



# KAISUN HOLDINGS LIMITED

## 凱順控股有限公司\*

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

Stock Code : 8203

COVID-19

The background of the page is a stylized illustration of a desert landscape. In the foreground, a caravan of four camels is silhouetted against the orange and yellow background, with a person walking alongside them. The camels and the person are reflected on the ground. In the middle ground, several stylized, colorful virus particles (resembling COVID-19) are scattered across the scene. In the background, the silhouettes of various Islamic architectural structures, including domes and minarets, are visible against a bright yellow and orange sky. The overall color palette is warm, dominated by shades of orange, yellow, and red.

\* For identification purpose only

# 2020

## FIRST QUARTERLY REPORT



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

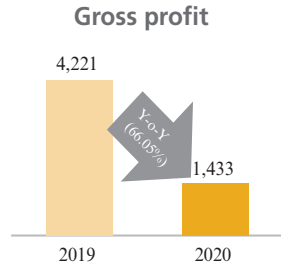
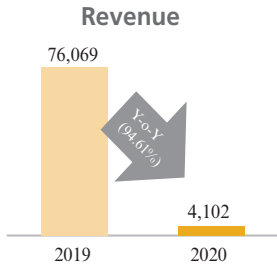
**GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest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

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

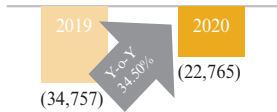
*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.*

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

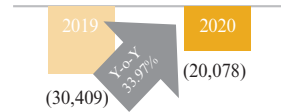
**2020 FIRST QUARTERLY RESULT HIGHLIGHTS (HK\$'000)**



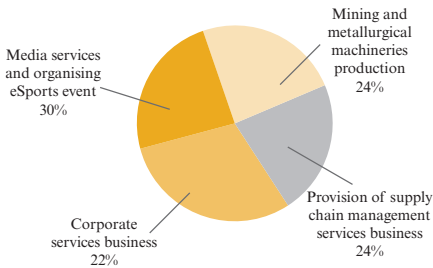
### Loss from continuing operations



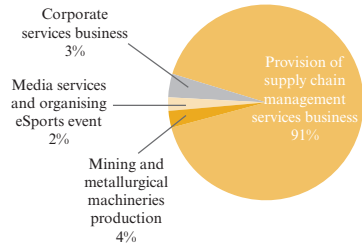
### Loss for the period



### 2020 Segment Revenue



### 2019 Segment Revenue



The Board is pleased to announce the unaudited results of the Group for the three months ended 31 March 2020 together with the unaudited comparative figures period in 2019 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE THREE MONTHS ENDED 31 MARCH 2020

		<b>Unaudited Three months ended 31 March</b>	
	<i>Note</i>	<b>2020 HK\$'000</b>	2019 HK\$'000
<b>Revenue</b>	5	<b>4,102</b>	76,069
Cost of goods sold		<b>(2,669)</b>	(71,848)
<b>Gross profit</b>		<b>1,433</b>	4,221
Gain/(loss) on disposal of financial assets at fair value through profit or loss (FVTPL)		<b>907</b>	(111)
Fair value loss on financial assets at FVTPL		<b>(7,716)</b>	(33,044)
(Impairment loss)/reversal of impairment loss on the trade and other receivable		<b>(3,986)</b>	11,900
Other income and gains		<b>83</b>	230
Fair value loss on financial liabilities at FVTPL		<b>—</b>	(1,300)
Administrative and other operating expenses		<b>(13,486)</b>	(16,653)
<b>Loss from continuing operations</b>		<b>(22,765)</b>	(34,757)
Share of loss of an associate		<b>(162)</b>	—
Finance costs	14	<b>(1,422)</b>	(1,084)
<b>Loss before tax from continuing operations</b>		<b>(24,349)</b>	(35,841)
<b>Discontinued operation</b>			
Loss from discontinued operations		<b>(1)</b>	—
<b>Loss before tax</b>		<b>(24,350)</b>	(35,841)
Income tax credit	7	<b>4,272</b>	5,432
<b>Loss for the period</b>		<b>(20,078)</b>	(30,409)



**Unaudited  
Three months ended  
31 March**

	<i>Note</i>	<b>2020 HK\$'000</b>	2019 HK\$'000
<b>Attributable to:</b>			
Owners of the Company			
Loss for the period from continuing operations		<b>(18,116)</b>	(28,297)
Loss for the period from discontinued operations		<b>(1)</b>	—
		<hr/>	<hr/>
Loss for the period attributable to owners of the Company		<b>(18,117)</b>	(28,297)
Non-controlling interests			
Loss for the period from continuing operations		<b>(1,961)</b>	(2,112)
Loss for the period from discontinued operations		<b>—</b>	—
		<hr/>	<hr/>
Loss for the period attributable to non-controlling interests		<b>(1,961)</b>	(2,112)
<b>Loss for the period</b>		<b><u>(20,078)</u></b>	<b><u>(30,409)</u></b>
<b>Loss per share (HK cents)</b>			
Basic	9	<b><u>(3.48)</u></b>	<b><u>(4.91)</u></b>

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

FOR THE THREE MONTHS ENDED 31 MARCH 2020

	<b>Unaudited Three months ended 31 March</b>	
	<b>2020 HK\$'000</b>	2019 HK\$'000
<b>Loss for the period</b>	<b>(20,078)</b>	(30,409)
<b>Other comprehensive income for the period, net of tax:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>7,263</u>	4,561
<b>Total comprehensive income for the period</b>	<u><b>(12,815)</b></u>	<u>(25,848)</u>
<b>Attributable to:</b>		
Owners of the Company		
Loss for the period from continuing operations	<b>(10,928)</b>	(23,378)
Loss for the period from discontinued operations	<u>—</u>	<u>—</u>
Loss for the period attributable to owners of the Company	<b>(10,928)</b>	(23,378)
Non-controlling interests		
Loss for the period from continuing operations	<b>(1,887)</b>	(2,470)
Loss for the period from discontinued operations	<u>—</u>	<u>—</u>
Loss for the period attributable to non-controlling interests	<b>(1,887)</b>	(2,470)
<b>Total Comprehensive income attributable to:</b>		
Owners of the Company	<b>(10,928)</b>	(23,378)
Non-controlling interests	<u><b>(1,887)</b></u>	<u>(2,470)</u>
	<u><b>(12,815)</b></u>	<u>(25,848)</u>



