



**KIRIN GROUP
HOLDINGS LIMITED**
麒麟集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 8109)

2020

Fifth Quarterly Report



A Step Forward, A Leap for Life.

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Kirin Group 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fifteen months ended 30 September 2020

	Notes	Three months ended 30 September		Fifteen months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Continuing operations					
Revenue	4	6,994	18,285	55,129	115,594
Cost of sales and services		(2,328)	(12,323)	(28,791)	(79,605)
Other income		–	2	1,221	91
Distribution costs		(29)	(339)	(793)	(8,828)
Share of profit of an associate		–	–	–	394
Impairment loss on deposit paid		–	–	–	(335)
Impairment loss on loan receivables		–	–	(14,436)	(4,802)
Impairment loss on property, plant and equipment		(170)	–	(170)	(10)
Impairment loss on trade and other receivables		–	–	(763)	(841)
Loss on disposal of subsidiary, net	8(c)	–	(33)	(33)	(2,650)
Administrative and other expenses		(4,580)	(11,787)	(36,603)	(49,901)
Finance costs		(7,315)	(8,131)	(42,882)	(41,287)
		<u>(7,428)</u>	<u>(14,326)</u>	<u>(68,121)</u>	<u>(72,180)</u>
Loss before taxation		(7,428)	(14,326)	(68,121)	(72,180)
Taxation	5	–	(567)	(133)	(1,610)
		<u>(7,428)</u>	<u>(14,893)</u>	<u>(68,254)</u>	<u>(73,790)</u>
Discontinued operation					
Profit/(loss) for the period from discontinued operation	6	–	(533)	(533)	9,115
		<u>(7,428)</u>	<u>(15,426)</u>	<u>(68,787)</u>	<u>(64,675)</u>
Other comprehensive income/ (expense) for the period					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange difference arising from translation of financial statements of foreign operations		–	(273)	(350)	216
Exchange reserve released upon disposal of subsidiaries		–	435	435	(358)
		<u>–</u>	<u>162</u>	<u>85</u>	<u>(142)</u>
Total comprehensive expense for the period		<u>(7,428)</u>	<u>(15,264)</u>	<u>(68,702)</u>	<u>(64,817)</u>

	Notes	Three months ended 30 September		Fifteen months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the period attributable to					
– Equity shareholders of the Company		(6,657)	(14,489)	(64,995)	(60,905)
– Non-controlling interests		(771)	(937)	(3,792)	(3,770)
		<u>(7,428)</u>	<u>(15,426)</u>	<u>(68,787)</u>	<u>(64,675)</u>
Total comprehensive income/(expense) for the period attributable to:					
Equity shareholders of the Company					
– continuing operations		(6,657)	(13,794)	(64,377)	(69,369)
– discontinued operation		–	(533)	(533)	8,322
		<u>(6,657)</u>	<u>(14,327)</u>	<u>(64,910)</u>	<u>(61,047)</u>
Non-controlling interests					
– continuing operations		(771)	(937)	(3,792)	(3,770)
		<u>(7,428)</u>	<u>(15,264)</u>	<u>(68,702)</u>	<u>(64,817)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	7				
From continuing and discontinued operations					
Basic and diluted		<u>(2.75)</u>	<u>(6.54)</u>	<u>(26.90)</u>	<u>(27.47)</u>
From continuing operations					
Basic and diluted		<u>(2.75)</u>	<u>(6.30)</u>	<u>(26.68)</u>	<u>(31.23)</u>

RESERVES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the fifteen months ended 30 September 2020

