KAISUN HOLDINGS LIMITED
凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203

2020
ANNUAL REPORT

COVID-19

* For identification purpose only

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This report, for which the directors (the "Directors") of Kaisun Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.

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

Corporate Information

Board of Directors

Executive Directors

Mr. Chan Nap Kee, Joseph *(Chairman)*
Mr. Yang Yongcheng

Independent Non-Executive Directors

Mr. Liew Swee Yean
Dr. Wong Yun Kuen
Mr. Anderson Brian Ralph
Mr. Siu Siu Ling, Robert *(retired on 30 December 2020)*

Joint Chief Executive Officers

Mr. Chen Chun Long
Mr. Ching Ho Tung, Philip

Company Secretaries

Ms. Young Helen
Mr. Wong Lok Man *(appointed on 31 August 2020)*
Mr. Yun Hon Man *(resigned on 31 August 2020)*

Audit Committee

Mr. Liew Swee Yean *(Committee Chairman)*
Dr. Wong Yun Kuen
Mr. Anderson Brian Ralph
Mr. Siu Siu Ling, Robert *(retired on 30 December 2020)*

Remuneration Committee

Dr. Wong Yun Kuen *(Committee Chairman)*
Mr. Chan Nap Kee, Joseph
Mr. Anderson Brian Ralph

Nomination and Corporate Governance Committee

Committee Chairman:
Mr. Anderson Brian Ralph
(appointed on 30 December 2020)
Mr. Siu Siu Ling, Robert *(retired on 30 December 2020)*
Member:
Mr. Liew Swee Yean
Mr. Chan Nap Kee, Joseph

Authorised Representatives

Mr. Chan Nap Kee, Joseph
Mr. Wong Lok Man *(appointed on 31 August 2020)*
Mr. Yun Hon Man *(resigned on 31 August 2020)*

Compliance Officer

Mr. Yang Yongcheng

Auditor

RSM Hong Kong

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

11/F, 46 Lyndhurst Terrace,
Central, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Bank of Communications Co., Limited
OCBC Wing Hang Bank Limited

Website

www.kaisun.hk

Stock Code

8203

Financial Summary

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out as below:

RESULTS

	Year ended 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**35,958**	138,566	146,100	90,680	35,218
(Loss)/profit before tax	**(69,705)**	(339,491)	7,159	73,754	(3,665)
Income tax credit/(expense)	**5,438**	14,430	1,890	4,543	(9,864)
Less: Loss from discontinued operations	**—**	(3,408)	(4,071)	—	—
Less: Loss/(profit) attributable to non- controlling interests	**3,972**	10,339	5,532	(28,990)	113
(Loss)/profit attributable to owners of the Company	**(60,295)**	(318,130)	10,510	49,307	(13,416)

ASSETS AND LIABILITIES

	As at 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**353,790**	340,886	665,872	562,404	306,544
Total liabilities	**(255,690)**	(181,709)	(166,475)	(81,870)	(26,849)
Owners' funds	**75,151**	125,312	454,026	439,114	287,206

Chairman's Statement

Witnessing how the COVID-19 pandemic had changed the world in 2020, we need to redefine what we consider as "normal". The world is facing the worst recession since World War II.

Contraction in advanced economies went up to 5.6%, which in turn affected emerging markets and developing economies, leading to a contraction of 2.5% in 2020. Furthermore, emerging markets and developing economies faced plunging export revenues, uncertainties caused by large drop in demand for commodities amid sharp fall in remittances. China was the only major economy that recorded growth in 2020, delivering growth of 2.3% attributable to recovery of domestic economy in the 4th quarter.

Currently, we no longer can travel to Central Asia given their travel restrictions to outsiders are still uncertain while the UK still have lockdown measures in place. Except for China, we had regrettably left all other business arena in 2020 to avoid contracting COVID-19 pandemic in uncertain environment which without the pandemic would have been a good component of our Belt and Road value chain but the pandemic disrupted our game plan yet we quickly adapt to the changes.

China had always been our major business focus. While other countries were suffering from the pandemic, our far-sighted prediction that China will still be the major business focus paid off. China maintained its vitality in growth and lead the global economy.