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Unaudited								
	Attributable to owners of the Company								
	Share capital	Share premium	Share held for share award scheme	Foreign currency translation reserve	Financial assets at fair value through other comprehensive income ("FVTOCI") reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	57,657	1,363,055	(395)	(9,479)	2,400	(959,211)	454,026	45,370	499,397
Total comprehensive income for the period	—	—	—	4,919	—	(28,297)	(23,378)	(2,470)	(25,848)
Purchase of shares held under the share award scheme	—	—	(167)	—	—	—	(167)	—	(167)
Changes in equity for the period	—	—	(167)	4,919	—	(28,297)	(23,545)	(2,470)	(26,015)
At 31 March 2019	57,657	1,363,055	(562)	(4,560)	2,400	(987,508)	430,482	42,900	473,382
At 1 January 2020	57,657	1,361,095	(3,371)	(70,774)	(5,392)	(1,167,762)	171,453	34,748	206,201
Total comprehensive income for the period	—	—	—	7,189	—	(18,117)	(10,928)	(1,887)	(12,815)
Changes in equity for the period	—	—	—	7,189	—	(18,117)	(10,928)	(1,887)	(12,815)
At 31 March 2020	57,657	1,361,095	(3,371)	(63,585)	(5,392)	(1,185,879)	160,525	32,861	193,386

## NOTES

### 1. GENERAL INFORMATION

Kaisun Holdings Limited (“the Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 11/F, 46 Lyndhurst Terrace, Central, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The condensed consolidated financial statements have been prepared under the historical cost convention unless mentioned (e.g. certain financial instruments that are measured at fair value). The condensed consolidated financial statements should be read in conjunction with the 2019 unaudited annual financial statements. Saved for the new and revised international financial reporting standards adopted as mentioned in note 3, the accounting policies and methods of computation used in preparation of these condensed financial statements are consistent with those used in the unaudited annual financial statement for the year ended 31 December 2019.

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

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





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

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

The International Accounting Standards Board has issued a number of new and revised IFRSs that are first effective for annual periods beginning on or after 1 January 2020.

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

#### **Amendments to IFRS 3: Definition of a Business**

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

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

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

### **Amendments to IAS 1 and IAS 8: Definition of Material**

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

### **Conceptual Framework for Financial Reporting issued on 29 March 2018**

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



#### 4. FAIR VALUE MEASUREMENTS

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

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

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

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

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

**(a) Disclosures of level in fair value hierarchy at 31 March 2020:**

Description	Fair value measurements using:		Total
	Level 1 Unaudited HK\$'000	Level 3 Unaudited HK\$'000	31 March 2020 Unaudited HK\$'000
<b>Recurring fair value measurements:</b>			
<b>Financial assets</b>			
Financial assets at fair value through profit or loss			
Listed securities	<u>41,815</u>	<u>—</u>	<u>41,815</u>
Financial assets at FVTOCI			
Unlisted equity securities	<u>—</u>	<u>19,109</u>	<u>19,109</u>
<b>Total</b>	<u><b>41,815</b></u>	<u><b>19,109</b></u>	<u><b>60,924</b></u>
<b>Recurring fair value measurements:</b>			
<b>Financial liabilities</b>			
Financial liabilities at FVTPL			
Put option	<u>—</u>	<u>6,379</u>	<u>6,379</u>

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

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

**Recurring fair value**

**measurements:**

**Financial assets**

Financial assets at fair value  
through profit or loss

Listed securities

52,489	—	52,489
--------	---	--------

Financial assets at FVTOCI

Unlisted equity securities

—	19,109	19,109
---	--------	--------

**Total**

52,489	19,109	71,598
--------	--------	--------

**Recurring fair value**

**measurements:**

**Financial liabilities**

Financial liabilities at FVTPL

Put option

—	6,379	6,379
---	-------	-------

**(b) Reconciliation of assets measured at fair value based on level 3:**

	<b>Unaudited as at 31 March 2020 HK\$'000</b>	Unaudited as at 31 December 2019 HK\$'000
<b>Financial assets at FVTOCI</b>		
At 1 January	19,109	—
Initial application of IFRS 9	—	19,700
Purchases	—	3,500
Settlements	—	2,500
Total gains or losses recognised in other comprehensive income	—	(6,591)
	<b>19,109</b>	<b>19,109</b>



The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at FVTOCI in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

The total gains or losses recognised in other comprehensive income are presented in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

**(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2020:**

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

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

***Level 3 fair value measurements***

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 31 March 2020 Unaudited HK\$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	weighted average cost of capital	14%–16%	Decrease	<b>19,109</b>
		long-term revenue growth rate	3%	Increase	
		long-term pre-tax operating margin	15%–20%	Increase	
		discount for lack of marketability	30%	Decrease	

## 5. REVENUE

### Disaggregation of revenue

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

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines		
Continuing Operations		
Sale of goods:		
— Production and exploitation of coal	—	—
— Mining and metallurgical machineries production	<b>995</b>	2,821
Provision of services:		
— Provision of supply chain management services business	<b>985</b>	69,122
— Corporate services business	<b>887</b>	2,599
— Media services and organising eSports event	<b>1,235</b>	1,527
	<b>4,102</b>	76,069
Discontinued operations		
— Production and exploitation of coal	—	—
	<b>4,102</b>	76,069