	Attributable to equity shareholders of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed Surplus HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000			
At 1 July 2018 (Audited)	221,684	313,576	-	219	30	(388,897)	146,612	(3,006)	143,606
Loss for the period	-	-	-	-	-	(60,905)	(60,905)	(3,770)	(64,675)
Disposal of a subsidiary	-	-	-	-	-	-	-	(7,201)	(7,201)
Exchange difference arising from translation of financial statements of foreign operations	-	-	-	216	-	-	216	-	216
Release of translation reserve upon disposal of subsidiaries	-	-	-	(358)	-	-	(358)	-	(358)
Total comprehensive expense for the period	-	-	-	(142)	-	(60,905)	(61,047)	(10,971)	(72,018)
Cancellation of paid-up capital	(220,576)	-	220,576	-	-	-	-	-	-
Reduction of share premium and transfer to contributed surplus	-	(313,576)	313,576	-	-	-	-	-	-
At 30 September 2019 (unaudited)	1,108	-	534,152	77	30	(449,802)	85,565	(13,977)	71,588
At 30 June 2019 (Audited) and 1 July 2019									
Issue of ordinary share	1,108	-	534,152	(85)	30	(435,313)	99,892	(13,040)	86,852
- upon fully conversion of convertible bonds	76	5,484	-	-	-	-	5,560	-	5,560
- upon completion of placing	134	7,666	-	-	-	-	7,800	-	7,800
- upon completion of subscriptions	80	4,257	-	-	-	-	4,337	-	4,337
Loss for the period	-	-	-	-	-	(64,995)	(64,995)	(3,792)	(68,787)
Exchange difference arising from translation of financial statements of foreign operations	-	-	-	(350)	-	-	(350)	-	(350)
Release of translation reserve upon disposal of subsidiaries	-	-	-	435	-	-	435	-	435
Total comprehensive income/(expenses) for the period	-	-	-	85	-	(64,995)	(64,910)	(3,792)	(68,702)
At 30 September 2020 (Unaudited)	1,398	17,407	534,152	-	30	(500,308)	52,679	(16,832)	35,847

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kirin Group Holdings Limited (the “Company”) is a company incorporated in Bermuda with limited liability and its shares are listed on GEM of the Stock Exchange.

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Unit 1005A, 10/F, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong. The Company acts as an investment holding company and the Group is principally engaged in the provision of money lending services, insurance brokerage services, and assets management and securities brokerage services in Hong Kong.

The condensed consolidated financial information is presented in Hong Kong Dollar (“HK\$”), unless otherwise stated.

2. CHANGE OF FINANCIAL YEAR END DATE

Pursuant to a resolution of the board (the “Board”) of the Directors dated 19 June 2020, the Company’s financial year end date was changed from 30 June to 31 December. The forthcoming annual report including audited consolidated financial statements of the Group will cover a financial period of 18 months from 1 July 2019 to 31 December 2020. Accordingly, the current fifth quarterly financial period covers the fifteen months ended 30 September 2020 and the comparative figures cover the fifteen months ended 30 September 2019.

3. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months and fifteen months ended 30 September 2020 (“Fifth Quarterly Financial Statements”) have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard (“HKAS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies and methods of computation applied in preparation of the Fifth Quarterly Financial Statements are consistent with those applied in preparing the Group’s annual consolidated financial statements for the year ended 30 June 2019, except as described below.

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are effective for the Group’s financial year beginning 1 July 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Other than the impact of HKFRS 16 Leases as stated below, the above new and revised HKFRSs have no significant financial effect on the unaudited condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated financial statements.

Application of HKFRS 16.C8(b)(ii) transition (lease-by-lease basis)

As 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

4. REVENUE AND SEGMENT INFORMATION

Information are reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reporting segments of the Group. The Group is principally engaged in provision of insurance brokerage services, assets management and securities brokerage services, and money lending services in Hong Kong. Specifically, the Group's reportable segments same as the operating segments under HKFRS 8 are as follows:

- (a) Insurance brokerage and related services;
- (b) Assets management and securities brokerage services; and
- (c) Money lending services.

During the fifteen months ended 30 September 2020, the operation of sales of livestocks was discontinued upon the disposal of a subsidiary, Cyber Leader Holdings Limited ("Cyber Leader"). The segment information does not include any amounts for the discontinued operations, the details of which are set out in notes 6(b) and 8(b).

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the fifteen months ended 30 September (Unaudited)

	Three months ended		Fifteen months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Insurance brokerage and related services	2,731	13,866	33,651	88,075
Assets management and securities related services	278	–	1,114	4,688
Money lending services	3,985	4,419	20,364	22,831
	<u>6,994</u>	<u>18,285</u>	<u>55,129</u>	<u>115,594</u>

5. TAXATION

Continuing operations

	Three months ended		Fifteen months ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong profits tax				
Current tax	–	567	–	1,635
Under/(over) provision in previous year	–	–	133	(25)
	<u>–</u>	<u>567</u>	<u>133</u>	<u>1,610</u>

(i) *Hong Kong income tax*

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

(ii) *Overseas income tax*

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company’s subsidiaries established in the British Virgin Islands (“BVI”) are incorporated under the International Business Companies Acts of the BVI and, accordingly, are exempted from the BVI income taxes. The Company’s subsidiary established in the Republic of Seychelles is exempted from payment of the Republic of Seychelles income tax.