Amid pandemic in 2020, quarantine policies in Hong Kong indirectly caused most of our business came to a halt. Starting from the 3rd quarter, Mainland China started to resume working, with domestic GDP recording a rise of 6.5% in the 4th quarter beating market expectations according to National Bureau of Statistics. The success of China in resuming work and production provided a blueprint for post-pandemic era.

Our management team overcame a lot of difficulties in 2020 and started a 63-days business trip to Mainland China, including a 14-days mandatory quarantine in Shenzhen, followed by travelling to Xinjiang Autonomous Region and met with Turpan government officials and our construction team to prepare for the coal mining, and ground work for 2020 annual audit. Based on our prediction that COVID-19 will still prevail in Hong Kong and globally during the first half of 2021, we curtail our operations in other regions and focus our effort in our business in Mainland China, so as to look forward to a breakthrough that can cover up our time lost in 2020. We are very positive on our Xingliang mine in Xinjiang and expected cash flow will turn good in the forthcoming 2nd quarter of 2021. As for Mongolia, COVID-19 is very uncertain in Mongolia and management can only be cautious on returning to Mongolia, it is expected revisiting the Mongolia Choir Project can start in 3rd quarter 2021.

By adapting ourselves to changing business environment amid pandemic in 2020, our Group adopted new business model of using Cloud by shifting our focus from offline to online. Our quick adaption kept our business in line with market. At time of writing this Chairman statement, "China Digital International Travel Pass" was launched providing digital health certificate for international travellers. Upon worldwide rolling out of vaccines against COVID-19, international trade and travel can gradually resume, when our business can gradually resume to normal.

Upon a much greater understanding of the virus now, I think overall situation had improved compared to a year ago. In times of difficulties that we now faced, our original inspirations remain intact for us to overcome the challenges ahead.

I would like to wish our shareholders, business partners, and every stakeholder to stay safe so we can all get out of this stronger and better, and express my sincere thanks to all our shareholders as well as investors of Kaisun Holdings.

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

The global economy in 2020 was hardly hit by the unprecedented COVID-19 pandemic, when the world faced the greatest recession since World War II.

2020 was an extremely difficult year for Hong Kong when Hong Kong economy contracted 6.1% for the year, the worst decline since record. With underemployment rate surging to a 16-year high at 6.6% in the fourth quarter, the employment market deteriorated in 2020 resulting in an annual decline of 5.9%. Amid COVID-19 pandemic and the development of China-US relations in 2020, market sentiment remained uncertain causing great fluctuations in local stock market. As for tourism, an important sector for Hong Kong, visitors arrivals to Hong Kong of only 3.57 million was recorded for 2020, a drop of 93.6% compared to previous year, and was a 36-year low.

Adapting to COVID-19, our way of life and work had changed. Amid various partial border closures, curfews and lockdowns adopted by many countries to contain spread of COVID-19 during the first half of 2020, production and business activities were reduced. Our business activities that are not in Hong Kong were greatly restricted because of travel restrictions imposed under COVID-19.

Therefore, "Towards the New Normal" became the Group's main theme from second half to 2020, adopting new concepts and new business models for our business trasnformation. Operationalwise, we shifted focus from physical to online services. Financialwise, we kept cost under control and reduced administrative cost. These will be carried forward to 2021. The Group will work together under this crisis.

Looking Forward

A rebound in global economy is expected in 2021 amid the implementation of mass vaccinations campaign. In late January 2021, the International Monetary Fund (IMF) predicted a rise of 5.5% in 2021, however such recovery is affected by uncertainties and will be spread unevenly across the globe.

Though seriously impacted by COVID-19, Hong Kong finance market showed its resilience and vitality. Fuelled by 154 IPO listings in the Hong Kong Stock Exchange, reaching a 10-year record high of HK$397.7 billion in 2020, an increase of 26% from HK$315.5 billion in 2019. It is expected that 120–130 companies will choose to have IPO listing in Hong Kong, raising more than HK$400 billion.

"The 14th Five-Year Plan" and its draft long-range objectives to 2035 has designated a chapter for the Hong Kong and Macao special administrative regions, including positioning "Hong Kong as 3 Centres": Hong Kong as International Aviation Centre, International Centre of Innovation and Technology, International Centre of Art and Cultural Exchange.