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 three months ended 31 March (unaudited)	Continuing operations											Discontinued operations				
	Provision of supply chain management services business		Mining and metallurgical machineries production		Production and exploitation of coal		Corporate services business		Media services and organising eSports event		Total		Production and exploitation of coal		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>Revenue by primary geographical markets</b>																
— Hong Kong	—	—	—	—	—	—	258	1,713	526	1,346	784	3,059	—	—	784	3,059
— PRC except Hong Kong	985	6,684	995	2,821	—	—	—	—	429	1,980	9,934	—	—	1,980	9,934	—
— Dubai	—	1,478	—	—	—	—	—	—	421	—	421	1,478	—	—	421	1,478
— Middle East	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
— Tajikistan	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
— Taiwan	—	51,512	—	—	—	—	—	—	—	—	—	51,512	—	—	—	51,512
— Vietnam	—	9,448	—	—	—	—	—	—	—	—	—	9,448	—	—	—	9,448
— Others	—	—	—	—	—	—	629	886	330	—	959	886	—	—	959	886
Segment revenue	985	68,122	995	2,821	—	—	887	2,599	1,277	1,775	4,144	76,317	—	—	4,144	76,317
<b>Intersegment revenue</b>																
— Hong Kong	—	—	—	—	—	—	—	—	(42)	(248)	(42)	(248)	—	—	(42)	(248)
Revenue from external customers	985	68,122	995	2,821	—	—	887	2,599	1,235	1,527	4,102	76,069	—	—	4,102	76,069
<b>Timing of revenue recognition</b>																
Products transferred at a point in time	985	68,122	995	2,821	—	—	—	—	—	—	1,980	71,943	—	—	1,980	71,943
Products and services transferred over time	—	—	—	—	—	—	887	2,599	1,235	1,527	2,122	4,126	—	—	2,122	4,126
Total	985	68,122	995	2,821	—	—	887	2,599	1,235	1,527	4,102	76,069	—	—	4,102	76,069

## 6. SEGMENT INFORMATION

The Group has six reportable segments which are Provision of supply chain management services business, Mining and metallurgical machineries production, Production and exploitation of coal, Securities trading, Corporate services business and Media services and organising eSports event for the period.

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

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

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

	Continuing operations						Discontinued operations		
	Provision of supply chain management services business HK\$'000	Mining and metallurgical machineries production HK\$'000	Production and exploitation of coal HK\$'000	Securities trading HK\$'000	Corporate services business HK\$'000	Media services and organising eSports event HK\$'000	Total HK\$'000	Production and exploitation of coal HK\$'000	Total HK\$'000
<b>For three months ended 31 March 2020 (unaudited)</b>									
Revenue from external customers	985	995	–	–	887	1,235	4,102	–	4,102
Segment profit/(loss)	(1,406)	(1,755)	(4,958)	(5,617)	(1,879)	(814)	(16,429)	–	(16,429)
<b>As at 31 March 2020 (unaudited)</b>									
Segment assets	31,590	36,631	155,516	10,642	19,840	149	254,368	1,922	256,290
Segment liabilities	2,180	8,315	51,027	19,979	1,817	842	84,160	–	84,160

### For three months ended

**31 March 2019 (unaudited)**

Revenue from external customers	69,122	2,821	–	–	2,599	1,527	76,069	–	76,069
Segment profit/(loss)	(3,075)	(2,507)	(30)	(30,403)	1,501	(512)	(35,026)	–	(35,026)
<b>As at 31 March 2019 (unaudited)</b>									
Segment assets	127,505	34,582	176,963	134,708	32,852	901	507,510	–	507,510
Segment liabilities	13,316	4,256	56,219	104,367	2,774	881	181,814	–	181,814





**Reconciliations of segment revenue:**

	<b>Unaudited Three months ended 31 March</b>	
	<b>2020 HK\$'000</b>	2019 HK\$'000
<b>Revenue</b>		
Total revenue of reportable segments	4,144	76,317
Elimination of intersegment revenue	(42)	(248)
Consolidated revenue	<u>4,102</u>	<u>76,069</u>

**7. INCOME TAX CREDIT**

	<b>Unaudited Three months ended 31 March</b>	
	<b>2020 HK\$'000</b>	2019 HK\$'000
Current tax — Hong Kong & China		
Income tax	(89)	20
Deferred tax	(4,182)	(5,452)
	<u>(4,272)</u>	<u>(5,432)</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year less allowable losses brought forward.

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

PRC enterprise income tax has been provided at a rate of 25% (2019: 25%).

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

## 8. DIVIDEND

No dividend has been declared by the Company the quarter ended 31 March 2020 (three months ended 31 March 2019: HK\$Nil).

## 9. LOSS PER SHARE

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

	<b>Unaudited</b>	<b>Three months ended</b>
	<b>2020</b>	<b>31 March</b>
	<b>HK\$'000</b>	<b>2019</b>
		<b>HK\$'000</b>
Loss for the purpose of calculating basic loss per share	<u><b>(18,116)</b></u>	<u>(28,297)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u><b>576,566</b></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 quarter ended 31 March 2020 and 2019.

## 10. SHARE CAPITAL

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



## 11. INTANGIBLE ASSETS

	<b>Mining rights</b> HK\$'000
<b>Cost</b>	
At 1 January 2019	234,614
Mining right written off (Unaudited)	(13,058)
Exchange differences (Unaudited)	(4,878)
	<u>216,678</u>
At 31 December 2019 and 1 January 2020 (Unaudited)	216,678
Exchange differences (Unaudited)	(6,309)
	<u>210,369</u>
	<u>210,369</u>
<b>Accumulated amortisation and impairment losses</b>	
At 1 January 2019	84,842
Amortisation for the year (Unaudited)	12,445
Impairment loss for the year (Unaudited)	3,989
Mining right written off (Unaudited)	(13,058)
Exchange differences (Unaudited)	(2,453)
	<u>85,765</u>
At 31 December 2019 and 1 January 2020(Unaudited)	85,765
Amortisation for the period (Unaudited)	3,053
Exchange differences (Unaudited)	(3,571)
	<u>85,247</u>
At 31 March 2020 (Unaudited)	<u>85,247</u>
	<u>85,247</u>
<b>Carrying amount</b>	
At 31 March 2020 (Unaudited)	<u>125,122</u>
At 31 December 2019 (Unaudited)	<u>130,913</u>

At 31 March 2020, the Group's mining rights are the rights obtained by the Group for production and exploitation of one coal mine (2019: one) located in the PRC and one (2019: one) coal mines located coal mines located in Tajikistan. The major content of the coal mine in PRC and Tajikistan is thermal coal and anthracite and bituminous coal respectively. The terms of the mining rights of the coal mines in PRC and Tajikistan are from January 2019 to December 2019 and August 1997 to September 2018 respectively. The application of mining licenses renewal in Tajikistan are in progress. The mining rights are stated at cost less accumulated amortisation and impairment losses over the term of the mining rights.