6. DISCONTINUED OPERATIONS

- (a) On 27 December 2018, Philippines Dragon Limited (“Philippines Dragon”), a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interests in its subsidiary, Red Rabbit International Technology Inc. (“Red Rabbit”), a company incorporated in the Philippines which was principally engaged in the provision of information technology services (“Information Technology”). The disposal was completed on 31 December 2018 and the business of Information Technology was passed to the purchaser. Its results are presented in these condensed consolidated financial statements as discontinued operations.

The results of the business of Information Technology for the period from 1 July 2018 to 31 December 2018, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	1/7/2018– 31/12/2018 <i>HK\$'000</i> (Audited)
Revenue	5,967
Cost of sales	(1,200)
Distribution costs	(75)
Administrative and other expenses	(1,445)
	<hr/>
Profit before taxation from discontinued operation	3,247
Taxation	(298)
	<hr/>
Profit after taxation from discontinued operation	2,949
Gain on disposal of a subsidiary after taxation (<i>Note 8(a)</i>)	7,320
	<hr/>
Profit for the period from discontinued operation	10,269
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Profit for the period from discontinued operation include the following:	
Amortization	760
Depreciation	383
	<hr/> <hr/>
Other comprehensive income for the period from discontinued operations	
Exchange differences on translation of discontinued operations	748
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The cash flows of the discontinued operation are as follows:

Net cash outflow from operating activities	(196)
	<hr/>
Total cash outflow	(196)
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The carrying amounts of assets and liabilities of Information Technology at the date of disposal are set out in note 8(a).

6. DISCONTINUED OPERATIONS (CONTINUED)

- (b) On 16 September 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interests in its subsidiary, Cyber Leader, which carried out all of the Group's sales of livestock business. The disposal was completed on 16 September 2019 and the business of sales of livestock was passed to the purchaser. Its results are presented in these unaudited condensed consolidated financial statements as discontinued operations.

Loss for the period from the discontinued operations is analysed as follows:

	1/7/2019– 31/8/2019	1/7/2018– 31/8/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(102)	(723)
Loss on disposal of Cyber Leader (<i>Note 8(b)</i>)	(431)	(431)
	<u>(533)</u>	<u>(1,154)</u>

The results of the business of sales of livestock for the period from 1 July 2019 to 31 August 2019 and the period from 1 July 2018 to 31 August 2019, which have been included in the unaudited condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	1/7/2019– 31/8/2019	1/7/2018– 31/8/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Administrative and other expenses	(102)	(723)
Loss for the period from the discontinued operations	<u>(102)</u>	<u>(723)</u>

7. LOSS PER SHARE

Continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Three months ended		Fifteen months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to the owners of the Company	<u>(6,657)</u>	<u>(14,489)</u>	<u>(64,995)</u>	<u>(60,905)</u>
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of shares

Weighted average number of ordinary shares for the purpose of basic loss per share	<u>241,641</u>	<u>221,684</u>	<u>241,641</u>	<u>221,684</u>
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The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the fifteen months ended 30 September 2020 (30 September 2019: Nil).

The comparative figures for the basic loss per share for the three months and fifteen months ended 30 September 2019 are restated to take into account of the effect of the share consolidation completed during the period ended 30 September 2020 as if they had been taken place since the beginning of the comparative period.

7. LOSS PER SHARE (CONTINUED)

Continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Three months ended		Fifteen months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to the owners of the Company	(6,657)	(14,489)	(64,995)	(60,905)
Less: (profit)/loss for the period from discontinued operation	—	533	533	(8,322)
Loss for the purpose of basic and diluted loss per share from continuing operations	<u>(6,657)</u>	<u>(13,956)</u>	<u>(64,462)</u>	<u>(69,227)</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

Discontinued operation

Basic and diluted loss per share for the discontinued operation for the fifteen months ended 30 September 2020 is HK0.22 cents (30 September 2019: gain of approximately HK3.75 cents per share), based on loss of approximately HK\$533,000 for the period attributable to the owners of the Company from the discontinued operation for the period ended 30 September 2020 (30 September 2019: profit of approximately HK\$8,322,000) and the denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

Diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share for both continuing and discontinued operations as there were no potential dilutive ordinary shares outstanding during the fifteen months ended 30 September 2020 and 2019.