In addition, it was mentioned in this draft that building Belt and Road Initiative platform, developing Guangdong-Hong Kong-Macao Greater Bay Area and the Pan-Pearl River Delta Regional Co-operation continued to drive Hong Kong's economic growth. Leveraging on competencies of both, China and Hong Kong can cooperate in future development, further improving existing industrial structures and enhancing resource allocation in Hong Kong. Having confidence that the new role of Hong Kong will revive Hong Kong's economy, the Group believes we can benefit from new opportunities arising in the upcoming three to five years.

Management Discussion and Analysis

"For moving fast, one can walk alone, while for moving far, we need to walk together" Our sincere thanks to all the shareholders and investors of the Group who supported us through this journey. In 2021, management of the Group will enhance communication and cooperation throughout the Group, steadily improve our performance and hoping that our hard work will bring return.

KAISUN ENERGY GROUP

Mining, manufacturing of machinery & supply

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

Tengzhou Kaiyuan Industrial Co., Ltd. ("Tengzhou Kaiyuan"), a joint venture of a subsidiary company of the Group, specializes in mining and metallurgical machinery production and owns 32 sets of safety certificates for mining products. Its major products are overhead manned cableway device and its accessories, as well as technical consultancy services including equipment installation, technical support and after-sales services.

Updates on China's mining machinery manufacturing industry in 2021

The tightening of coal import policy including an official ban on imports of Australian coal lead to significant drop in China's coal import last year. According to the National Bureau of Statistics, there was a decrease of 46.56% in October 2020 compared to the same period last year with only around 13.72 million tonnes of coal imported; a decrease of 43.8% in November 2020 compared with same period last year with only around 11.67 million tonnes of coal. From January to November, coal import decreased by 10.8% and was 265 million tonnes.

Amid low temperatures prevalent last year, demand for coal from electricity power stations, steel and construction industry increased compared with previous year according to the National Development and Reform Commission.

Our view is China will continue to adopt its current policy of reducing its reliance on foreign coal while utilizing domestic coal. Such policy together with increase in domestic demand for coal will likely result in increasing the demand for mining machineries, creating an expanded market for mining machineries where Tengzhou Kaiyuan will benefit.

(Retrieved source: https://www.hk01.com/%E5%8D%B3%E6%99%82%E4%B8%AD%E5%9C%8B/568973/%E7%85%A4%E5%83%B9%E5%A4%A7%E6%BC%B2-%E5%85%A7%E5%AA%92-%E8%8F%AF%E5%8D%97%E9%9B%BB%E5%BB%A0%E4%B8%8D%E5%B0%91%E5%8F%AA%E7%94%A8%E6%BE%B3%E6%B4%B2%E7%85%A4-%E9%99%90%E6%BE%B3-%E8%87%B4%E7%B5%90%E6%A7%8B%E6%80%A7%E7%9F%AD%E7%BC%BA)

Management Discussion and Analysis

Tengzhou Kaiyuan Highlights for the year

- Amid COVID-19 outbreak in 2020, lockdown policies were adopted in many cities in China to reduce the further spread of COVID-19, including mandatory requirement of workers to stay at home until central government allowed resumption of work. Such government policies resulted in slow down in operations of Tenzhou Kaiyuan in the 1st and 2nd quarter of 2020.

- During the 3rd quarter, our research provided 2 models of brand new mining machineries, with improved machinery performance and raised level of safety. Our effort in research succeeded in the 4th quarter when these 2 brand new mining machineries were launched into the market, enhancing competitiveness in our brand.

- In the 4th quarter, Tengzhou Kaiyuan actively followed up on the collection of accounts receivable in order to improve liquidity and alleviate cash flow pressure.

Production plant gradually
resuming operations

- COVID-19 accelerated its spread globally, drag down China's economy growth and caused negative impact to coal industry. Amid such business environment, Tengzhou Kaiyuan generated revenue of approximately HK$20.07 million in 2020.

Management Discussion and Analysis

ii. Shandong — Supply Chain Management Services

Shandong Kailai Energy Industrial Co., Limited ("Shandong Kailai") is a joint venture between a subsidiary of the Company and Shandong Bayi Coal Electrochemical Co., Ltd.

Shandong Kailai specializes in coal supply chain management, warehouse and logistics management as well as loading and unloading service. It has the right to use a section of railway permitted by China's Jinan Railway Bureau. Shandong Kailai's logistics centre is located at China's railway hub with a number of state-owned enterprises nearby. At present, Shandong Kailai's logistics centre, including environmental protection facilities and storage centre, has a total area of 110,000m², with an annual loading capacity of 3 million tons.