## 12. FINANCIAL ASSETS AT FVTPL

	<b>Unaudited Three months ended 31 March</b>	
	<b>2020 HK\$'000</b>	2019 HK\$'000
Equity securities, at fair value Listed in Hong Kong	<u><b>41,815</b></u>	<u>98,924</u>
Analysed as:		
Current assets	<u><b>41,815</b></u>	<u>98,924</u>

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

	<b>Unaudited Three months ended 31 March</b>	
	<b>2020 HK\$'000</b>	2019 HK\$'000
Held for trading	<u><b>41,815</b></u>	<u>98,924</u>

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



### **13. DISCONTINUED OPERATION**

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

**(a) Discontinued operation**

**(i) Results**

	<b>Unaudited Three months ended 31 March 2020 HK\$'000</b>
<b>Revenue</b>	—
Cost of goods sold	—
	<hr/>
Gross loss	—
Other income and gains and losses	—
Administrative and other operating expenses	<b>(1)</b>
	<hr/>
Loss for the period	<b>(1)</b>
	<hr/> <hr/>

*Note:*

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

(ii) **Cash flows**

	<b>Unaudited Three months ended 31 March 2020 HK\$'000</b>
Operating cash flows	(1)
Investing cash flows	—
Financing cash flows	—
	<hr/>
Total cash flows	<b>(1)</b>

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

	<b>Unaudited Three months ended 31 March 2020 HK\$'000</b>
<b>NON-CURRENT ASSETS</b>	
Investment in subsidiaries	<b>205,597</b>
	<hr/>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	<b>15</b>
	<hr/>
Total assets (before intra-group elimination)	<b>205,612</b>
Less: Intra-group elimination	<b>(205,597)</b>
	<hr/>
<b>TOTAL ASSETS</b>	<b>15</b>



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

	<b>Unaudited Three months ended 31 March 2020 HK\$'000</b>
<b>CURRENT LIABILITIES</b>	
Other payable & accruals	4,570
Provision for taxes	468
Current account with related companies	<u>362,985</u>
	<u>368,023</u>
<b>NON-CURRENT LIABILITIES</b>	
Deferred tax liabilities	<u>10</u>
Total liabilities (before intra-group elimination)	368,033
Less: Intra-group elimination	<u>(362,985)</u>
<b>TOTAL LIABILITIES</b>	<u><u>5,048</u></u>

*Note:*

Assets held for sale and liabilities directly associated with assets held for sale above are presented before elimination of intra-group balances of HK\$205.6 million and HK\$363.0 million respectively.

**14. FINANCE COSTS**

	<b>Unaudited Three months ended 31 March</b>	
	<b>2020 HK\$'000</b>	2019 HK\$'000
Interest on bonds payables	1,333	1,000
Interest component of lease liabilities	<u>89</u>	<u>84</u>
	<u><u>1,422</u></u>	<u><u>1,084</u></u>

## **MANAGEMENT DISCUSSION & ANALYSIS**

The outbreak of Coronavirus at the beginning of 2020 affected the global economy and social environment on an unprecedented scale. We witnessed the global economic turmoil over the last few months.

- From the period beginning in early 2020 to 24 April 2020, there was a drop of 4,620 points in Hang Seng Index, which is over 16% during the period. On 23 March 2020, the Hang Seng Index plunged 1,108 points in a single day, while the Dow Jones Industrial Average dropped about 582 points to close at 18,591, which marked its lowest closing level since November 2016. By date of this report, the market had already undergone the fifth time in US history when US stock plunge triggered event of circuit breaker, of which four out of five times of triggering event of circuit breakers happened recently in March 2020.
- On 20th April 2020, U.S. oil prices fell to historic low as West Texas crude futures dropped below \$0.
- On 14th April 2020, the International Monetary Fund issued its 2020 World Economic Outlook, where the organization predicts the global economy will experience negative growth by 3% this year and it is highly likely that the world will suffer the worst financial crisis since the Great Depression in 1930s.

Hong Kong suffers such unprecedented challenges as well. For the last three months the whole society cooperated to fight the pandemic and recently the overall pandemic saw improvement. On 20th April, Hong Kong reported zero new coronavirus cases for the first time since early March. On government level, a package of relief measures were launched to help businesses alleviate financial difficulties, hoping to ease the panic of the market and to reduce the climbing unemployment rate.





As mentioned in our latest unaudited annual results announcement dated 20 March 2020, the 2019 Hong Kong social unrest protests, together with the outbreak of coronavirus at the start of this year resulted in an extremely difficult business environment for the first quarter this year. The pandemic greatly affected the Group both at administration level in particular our daily operations in mainland. Due to quarantine measures, our auditors remained unable to travel to mainland China to complete the exercise at the time of this report. The Group will continue to communicate with the auditors and will closely monitor the situation in order to provide timely response. For the first quarter, implementation of some of our projects were halted by blocked social mobility as a result of quarantine measures. Our cash flow was negatively affected although some deposits of the projects were collected. To adapt to the current situation, the Group took some measures in the first quarter: Administratively, we provided sufficient supplies of personal protective equipment for our staff, and preventive measures were taken to ensure the health and safety of our employees. In order to save administrative costs, our company was downsized reducing number of staff and some part of the management of the group took unpaid leave or pay cut. Still, we are trying our best to not demoralize our teams by pay cuts or no pay leave. Financialwise, we took a further step to control costs and recover our receivables to ease the strain on cash flow.

## **MINING, MANUFACTURING OF MACHINERY & SUPPLY**

The coronavirus pandemic in 2020 disrupted the entire business chain globally and our business in the Mainland cannot be spared. The total lockdown of the country sent our workers home till almost the last week of March when the Central government conditionally resume certain sectors of the manufacturing process. We do not expect our Mainland business to return to normal until 4th quarter of 2020, but we foresee some business will have to return to normal due to industry requirements and this would help us to regain momentum gradually. Even our belated financial audit for the financial year ended 2019 looked to have a schedule by our auditors and we shall announce the date of published accounts shortly after the release of 2020 1st quarter results.