8. DISPOSAL OF SUBSIDIARIES

- (a) On 27 December 2018, Philippines Dragon entered into an agreement to dispose of the entire equity interests in Red Rabbit which was principally engaged in the Group's information technology services business at a cash consideration of HK\$3,800,000. The disposal was completed on 31 December 2018.

The assets and liabilities of Red Rabbit at the date of disposal were as follows:

	Total <i>HK\$'000</i> (Audited)
Intangible assets	2,660
Trade and other receivables	6,339
Amounts due with group companies	12,433
Bank balances and cash	21
Trade and other payables	(3,260)
Tax payable	(1,115)
Deferred tax liability	(171)
	<hr/>
Net assets disposal of	16,907
Non-controlling interests	(7,201)
Exchange reserve release upon disposal	(793)
Amounts due with the Group assigned and waived	(12,433)
Gain on disposal of subsidiaries (<i>Note 6(a)</i>)	7,320
	<hr/>
Total consideration	<u>3,800</u>
	<hr/>
Satisfied by cash	300
Consideration receivable	3,500
	<hr/>
	<u>3,800</u>
	<hr/>
Net cash inflow arising from disposal:	
Cash consideration	300
<i>Less:</i> Bank balances and Cash disposed of	(21)
	<hr/>
	<u>279</u>
	<hr/>

8. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) (Continued)

The consideration receivable was settled in cash by the purchaser subsequently before 30 June 2019.

The cash flows of the discontinued operation of Red Rabbit for the six months ended 31 December 2018 are set out in note 6(a).

- (b) On 16 September 2019, the Group entered into an agreement to dispose of its 100% equity interests in Cyber Leader which carried out all of the Group's sales of livestock business at a cash consideration of HK\$100,000. The disposal was completed on 16 September 2019.

The assets and liabilities of Cyber Leader at the date of disposal were as follows:

	Total <i>HK\$'000</i> (Unaudited)
Plant and equipments	3,621
Prepaid lease payment	2,320
Bank balances and cash	26
Other payables	<u>(5,871)</u>
Net assets disposal of	96
Exchange reserve release upon disposal	435
Loss on disposal of a subsidiary (<i>Note 6(b)</i>)	<u>(431)</u>
Total consideration	<u><u>100</u></u>
Satisfied by cash	50
Consideration receivable	<u>50</u>
	<u><u>100</u></u>

The consideration receivable was settled in cash by the purchasers subsequently during the fifteen months ended 30 September 2020.

8. DISPOSAL OF SUBSIDIARIES (CONTINUED)

- (c) On 16 September 2019, the Group entered into an agreement to dispose of its 100% equity interests in Aritza Holdings Limited (“Aritza”) at a cash consideration of HK\$4,500,000. The disposal was completed on 16 September 2019.

The assets and liabilities of Aritza at the date of disposal were as follows:

	Total <i>HK\$'000</i> (Unaudited)
Interests in an associate	4,550
Other payables	<u>(17)</u>
Net assets disposal of	4,533
Loss on disposal of a subsidiary	<u>(33)</u>
Total consideration	<u><u>4,500</u></u>
Satisfied by cash	500
Consideration receivable	<u>4,000</u>
	<u><u>4,500</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company and the Group is principally engaged in the provision of (a) insurance brokerage and related services; (b) asset management and securities brokerage services; and (c) money lending services in Hong Kong during the fifteen months ended 30 September 2020.

Business Review

Insurance brokerage and related services

The turnover of insurance brokerage and related services decreased by 61.8% to approximately HK\$33,651,000 (30 September 2019: approximately HK\$88,075,000). The decrease in turnover was mainly due to (i) keen competition from the competitors in the industry; (ii) the worsened local economy as a result of political unrest in Hong Kong; and (iii) the impact from the outbreak of novel coronavirus (“COVID-19”) pandemic, less customers were willing to purchase insurance and financial products since June 2019.

The Company will continue to explore overseas markets including but not limited to Japan, Philippines and Thailand for the geographical expansion of its business.