Updates on the impact of COVID-19 on China's coal rail transportation in 2021

Amid epidemic came under control in China, economic recovery is underway and downstream demand gradually recovered. According to China Railway, China's rail cargo volume reached 3.58 billion tons in 2020, an increase of 141 million tons and 4.1% compared to that of last year, supporting rail transportation already returned to normal.

As China continued its policy to tightening import of coal, in order to ensure that supply of coal is steady to meet the demand, China's domestic production of coal increased significantly, resulting in raising coal supply chain business as well. In January 2021, coal transportation volume by rail increased by 23% compared to that of last year, and reached 1.2 million tonnes.

Increase in coal demand will lead to increase in demand for coal supply chain business. The Group is of the view that when the epidemic gradually comes under control, Shandong Kailai's coal supply chain business will benefit.

(Retrieved source: http://www.xinhuanet.com/politics/2021–02/05/c_1127066090.htm)
(Retrieved source: http://www.hkcna.hk/content/2021/0203/877558.shtml)

Shandong Kailai for the year

- Amid nationwide lockdown, Shandong Kailai could only maintain limited services in the 1st and 2nd quarter.

- During the low season in the 3rd and 4th quarter, Shandong Kalai made use of such opportunity to implement internal renovation, including construction of a brand new storage centre by expanding its eastern platform so as to raise overall storage capacity, introducing a fully enclosed environmental friendly design facility so as to suppress dust pollution.

Management Discussion and Analysis

- The expansion of the eastern platform of Shandong Kailai was close to completion in the 4th quarter. The platform is planned to commence operations in the 1st quarter of 2021.
- The outbreak of COVID-19 caused major supply chain disruptions in the coal industry, resulting in an oversupply of coal, stocks of coal were piled up caused by reduced transportation of coal. As a result, Shandong Kailai recorded revenue approximately HK$10.40 million in 2020.

Preparation work for the expansion of Eastern Platform

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

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

To facilitate the consolidation project, Xingliang Mine was officially granted exploration license of 1.2 million tons on 11 August 2020. Moreover, the application for coal fire extinguishment work is under processing, and is expected to be approved in the 1st quarter of 2021. To prepare for the commencement of coal fire extinguishment work, a cooperation agreement has been reached with Shannxi Jinyuetai Engineering Company for the coal fire extinguishment project.

Analysis of Xinjiang's coal industry in 2021

Being rich in coal resources, Xingjiang is one of China's largest bases in coal, coal power and coal chemical. In 2020, the National Energy Administration approved a total of 22 coal projects, of which 20 were in Xinjiang, reflecting China's shift in selecting Xinjiang in coal production and the region's importance in the nation's coal production.

According to National Bureau of Statistics, Xinjiang transmitted 11.2 billion kWh of electricity, an increase of 55% in January 2021 compared to that of last year. In addition, according to the Xinjiang Power Trading Centre, Xingjiang plans to export a record-high 110 billion kWh of electricity in 2021, reflecting Xinjiang's all-round supporting facilities for coal industry and its adequate supply in coal and electricity.

Management Discussion and Analysis

Xingliang Mine enjoys strategic geographic advantages, as it is surrounded by power stations and chemical companies nearby. With steady demand for coal and the support of macro policy of the government, it is expected that Xingliang Mine will bring steady revenue to the Group.

Xingliang Mine for the year

- During the 2nd quarter, a public auction was held to complete the consolidation of nearby small-scale mines, and as a result, our mining area was increased from 1.1 sq.km. to 8.864 sq.km.

- As there were spontaneous combustions in the mining area, construction teams were invited by Xingliang mine and collaboration was reached with Joint Geological Survey Team of Coal Geology Bureau of Xinjiang Uygur Autonomous Region for preparing technical report to be submitted to the Turpan government for application for coal fire extinguishment project.

The coal fire extinguishment project will be carried out in the form of stripping and leveling

- Xingliang Mine had completed the preliminary application for the coal fire extinguishment project in the 2nd quarter. The project is in the final stages of application in the 3rd quarter.

- Under the collaboration with the Joint Geological Survey Team of Coal Geology Bureau of Xinjiang Uygur Autonomous Region, Xingliang Mine preliminarily completed the technical report for the coal fire extinguishment project in the 3rd quarter, and had reached an agreement with a construction team to conduct fieldwork for the project. More teams will be introduced for the project.