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

In terms of numbers, our Tengzhou Kaiyuan Industrial Co., Ltd. (“Tengzhou Kaiyuan”), a joint venture of a subsidiary company of the Group that specializes in mining and metallurgical machinery production and owns 32 sets of safety certificates for mining products, registered a sales turnover of HK\$995,000 only in the first three months of 2020. We are expecting gradual pick up in the 2nd and 3rd quarter due to industry needs to periodic safety inspection of mining machineries from the 3 major coal rich provinces, namely Shanxi, Shaanxi and Inner Mongolia. There will be demand for new machineries to replace outdated ones and delivery peaks would normally take place in 3rd and 4th quarter. We hope to catch up our orders by then.



Inspection and testing of mining machineries for clients



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

Shandong Kailai Energy Industrial Co., Limited (“Shandong Kailai”) a joint venture between a subsidiary of the Company and Shandong Bayi Coal Electrochemical Co., Ltd, that specializes in coal supply chain management, warehouse and logistics management, loading and unloading service. It has the right to use a section of railway permitted by China’s Jinan Railway Bureau. Shandong Kailai’s logistics centre is located at China’s railway hub with a number of state-owned enterprises nearby. It has a total area of 40,000m<sup>2</sup> with an annual loading capacity of 3 million tons.



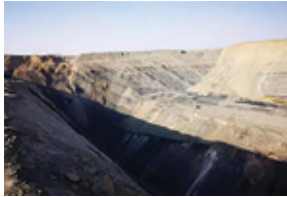
Limited services provided by the Group’s supply chain business

The lockdown of many cities greatly reduced transportation of coal by rail, rendering Shandong Kailai generated approximately HK\$985,000 in revenue in the 1st quarter of 2020.

As coal is still a major component of China’s energy despite Central Government effort to reduce reliance on coal, and hence the transportation of coal by rail is an indispensable industry. We expected our logistics business to return to normal level in the 4th quarter when the demand for coal resume to the normal level.

**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.



Open-pit mine #2



Open-pit mine #3

***Xingliang Mine for 1st Quarter***

As Xingliang Mine is designated by Turpan Gaochang District government for the consolidation of nearby small-scale mines, mining area of Xingliang Mine will expand from 1.1km<sup>2</sup> to 8.8km<sup>2</sup>. Our mining team will resume formulating the development plan.

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

The railway logistics platform in Choir City of Mongolia acquired by Kaisun Group is located at a strategically important path between Russia and China, and has a unique geographical advantage on the trilateral logistics and trade between China, Mongolia and Russia. The railway logistics platform has a total area of 35,000m<sup>2</sup> with an annual loading capacity of 1.8 million tons. It mainly provides loading and unloading services, customs declaration, warehousing and logistics services.

***Choir Project Highlights***

The coronavirus pandemic make all of the cross border businesses between Mongolia and China shut down temporarily, postponing work in the remaining construction work on the platform of the Choir Logistics Centre.



## **AGRICULTURAL INVESTMENT AND DEVELOPMENT**

Kaisun Group continues to provide professional services such as financial control, audit, feasibility studies and alike to support the business development of Cheung Lee Agricultural Co., Limited (“Cheung Lee”).

Over the past two decades Cheung Lee had evolved into a fully fledged agricultural platform that provides unique green agri-food chain solutions, including modern farming, cultivation management as well as physical and online sales connecting both Chinese and international green food both wholesale and retail products.

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



Tea products



“Natural Vegetable”



Healthy nuts

### **Cheung Lee Highlights for 1st Quarter**

Cheung Lee has been in online discussion with a number of local distributors/wholesalers and retailers regarding market entry strategy of “Natural Vegetable”, including market positioning and marketing strategies, of rapid introduction of “Natural Vegetable” into the local market.

Cheung Lee has started to produce Fuxi Tea, a type of therapeutic tea that is rich in selenium with anticancer and anti-aging effects.

### **2020 DEVELOPMENT GOALS**

The single goal for the rest of our 2020 is to resume our Mainland business.

### **KAISUN BUSINESS SOLUTIONS**

The pandemic impacted our businesses to varying degrees. The following sections provided more details about development of each business unit in the first quarter.

### **EVENT MANAGEMENT & MEDIA PRODUCTION SERVICES**

In the first quarter of 2020, two projects were completed by our People’s Communications & Consultant Company Limited (“PCCC”). From February, all of the local events were delayed or cancelled because of the pandemic. Since then, PCCC had shifted the focus to online services while seeking out new clients to cope with consequences of coronavirus. In March, PCCC was successfully awarded new contracts to provide web platform customization and related services. Looking into the future, PCCC will continue its efforts to bring in more clients while expanding its customer base.



VOV Studio Limited (“VOV”) was established in 2019, featuring film and media production services. In January, before the outbreak of the pandemic, VOV had completed several projects, and currently preparing for the production of RTHK’s programme — New Talent Drama Series. As the coronavirus caused a broad range of shut down since February 2020, the team could go nowhere to strike new deals. Despite this, VOV keeps its original aspiration, keep working to provide existing clients with quotation and business proposals. Their effort paid off and by the end of the first quarter, VOV had successfully entered into new contracts with existing clients. In the second quarter, VOV will focus on increasing company exposure for attracting new businesses while adjusting service fees to better serve our clients.

## **ESPORTS BUSINESS**

Kaisun’s Esports IP GIRLGAMER Esports Festival world finals was successfully held on 22nd February 2020 in Meydan Grandstand in Dubai. The 2019 GIRLGAMER World Tour rounded off with over 19 million total online viewers and 235 million total reaches. In the first quarter, the team devoted most of the time to prepare for the event. Holding GIRLGAMER eSports Festival world finals successfully just right before the outbreak of worldwide coronavirus was a blessing. The 2020 GIRLGAMER World Tour was suspended for the time being and instead the team decided to develop the online Esports platform. Depending upon the level of development of the Esports Business and the market sentiment, the team also planned to put the exit plan of Esports Business on the agenda in due course.

## **INVESTMENT PLATFORM BUSINESS**

The newly Uzbekistan fund established by Sturgeon has been in operation since April 2020. In the epidemic environment, it had still raised funds successfully and there are more potential investors. At present, most parts of Europe are still being locked down, and many business activities cannot be carried out normally. However, staffs are conducting online meetings through conference video applications, and their fund-raising work is still in progress.