Asset management and securities brokerage services

In view of the limited financial resources of the Group and the recent unfavourable economic and political environment in Hong Kong, the Company will not allocate any resources into the asset management business. This segment did not generate any revenue for the fifteen months ended 30 September 2020.

As the capital market has slowed down in placing activities within the period under review, securities brokerage business recorded a revenue of approximately HK\$1,114,000 (30 September 2019: approximately HK\$4,688,000).

Money lending services

The money lending services of the Company recorded a revenue of approximately HK\$20,364,000 (30 September 2019: approximately HK\$22,831,000) which represents a decrease of approximately 10.8% from the corresponding period in 2019.

The Company will continue with its marketing campaign so as to achieve a bigger market share in the money lending industry notwithstanding the unfavourable market conditions.

Financial Review

For the fifteen months ended 30 September 2020, the Group's turnover was approximately HK\$55,129,000, representing a decrease of approximately HK\$60,465,000 or 52.3% as compared with the same period in the previous year (30 September 2019: approximately HK\$115,594,000). The decrease was mainly due to the decrease in turnover of the segments of insurance brokerage and securities brokerage which were affected by the unfavourable market environment and the impact arising from the political and social unrest and the outbreak of the COVID-19 pandemic.

Distribution costs for the fifteen months ended 30 September 2020 was approximately HK\$793,000, representing a decrease of HK\$8,035,000 as compared with approximately HK\$8,828,000 for the fifteen months ended 30 September 2019. The decrease was mainly due to the decrease in selling, distribution and marketing promotion expenses incurred for the business of insurance brokerage services.

Administrative and other expenses for the fifteen months ended 30 September 2020 was approximately HK\$36,603,000, representing a decrease of approximately HK\$13,298,000 as compared with the same period in the previous year (30 September 2019: approximately HK\$49,901,000). The decrease was mainly due to the decrease in salaries and directors' emolument.

An impairment loss of approximately HK\$14,436,000 on loan receivables was recognized in the fifteen months ended 30 September 2020 compared to that of approximately HK\$4,802,000 for the corresponding period in 2019. The magnitude of the impairment loss recognized in the fifteen months ended 30 September 2020 was derived from the assessment of lifetime expected credit losses undertaken by the Directors on 30 June 2020.

The finance costs represented interest on corporate bonds and interest on lease liabilities.

The Group recorded a loss before taxation of approximately HK\$68,121,000 for the fifteen months ended 30 September 2020, representing an decrease of 5.6% as compared with the same period in the previous year (30 September 2019: loss approximately HK\$72,180,000).

As at 30 June 2020, the corporate bonds issued by the Company on various dates in the total outstanding principal amount and coupon interests of approximately HK\$120,700,000 and HK\$4,100,000 respectively has fallen due. During the period from 1 July 2020 to 30 September 2020, the Company has settled the outstanding principal amount and coupon interests, which has fallen due, approximately HK\$5,121,000 and approximately HK\$1,471,000 respectively. Various bondholders had agreed to extend the repayment date, or to accept the repayment schedules proposed and/or partial payment.

Prospects

Hong Kong's economy has entered into a negative economic growth cycle which arises from the Sino-US trade disputes and the political unrest in Hong Kong since June 2019. In addition, with the continuous COVID-19 pandemic in Hong Kong since early 2020, Hong Kong's economy has deteriorated. As the Group's principal business activities are geographically focused in Hong Kong, these unfavourable conditions would inevitably bring negative impacts to the Group's business. Hence, the Group expects the growth of the Group will lose its momentum. In view of the difficulties facing ahead, the management of the Group will strive to look for new business and investment opportunities in order to migrate its geographical risks and diversify its business risks.

In order to diversify the business risks and the sources of income of the Group, Ample Gaint Investment Limited ("Ample Gaint"), a wholly owned subsidiary of the Group has entered into a non-legally binding memorandum of understanding with M-Shine Movies (Asia) Limited ("M-Shine") for the proposed subscription of 150,000 ordinary shares in the share capital of M-Shine in March 2020. The Company is conducting the due diligence review and as additional time is required for the due diligence review, an extension letter has been entered into between Ample Gaint and M-Shine on 18 September 2020 to extend the long stop date for entering into the formal agreement to 31 December 2020. The principal activities of M-Shine and its subsidiaries are the provision of entertainment services to the internet platforms and multi-channel networks businesses, organizing cultural activities, TV episodes production and advertising services in the People's Republic of China. With the advance development and extensive use of internet services, the Company is of the view that internet entertainment has become one of the trendiest and most popular sources for entertainment in the world. The Group believes the collaboration between the Group and M-Shine will provide driving force for the continual growth of the Group.