Management Discussion and Analysis

- Xingliang Mine had been preparing the application for the mining license of 1.2 million tons in the 4th quarter.

iv. Mongolia — Supply Chain Management Business

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

Analysis of Mongolia's mining industry amid COVID-19 pandemic in 2021

Due to the unprecedented COVID-19 pandemic, Mongolia's coal output and exports declined significantly in 2020, in particular from February to August. As improvement in pandemic was seen in September and October, its coal output and exports increased significantly. However, since November, its coal output and exports saw a steep decline again as Mongolia experienced another wave of COVID-19.

Mongolia produced 40.486 million tons of coal in 2020, a decrease of 10.337 million tons and 20.3% compared to the same period last year, according to National Statistical Office of Mongolia.

In view of Mongolia's recurrence of COVID-19 cases and its stringent containment measures, the Group has temporarily suspended the construction of Choir Logistics Centre. The Group, however, believes that the escalation in Sino-Australian trade tensions would prompt China to strengthen trade ties with Mongolia and deepen their comprehensive strategic partnership, which will benefit the business development of Choir Logistics Centre in the long run.

(Retrieved source: https://coal.in-en.com/html/coal-2590587.shtml)

Choir Project for the year

- Due to the stringent COVID-19 containment measures, the construction of Choir Logistics Centre was temporarily halted in the 1st and 2nd quarter of 2020.

- Due to differing views between the Group and the vendor regarding the contractual interpretation of the clauses on the fulfillment of obligations of Choir Logistics Centre, the aforementioned clauses are still under negotiation with the vendor.

Management Discussion and Analysis

AGRICULTURAL INVESTMENT AND DEVELOPMENT

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

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

At present, Cheung Lee owns approximately 8,000 mu of agricultural base and 1,500 mu of fruit plantation base.

Cheung Lee Highlights for the year

- To expand the sales channels of "Natural Vegetable", Cheung Lee launched a flagship store on online shopping platform HKTVmall in the 3rd quarter, and began exporting its vegetables to supermarkets in North London.

- In the 4th quarter, Cheung Lee formulated strategies on the sales of "Natural Vegetable" and tea, with the focus shifting towards to trading of tea, and had plans for its tea to enter the online leisure food sales platform in the Mainland as well as distributing them to various markets around the world.

FIRST QUARTER 2021 DEVELOPMENT GOALS

In order to meet our pre-pandemic targets, Kaisun Group will step up our efforts to make sure our production return in full force as soon as possible and accelerate business expansion. The Group's business goals in the 1st quarter are as follows:

Shandong — Mining and Metallurgical Machinery Production

- Due to the continuous spread of COVID-19, lockdown measures were implemented in a few cities including the suspension of work leading to slowdown of production, and delayed the delivery of products of Tengzhou Kaiyuan, resulting in below normal sales revenue in 2020. The logistics and transportation issues were expected to be improved in the 1st quarter of 2021, after which steady growth with more revenue to the Company is expected.

Shandong — Supply Chain Management Services

- The newly constructed, fully-enclosed and environmentally-friendly storage centre located at the eastern platform will commence operations in the 1st quarter of 2021, increase storage capacity while meeting environmental standards and putting environmental sustainability into practice.

- Shandong Kailai tried to increase trade volume in 2021 as part of its plan to increase revenue.

Management Discussion and Analysis

Xinjiang — Coal Exploitation Business

- In light of the recurrence of COVID-19 cases, Xinjiang announced a region-wide lockdown again, which caused delay in the final stages of approval for the coal fire extinguishment project. Nevertheless, the construction team is on standby in Xingliang Mine in the 1st quarter of 2021 and will kickstart the coal fire extinguishment project once the final approval is completed. Not only can the project help to maintain a safe working environment at the mine, it can also generate extra revenue for the Group.

- The application procedures for the mining license of 1.2 million tons for Xingliang Mine is under preparation.

Mongolia — Supply Chain Management Business

- Due to stringent COVID-19 containment measures in Mongolia, the Group is unable to hold negotiations with the vendor regarding the contractual interpretation of the clauses on the fulfillment of obligations of Choir Logistics Centre, but remains optimistic of completing the entire acquisition and commencing construction as soon as possible.