The World Bank predicts that Uzbekistan’s GDP growth rate will maintain an average of about 6% in the next few years, making it the most promising frontier market in Central Asia. In addition, Uzbekistan’s new president will continue the reforms, and the country is moving towards to following international standards, such as adopting International Financial Reporting Standards (IFRS) in 2021. Nevertheless, in March 2020, the outbreak of Covid-19 epidemic in Uzbekistan severely affect the daily economic operations of Uzbekistan. The MSCI Eastern European and CIS Frontier Market Index performance in the first quarter of 2020 were severely impacted by the economic and trade stagnation caused by the Covid-19 epidemic.



**xprimm.com**  
FINANCIAL IN CB + CIS + CE

Home News Events Statistics Countries Reports Interviews Subscriptions

**STATISTICS: UZBEKISTAN, FY2019: Motor insurance fees determined market hierarchy and**

**UZBEKISTAN**

**UZBEKISTAN switches to IFRS starting 2021**

18 December 2019 – Maria MacGillivray

From 2021, Uzbekistan will switch to International Financial Reporting Standards (IFRS) - as follows from the draft resolution of the President of Uzbekistan "On additional measures for the transition to international financial reporting standards", published on the Uzbekistan's state portal (in Uzbek language).

Based on the document, joint stock companies, banks, insurance companies, business entities with a state share in the authorized capital, as well as legal entities classified as large taxpayers, can switch to IFRS from January 1, 2021, and starting with the results of 2021 - prepare financial statements only on the basis of IFRS, Kommersant.Uz writes.

The document provides for the development by October 1, 2020 of new tax reporting forms adapted to IFRS, as well as proposals to strengthen administrative responsibility measures for late preparation and publication of financial statements.

- <https://www.msci.com/documents/10199/63225bbe-a5a3-4b1b-88fe-61a050770827>
- <https://www.worldbank.org/en/country/uzbekistan/publication/economic-update-summer-2019>
- <http://xprimm.com/UZBEKISTAN-switches-to-IFRS-starting-2021-articulo-2,12,35-14519.htm>

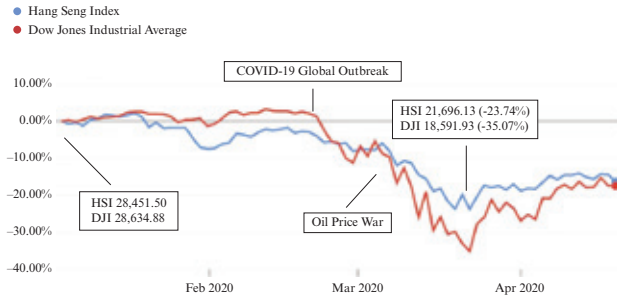




## SECURITIES TRADING BUSINESS

The Group's listed-securities trading business continued to be monitored by the investment committee with analytical and performance reports generated regularly. For the past three months, global markets were set for the worst quarter since the 2008 financial crisis under the pressure of the coronavirus (COVID-19) pandemic and investors' confidence shattered. Many of the world's biggest economies went into lockdown, and the oil prices crumbled to the lowest levels with biggest drop in demand in history and a surge in supply following the price war between Saudi Arabia and Russia. The Investment Committee believes that the uncertainty around the coronavirus (COVID-19) is exceptionally high and is much higher than in past outbreaks. Our investment strategy is to wait for opportunities to arise and market recovery.

### Heng Sang Index & Dow Jones Index Chart (Performance in Q1 2020)



As at 31 March 2020, the fair value of listed investment was HK\$41,815,350. The cost of listed investment was HK\$52,553,404.

During the three months end 31 March 2020, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK\$7,716,036.

## **KAISUN TRUST AND TRUSTEE SERVICES**

Since the establishment in 2019, Kaisun Trust and Trustee Services Company Limited (“Kaisun Trust”) was on the right track. In the first quarter, Kaisun Trust launched its official website. Due to the worldwide economic downturn, in 2020, Kaisun Trust will focus on taking care of its existing customers. In the second quarter, the team will establish its own LinkedIn account and Wikipedia entries to improve its search engine optimization (SEO) rankings for building strong brand recognition.

### **Looking Forward**

- **BUSINESS SOLUTIONS**

Most business of Event and marketing organizations were stopped because of the lock down in 1st quarter, the group does not expect the business can reopen fully in 2nd quarter, hence we are looking to turn the physical events to cloud base. The group is focusing on adjusting our business model.

## **FINANCIAL REVIEW**

Revenue of the Group for three months ended 31 March 2020 amounted to approximately HK\$4.1 million, represented a decrease of approximately 94.6% when compared with the same period in 2019 (three months ended 31 March 2019: HK\$76.1 million). The decrease in revenue was mainly attributable to outbreak of coronavirus which stopped most of our operations during the first quarter in 2020.

The Group gross profit for three months ended 31 March 2020 decreased by approximately 66.1% to approximately HK\$1.4 million when compared with the same period in 2019 (three months ended 31 March 2019: HK\$4.2 million). The decrease in gross profit was due to drop in revenue caused by the reason mentioned in previous paragraph.



For three months ended 31 March 2020, the total administrative and other operating expenses was approximately HK\$13.5 million, decrease of approximately 19.2% compared with the same period in 2019 (three months ended 31 March 2019: HK\$16.7 million). Such drop in administrative expenses was mainly attributable to human resources restructuring in late 2019.

For three months ended 31 March 2020, the loss from continuing operations was approximately HK\$22.8 million (three months ended 31 March 2019 loss: HK\$34.8 million). The loss from operation was narrowed due to a drop of fair value loss on financial asset at FVTPL from approximately HK\$33.0 million to HK\$7.7 million and was partly offset by impairment loss on trade and other receivable of approximately HK\$4.0 million. The Group has a smaller investment portfolio when compared with the corresponding period in 2019 by selling part of listed securities which was carried out in 2019 leading to a drop in fair value loss in financial asset through profit or loss.

The Group recorded loss for three months ended 31 March 2020 of approximately HK\$20.1 million, represented a decrease of approximately 33.9% when compared with the same period in 2019 (loss for three months ended 31 March 2019: HK\$30.4 million).