DIVIDEND

The Directors do not recommend the payment of any dividend for the fifteen months ended 30 September 2020 (30 September 2019: HK\$Nil).

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The Audit Committee currently comprises of all the independent non-executive Directors, namely, Mr. Ng Chi Ho, Dennis (as chairman), Mr. Li Chun Sing, and Mr. Lee Cheung Yuet, Horace.

The unaudited financial results for the fifteen months ended 30 September 2020 have been reviewed by the Audit Committee, who was of the opinion that the preparation of such financial results had complied with the applicable accounting standards and requirements and that adequate disclosure had been made.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE OF INTERESTS

A. Directors' and chief executives' interests or short positions in the shares, underlying shares or debentures of the company or any associated corporations

As at 30 September 2020, save as disclosed below, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Long position in the ordinary shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Wang Hongtao	Beneficial owner	495,000 (Long position)	0.18%
Mr. Zhou Wenjun ("Mr. Zhou") (note 1)	Interest of spouse	4,320,000 (Long position)	1.54%

Note 1: These 4,320,000 Shares are beneficially owned by Ms. Wang Guo Feng ("Ms. Wang"), being the spouse of Mr. Zhou. Mr. Zhou is therefore deemed to be interested in 4,320,000 Shares held by Ms. Wang under the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were 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 which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

B. Substantial Shareholders' interests and short positions in the Shares, debentures and underlying shares of the Company

As at 30 September 2020, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO.

Directors' and chief executives' rights to acquire shares or debt securities

Save as disclosed above and the "Share Option Scheme" mentioned below, as at 30 September, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Existing Scheme") pursuant to a resolution passed by the shareholders on 5 November 2010. Under the Existing Scheme, the board of Directors may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the board of Directors may determine.

In view of the fact that the Existing Scheme is valid and effective for a period of ten years from its date of adoption and will expire, the Board proposed to adopt a new share option scheme (the “New Scheme”) in accordance with Chapter 23 of the GEM Listing Rules. Subsequently, the Existing Scheme was terminated and the New Scheme was adopted upon passing of an ordinary resolution by the shareholders of the Company at the special general meeting held on 26 August 2020. For further details, please refer to the Company’s announcement and circular dated 10 August 2020.

As at 30 September 2020, none of the board of Directors, employees and other eligible persons of the Company on its subsidiaries were granted options to subscribe for the shares of the Company neither under the Existing Scheme nor the New Scheme.

MAJOR EVENTS DURING THE REPORTING PERIOD

On 16 September 2019, the Company and an independent third party (the “Purchaser”) entered into a sale and purchase agreement pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the entire 100% equity interests in Cyber Leader, a wholly-owned subsidiary that carried out the Group’s sales of livestocks business at a cash consideration of HK\$100,000. The disposal was completed on 16 September 2019.

On 16 September 2019, the Company and an independent third party entered into a sale and purchase agreement to dispose of its 100% equity interests in Aritza at a cash consideration of HK\$4,500,000. The disposal was completed on 16 September 2019.

The Company and China Rich Securities Limited (the “Placing Agent”) entered into a placing agreement and a supplemental placing agreement on 4 June 2019 and 30 October 2019 respectively, pursuant to which the Placing Agent has conditional agreed, on a best effort basis, to procure subscriptions for 2% coupon convertible bonds up to the principal amount of HK\$171,000,000 due on the third anniversary of the first issue date (the “Placing”), entitling the holders thereof the rights to convert 427,500,000 conversion shares of HK\$0.005 each in the share capital of the Company at an initial conversion price of HK\$0.4 (subject to adjustment). The Placing was subsequently completed on 20 January 2020 and the gross proceeds from the Placing is HK\$6,060,000. Details of which are set out in the announcements of the Company dated 4 June 2019, 30 October 2019 and 20 January 2020.