Agricultural Investment and Development

- Cheung Lee plans to develop its vegetable segment, with plans to further improve its facilities in the Yunnan agricultural base and expand its business scale.

- Cheung Lee has been formulating domestic sales strategies for vegetables, fruits and tea, with plans to increase its market share and brand reputation in the Mainland.

KAISUN BUSINESS SOLUTIONS

Event Management & Media Production Services

People's Communication & Consultant Company Limited and VOV Studio were greatly affected by the pandemic in 2020 as almost all of the local events were delayed or cancelled. Moreover, Covid-19 has dramatically reshaped global MICE (Meetings, incentives, conferences and exhibitions) industry. Such changes in norms of industry render adaptation of business most important.

To adapt to such changes in industry, our team launched new services such as hybrid event & video conferencing full-service package, and launched its Wechat official account for offering more personalized services to customers.

Esports Business

2020 was year of change to the development of Evoloop Limited, our E-sport company. Since the launch of GIRLGAMER Esports IP in 2017, the team launched this offline international event for building brand influence every year. In February 2020, the team had successfully held GIRLGAMER Finals in Dubai. However, travel restrictions and social distancing rules during the pandemic resulted in offline events could not be held. In order to increase brand exposure and business revenue, the team decided to move this event from offline to online. The GIRLGAMER Challenge is the new online competition in 2021 under the GIRLGAMER brand, which will be held online across Europe, North and South America, Oceania, Africa and Asia. Best female esports teams from the globe will gather to compete for the titles. The competition will be held online from March to May of 2021.

Management Discussion and Analysis

Kaisun Trust

Since the establishment in 2019, Kaisun Trust and Trustee Services Limited ("Kaisun Trust") has been committed to providing fiduciary services and fund administration services. Having steady clients, Kaisun Trust was less affected by the pandemic. In 2020, Kaisun Trust made great efforts on market promotion and all the efforts paid off. The total size of assets under administration has increased during the year of 2020.

Looking into the future, Kaisun Trust believes that it will continue to witness growth in the total size of assets under administration, targeting to reach US$200,000,000 in the first half of 2021. Kaisun Trust will also strive to expand its client base and bring in steady cash flow for the Group.

Investment Platform Development

The cooperation between the group and fund company Sturgeon Capital Limited ("Sturgeon") started when Covid-19 pandemic had not started. In the second half of 2020, it was expected that the pandemic could be effectively controlled when citizens could be vaccinated and normal daily travelling and economic activities in the UK as well as Belt and Road countries and regions could resume. However, Covid-19 pandemic worsened in UK and Belt and Road countries, impeding the region's economic activities. As London was locked down in the past year, Sturgeon, our UK fund company had also been seriously affected, resulting in stagnation of its business activities for a long period. Therefore, the company is facing deficiency in its operating capital. We do not expect UK and any of the Central Asia Belt and Road markets to recover anytime soon and we can only reduce our resources in this regard.

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. As the US-China trade war was still stalemate at the end of 2019, the unexpected COVID-19 outbreak in 2020 had beaten all social, political, and financial market forecasts. It also brought economic activities to a near-standstill as countries around the world suffered from lockdown, curfews, wave of closures and lay-offs. The pandemic is still not under control as the number of confirmed cases and deaths continued to rise. Nevertheless, in view of availability of COVID-19 vaccine in 2021, market confidence was raised and it is hoped that by the end of the year, global economy can return to normal level before the coronavirus outbreak.

As at 31 December 2020, the fair value of listed investment was approximately HK$36.3 million. The cost of listed investment was approximately HK$57.4 million.

In 2020, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was approximately HK$18.1 million. Dividend received from listed securities was approximately HK$71,000.

Hong Kong stock market last year lagged behind compared to the other countries during the reporting period. The Investment Committee is looking forward to a recorrection to the more positive side in 2021 when the vaccine are in full service. The investment committee will put more resources into value stock in the big data new economy sector.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue of the Group for the year ended 2020 amounted to approximately HK$36.0 million, represented a decrease of approximately 74.0% when compared with the same period in 2019 (2019: HK$138.6 million). Revenue arising from the sales of goods and provision of services amounted to approximately HK$24.9 million and HK$11.1 million respectively. Drop in revenue was mainly attributable to outbreak of coronavirus which stopped most of our operations since the first quarter in 2020.