The total comprehensive loss attributable to owners of the Company for three months ended 31 March 2020 amounted to approximately HK\$10.9 million (The total comprehensive loss attributable to owners of the Company for three months ended 31 March 2019: HK\$23.4 million).

As at 31 March 2020, the Group held financial assets at FVTPL of approximately HK\$41.8 million, wholly comprised of securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market as at 31 March 2020, the gain on disposal of financial assets at FVTPL amounted to approximately HK\$907,000 (as at 31 March 2019 loss: HK\$111,000), whilst the fair value loss on financial assets at FVTPL was approximately HK\$7.7 million for three months ended 31 March 2020 (fair value loss for three months ended 31 March 2019: HK\$33.0 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 31 March 2020	% of share-holding as at 31 March 2020	Unrealized gain(loss) on fair value change for the year ended		Fair value as at		% of the Group's net assets as at 31 March 2020	Investment cost HK\$	Reasons for fair value loss
			31 March 2020	31 March 2020	31 March 2020	31 March 2020			
			HK\$	HK\$	31 December 2019	HK\$			
<b>Hong Kong Listed Securities</b>									
BOC Hong Kong (Holdings) Limited (2388) <i>(Note 1)</i>	15,000	0.0001%	(84,000)	321,750	405,750	0.17%	462,750	Drop in share price	
Cathay Pacific Airways Limited (0293) <i>(Note 2)</i>	100,000	0.003%	(164,000)	830,000	345,600	0.43%	994,000	Drop in share price	
EJE (Hong Kong) Holdings Limited (8101) <i>(Note 3)</i>	98,000,000	3.39%	(2,175,796)	8,722,000	10,323,000	4.51%	14,020,604	Drop in share price	
HSBC Holdings plc (0005) <i>(Note 4)</i>	20,000	0.0001%	(132,000)	883,000	—	0.46%	1,015,000	Drop in share price	
MTR Corporation Limited (0066) <i>(Note 5)</i>	40,000	0.001%	(124,000)	1,602,000	—	0.83%	1,726,000	Drop in share price	
OP Financial Investments Limited (1140) <i>(Note 6)</i>	17,476,000	0.60%	(6,315,160)	19,398,360	26,496,000	10.03%	24,943,440	Drop in share price	
Target Insurance (Holdings) Limited (6161) <i>(Note 7)</i>	15,716,000	3.01%	1,278,920	10,058,240	9,956,100	5.20%	9,391,610	—	
China Petroleum & Chemical Corporation (0386) <i>(Note 8)</i>	—	—	—	—	938,000	—	—	—	
Hong Kong Exchanges and Clearing Limited (0388) <i>(Note 9)</i>	—	—	—	—	3,795,000	—	—	—	
Tsui Wah Holdings Limited (1314) <i>(Note 10)</i>	—	—	—	—	229,620	—	—	—	
Total			(7,716,036)	41,815,350	52,489,070	21.63%	52,553,404		



*Notes:*

1. BOC Hong Kong (Holdings) Limited (HKEx: 2388) — The principal activities of BOC Hong Kong (Holdings) Limited is the provision of banking and related financial services.
2. Cathay Pacific Airways Limited (HKEx: 0293) — Cathay Pacific Airways Limited is principally engaged in operating scheduled airline services, airline catering, aircraft handling, aircraft engineering and cargo terminal operation.
3. EJE (Hong Kong) Holdings Limited (HKEx: 8101) — The principal activity of EJE (Hong Kong) Holdings Limited is investment holding. The principal activities of the EJE (Hong Kong) Holdings Limited's subsidiaries are: (i) The design, manufacture and sales of mattress and soft bed products; (ii) property investment; (iii) securities investment; and (iv) the provision of property management and property agency services.
4. 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").
5. MTR Corporation Limited (HKEx: 0066) — MTR Corporation Limited is principally engaged in the following core businesses — railway design, construction, operation, maintenance and investment in Hong Kong, the Mainland of China and a number of major overseas cities; project management in relation to railway and property development businesses; station commercial business including leasing of station retail space, leasing of advertising space inside trains and stations, and enabling of telecommunication services on the railway system in Hong Kong; property business including property development and investment, management and leasing management of investment properties (including shopping malls and offices) in Hong Kong and the Mainland of China; and investment in Octopus Holdings Limited.

6. OP Financial Investments Limited (HKEx: 1140) — OP Financial Investments Limited (“OP Financial”) is a Hong Kong listed Investment Company with the mandate allowing the Company to invest in various assets, financial instruments, and businesses globally. OP Financial produce medium to long term shareholder returns by developing customized investment solutions for and alongside institutional and corporate investors in the region. OP Financial’s co-investors are mainly large financial institutions and organizations targeting either high growth opportunities within China or strategic investments outside the region. OP Financial also invests in funds of listed and unlisted equities to generate diversified returns. Over time, these funds will serve as the foundation of a marketable proprietary financial services platform for attracting new investment partners.
7. Target Insurance (Holdings) Limited (HKEx: 6161) — Target Insurance (Holdings) Limited is principally engaged in writing of motor insurance business in Hong Kong.
8. China Petroleum & Chemical Corporation (HKEx: 0386) — China Petroleum & Chemical Corporation is principally engages in oil and gas and chemical operations in the People’s Republic of China (the “PRC”). Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil and natural gas by pipelines; refining crude oil into finished petroleum products; and marketing crude oil, natural gas and refined petroleum products. Chemical operations include the manufacture and marketing of a wide range of chemicals for industrial uses.
9. Hong Kong Exchanges and Clearing Limited (HKEx: 0388) — Hong Kong Exchanges and Clearing Limited is Own and operate the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, trading of base metals forward and options contracts operating in the UK.
10. Tsui Wah Holdings Limited (HKEx: 1314) — Tsui Wah Holdings Limited is principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants in Hong Kong, the People’s Republic of China (the “PRC” or “Mainland China”) and Macau.



