of this report. As at 30 June 2024, the Group did not have any outstanding Share Options granted under the Share Option Scheme.

A Summary of principal terms of the Share Option Scheme 2023 are as follows:

Purpose

The purpose of the Share Option Scheme is to recognise the contribution or future contribution of the directors and full-time or part-time employees or any members of the Group ("Eligible Participants") for their contribution to the Group, and provide the Eligible Participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to the Eligible Participants to continue contributing to the Company, and enable the Company to attract, recruit, and motivate high-calibre employees and attract human resources that are valuable to the Company.

Who may join

Eligible participants (“Eligible Participants”) under the Share Option Scheme include (i) employee participants, the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted award under the Share Option Scheme as inducement to enter into employment contracts with any member of the Group) (the “Employee Participants”); and (ii) related entity participants, directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company (“Related Entity Participants”).

Maximum entitlement of each participants

No share options may be granted to any person such that the total number of shares issued and to be issued upon exercise of Share Options and other scheme options and awards granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company’s issued share capital from time to time (the “1% Individual Limit”). Any further grant of share options in excess of the 1% Individual Limit is subject to shareholders’ approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of share options to a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted (excluding Share Options lapsed in accordance with the scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Share Options is subject to Shareholders’ approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the Share Option Scheme to offer the grant of a share option to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may (subject to the terms of the Share Option Scheme) determine.

Offer Period

An offer of the grant of an Share Option shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the grant date provided that no such grant of a share option may be accepted after the expiry of the effective period of the Share Option Scheme or after the Share Option Scheme has been terminated. A share option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the acceptance comprising acceptance of the offer of the share option duly signed by the grantee on or before the date upon which an offer of a share option must be accepted by the relevant Eligible Participant, being a date no later than 30 days after the offer date.

Vesting Period

The exercise of any share option may be subject to a vesting period to be determined by the Board in its absolute discretion. In any event, the vesting period for a share option under the Share Option Scheme shall not be less than 12 months, except that the share options granted to Eligible Participants may be less than 12 months under the following specific circumstances.

- (a) grants of make-whole share options to Eligible participants who newly joined the Group to replace the share options or awards they forfeited when leaving the previous employer;
- (b) grants of share options with specific and objective performance-based vesting conditions provided in the rules of the Share Option Scheme;

- (c) grants that are made in batches during a year for administrative or compliance reasons (which may include share options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which a share option would have been granted);
- (d) grants of share options with a mixed or accelerated vesting schedule such as where the share option may vest evenly over a period of twelve (12) months; and
- (e) grants of share options with a total vesting and holding period of more than twelve (12) months.

Exercise Price

The exercise price shall be a price determined by the Board and notified to a Eligible participant and shall be at least the higher of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the grant date.

Term of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 14 July 2023, i.e. until 13 July 2033. As at 30 June 2024, the Share Option Scheme has a remaining life of approximately 9 years.

For details of the Share Option Scheme, please refer to the Company's circular dated 21 June 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 six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities (including sale of treasury shares, if any).

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 unaudited financial statements for the six months ended 30 June 2024 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. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

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 set out in Part 2 of Appendix C1 to the GEM Listing Rules throughout the six months ended 30 June 2024 under review, except the following deviation:

Pursuant to Rule 17.104 of the GEM Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. The Company has still a single gender board which does not meet the requirement under Rule 17.104 of the GEM Listing Rules. The Board will identify and appoint a suitable female candidate as director of the Company as soon as practicable and not later than 31 December 2024 in order to ensure compliance by the Company with the requirement under Rule 17.104 of the GEM Listing Rules. Further announcement will be made by the Company as and when appropriate.

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 six months ended 30 June 2024. 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 six months ended 30 June 2024, 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, 30 August 2024

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 "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) for at least seven days after the date of its publication and on the website of the Company (www.kaisun.hk).