On 25 March 2020, Ample Gaint, a wholly owned subsidiary of the Company, as subscriber, and M-Shine, as issuer, entered into a non-legally binding memorandum of understanding, pursuant to which, it is proposed that Ample Gaint (or its nominee) will subscribe for 150,000 subscription shares to be allotted and issued by M-Shine, representing 60% of the share capital of M-Shine as enlarged by the allotment and issue of the subscription shares. The aggregate subscription price is preliminarily agreed to be HK\$6,000,000, whereas the exact amount and the manner of settlement are to be more specifically provided under the formal agreement. Details of which are set out in the announcement of the Company dated 25 March 2020.

On 11 May 2020, the Company has entered into a placing agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, up to 30,000,000 new shares to not less than six independent places at a price of HK\$0.3 per new share (the “2020 Placing”). The 2020 Placing was subsequently completed on 22 May 2020. The net proceeds from the 2020 Placing of approximately HK\$7,800,000 have been fully utilised for the repayment of outstanding indebtedness of the Group and as general working capital of the Group. Details of the 2020 Placing are set out in the announcements of the Company dated 11 May 2020 and 22 May 2020.

On 4 June 2020, the Company has entered into the subscription agreements with three subscribers, pursuant to which the subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 15,960,000 new shares in total (the “Subscriptions”). The aggregate subscription price payable by the subscribers to the Company shall be set off against the equivalent amount of the debts due from the Company to the subscribers on dollar-for-dollar basis. The Subscriptions were subsequently completed on 12 June 2020. The net proceeds from the Subscriptions of HK\$4,336,888 were fully utilised to set-off against the equivalent amount of debts on dollar-for-dollar basis. Details of the Subscriptions are set out in the announcements of the Company dated 4 June 2020 and 12 June 2020.

On 10 August 2020, the Company announced that the Board proposed resolutions, among other things, to refresh the current general mandate of the Company subject to the independent Shareholders’ approval, and to terminate the Existing Scheme and adopt the New Scheme subject to the shareholders’ approval. A special general meeting of the Company was subsequently held on 26 August 2020 and all the resolutions were duly passed by the shareholders. Details of which are set out in the announcement and circular of the Company dated 10 August 2020 and 26 August 2020 respectively.

EVENTS AFTER THE REPORTING PERIOD

As set out in the Company's announcements (the "Announcements") dated 12 October 2020 and 11 November 2020, two winding-up petitions have been filed against the Company by two of the corporate bondholders of the Company. The Company and the first petitioner have reached a settlement proposal subsequently and an order was granted by the High Court of Hong Kong (the "High Court") for the petitioner to withdraw the first winding-up petition on 4 November 2020. On 6 November 2020, the Company and the second petitioner entered into a deed of settlement to settle the second petition. On 10 November 2020, a consent summons was filed to the High Court for the discontinuance and withdrawal of the second winding-up petition. For further details, please refer to the Announcements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 September 2020, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The principles of the corporate governance policies of the Company are to emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company, save for the deviation mentioned below, has applied the principles and complied with all code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

Code provision A4.1 to the CG Code provides that non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision as the non-executive Directors and all independent non-executive Directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that the Directors ought to be committed to representing the long time interest of the Company's shareholders. The Company believes that the retirement and the re-election requirements of non-executive Directors and independent non-executive Directors have given the Company's shareholders the right to approve continuation of the independent non-executive Directors' offices.

Save as disclosed above, the Company has met all applicable code provisions as set out in the CG Code during the fifteen months ended 30 September 2020.

ADOPTED CODE FOR 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 (the “Standard Dealings”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and all the Directors confirmed that they have complied with the Standard Dealings during the fifteen months ended 30 September 2020.

By order of the Board
Kirin Group Holdings Limited
Wang Jinhan
Chairman

Hong Kong, 13 November 2020

As at the date of this report, the Board comprises Mr. Wang Jinhan, Mr. Wang Hongtao, Mr. Zhou Wenjun and Mr. Wang Jiankun as the executive Directors, Mr. Ng Chi Ho Dennis, Mr. Li Chun Sing and Mr. Lee Cheung Yuet Horace as the independent non-executive Directors.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This report will remain on the GEM website at www.hkgem.com on the “Latest Company report” page for at least 7 days after its posting and on the website of the Company at <http://www.tricor.com.hk/websevice/08109>.