As at 31 March 2020, the Group held financial assets at FVTOCI of approximately HK\$19.1 million, wholly comprised of unlisted equity securities in Hong Kong and United Kingdom and redeemable preference shares. The details of financial assets FVTOCI at investment cost are set out as follow:

Company Name	Number of shares held as at 31 March 2020 (Unaudited)	% of share- holding as at 31 March 2020 (Unaudited)	% of the Group's net assets as at 31 March 2020 (Unaudited)	Investment cost	
				as at 31 March 2020 (Unaudited) HK\$	as at 31 December 2019 (Unaudited) HK\$
Cheung Lee Farming Corporation (Note 1)	870	8.7%	4.50%	8,700,000	8,700,000
Connect-Me Technologies Limited (Note 2)	990	9.9%	0.0005%	990	990
Sturgeon Capital Limited (Note 3)	24,999	9.96%	4.03%	7,800,000	7,800,000
Xin Ying Holdings Limited (Note 4)	8,000,000	N/A	4.14%	8,000,000	8,000,000
			12.67%	24,500,990	24,500,990

Note:

- Cheung Lee Farming Corporation incorporated under the laws of the British Virgin Islands with limited liability. The principal activities of the company together with its subsidiaries are engaged in the business of production and distribution of pollution-free vegetables.
- Connect-Me Technologies Limited under the laws of the Hong Kong SAR with limited liability. They engaged in sale of electronic consumer products, key products including tablet PCs, smartphones, smartwatches, smart crutches, VR, electric self-balancing scooters, etc.

3. Sturgeon Capital Limited ("Sturgeon Capital") is an independent alternative investment manager specializing in frontier and emerging markets. Sturgeon Capital manages the Sturgeon Central Asia fund, a multi-strategy investment fund focused on Central Asia and the surrounding region. The Sturgeon Capital management team have been investing in the region since 2005 and is made up of industry professionals with diverse professional background of regional and industry specific experience. On 11 November 2019, we acquired 45.56% equity interest in SCH Limited, the company which holds approximately 90.04% of equity interest in Sturgeon Capital. After such acquisition we hold effectively 50.98% of equity interest in Sturgeon Capital (41.02% in Sturgeon Capital through SCH Limited and 9.96% directly in Sturgeon Capital). Further to completion of share swap restructuring, we indirectly control Sturgeon Capital by holding 50.98% equity interest in SCH Limited. As at 31 March 2020, the share swap restructuring is still in progress.
4. The principal activity of Xin Ying Holdings Limited ("Xin Ying") is investment holding. Xin Ying's subsidiaries combine the development of financial globalization and internet information technology innovation mean to provide innovative and efficient financing, assessment, consulting management, interconnection, financial e-commerce and more professional financial services for domestic enterprises and individual customers in PRC. Xin Ying's subsidiaries hold two types of credit license — 融資性擔保機構經營許可證 and 深圳市小額貸款業務資格.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group has bank and cash balances of approximately HK\$25.3 million (as at 31 December 2019: HK\$25.9 million).

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

## GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.13 as at 31 March 2020 (as at 31 December 2019: 0.13).





## FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), Sterling Pound, United States dollars and Tajikistan Somoni. As at 31 March 2020, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

## OTHER INFORMATION

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

The interests of directors and chief executives' in the Shares of the Company were as follow:

Name of Directors	Capacity	Approximate percentage of the total issued shares	
		Number of shares as at 31 March 2020	as at 31 March 2020
Chan Nap Kee, Joseph	Beneficial owner	167,263,298 <i>(Note 1)</i>	29.01%
Yang Yongcheng	Beneficial owner	1,675,000 <i>(Note 2)</i>	0.29%
Wong Yun Kuen	Beneficial owner	525,000 <i>(Note 3)</i>	0.09%
Liew Swee Yean	Beneficial owner	204,000 <i>(Note 3)</i>	0.04%
Siu Siu Ling, Robert	Beneficial owner	204,000 <i>(Note 3)</i>	0.04%
Anderson Brian Ralph	Beneficial owner	150,000 <i>(Note 3)</i>	0.03%
Chen Chun Long	Beneficial owner	6,147,000 <i>(Note 4)</i>	1.07%
Ching Ho Tung, Philip	Beneficial owner	220,000 <i>(Note 4)</i>	0.04%

Save as disclosed above, as at 31 March 2020, none of the directors or chief executives of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

*Notes:*

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

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

During the period from 1 January 2019 to 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263, 298 as at 31 March 2020.

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng as Director on 30 December 2015 under the Share Award Scheme 2013. On 22 March 2018, 1,000,000 shares were shares awarded to Mr. Yang as Director under the Share Award Scheme 2016.



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

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

As at 31 March 2020, so far as is known to the Directors of the Company, the persons (not being a Director of the Company) who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

<b>Name of Shareholders</b>	<b>Capacity and nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of the total issued shares as at 31 March 2020</b>
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	29.01%
Ms. Yeung Po Yee, Bonita	Interest of spouse <i>(Note 1)</i>	167,263,298	29.01%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.21%
Ms. Wu Mingqin	Interest of spouse <i>(Note 2)</i>	81,950,000	14.21%

*Notes:*

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

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 31 March 2020, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

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

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

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

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

During the three months ended 31 March 2020, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, had not purchased any shares on the Stock Exchange. The total no. of shares in the Share Award Scheme as at 31 March 2020 was 13,610,000.

No share was awarded to any director or employee of the Company under the Share Award Scheme during the period.



#### **4. Directors' Interest in Competing Business**

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

#### **5. Purchase, Sale or Redemption of Listed Securities**

During the three months ended 31 March 2020, neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities.

### **CORPORATE GOVERNANCE**

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

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

[www.kaisun.hk](http://www.kaisun.hk) under "Investor Relations" section with heading of "Corporate Governance":

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

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

## **1. Audit Committee**

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

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

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

The Group’s financial statements for the three months ended 31 March 2020 have been reviewed by the AC, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

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

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the three months ended 31 March 2020. The Company has also made specific enquiry to all Directors and the Company was not aware of any noncompliance with the required standard of dealings under the GEM Listing Rules and its code of conduct regarding securities transactions by Directors.

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

The Board is committed to maintain good standard of corporate governance practices and procedures. The Company has complied with the code provisions set out in the Corporate Governance Code (the “CG code”) contained in Appendix 15 to the GEM Listing Rules throughout the three months period ended 31 March 2020 under review.



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

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the three months ended 31 March 2020, covering material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems are effective and adequate.

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

Hong Kong, 7 May 2020

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

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

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