The Group's gross profit for the year ended 2020 decreased approximately 38.8% to approximately HK$13.4 million when compared with the same period in 2019 (2019: HK$21.9 million). Gross profit arising from the sales of goods and provision of services amounted to approximately HK$9.2 million and HK$4.2 million respectively. Drop in gross profit was due to drop in revenue caused by the reason mentioned in previous paragraph.

For the year ended 2020, the total administrative and other operating expenses was approximately HK$60.2 million, a decrease of approximately 15.1% as compared with the same period in 2019 (2019: HK$70.9 million). Such drop of total administrative and other operating expenses for the year ended 2020 was mainly attributable to human resources restructuring in late 2019.

For the year ended 2020, the loss from continuing operations was approximately HK$64.3 million (2019: loss from continuing operations HK$325.1 million). The loss from continuing operation was mainly attributable to the impairment loss on trade and other receivables of approximately HK$4.8 million and fair value loss on financial assets at fair value through profit or loss ("FVTPL") of approximately HK$18.1 million. The Group recorded loss for year ended 2020 of approximately HK$64.3 million (2019: HK$328.5 million).

The total comprehensive loss attributable to owners of the Company for the year 2020 amounted to approximately HK$50.3 million (2019: HK$323.8 million).

Management Discussion and Analysis

As at 31 December 2020, the Group held financial assets at FVTPL of approximately HK$36.3 million, wholly comprised of listed investment in securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market in 2020, the gain on disposal of financial assets at FVTPL amounted to approximately HK$1.0 million (2019 loss on disposal: HK$28.6 million), whilst the fair value loss on financial assets at FVTPL was approximately HK$18.1 million for the year ended 2020 (2019: HK$24.5 million). The details of financial assets at FVTPL are set out as follow:

Company Name	Number of shares held as at 31 December 2020	% of share-holding as at 31 December 2020	Unrealized gain/(loss) on fair value change for the year ended 31 December 2020 HK$	Dividends received for the year ended 31 December 2020 HK$	Fair value as at 31 December 2020 HK$	Fair value as at 31 December 2019 HK$	% of the Group's net assets as at 31 December 2020	Investment cost HK$	Reasons for fair value loss
Hong Kong Listed Securities									
BOC Hong Kong (Holdings) Limited (2388) *(Note 1)*	15,000	0.0001%	(53,250)	21,585	**352,500**	405,750	0.36%	462,750	Drop in share price
EJE (Hong Kong) Holdings Limited (8101) *(Note 2)*	9,800,000	2.82%	(6,340,796)	—	**4,557,000**	10,323,000	4.65%	14,020,604	Drop in share price
HSBC Holdings plc (0005) *(Note 3)*	20,000	0.0001%	(200,000)	—	**815,000**	—	0.83%	1,015,000	Drop in share price
Wealthking Investments Limited (1140) *(Note 4)*	17,476,000	0.60%	(11,033,680)	—	**14,679,840**	26,496,000	14.96%	24,943,440	Drop in share price
Target Insurance (Holdings) Limited (6161) *(Note 5)*	18,052,000	3.46%	269,480	—	**10,470,160**	9,956,100	10.67%	10,783,610	—
Tesson Holdings Limited (1201) *(Note 6)*	13,215,000	1.10%	(781,155)	—	**5,418,150**	—	5.52%	6,199,305	Drop in share price
Cathay Pacific Airways Limited (0293) *(Note 7)*	—	—	—	—	**—**	345,600	—	—	—
China Petroleum & Chemical Corporation (0386) *(Note 8)*	—	—	—	—	**—**	938,000	—	—	—
Hong Kong Exchanges and Clearing Limited (0388) *(Note 9)*	—	—	—	—	**—**	3,795,000	—	—	—
Tsui Wah Holdings Limited (1314) *(Note 10)*	—	—	—	—	**—**	229,620	—	—	—
Total			(18,139,401)	21,585	**36,292,650**	52,489,070	36.99%	57,424,709	

Management Discussion and Analysis

Notes:

1. BOC Hong Kong (Holdings) Limited (HKEx: 2388) — The principal activities of BOC Hong Kong (Holdings) Limited is the provision of banking and related financial services.

2. EJE (Hong Kong) Holdings Limited (HKEx: 8101) — The principal activity of EJE (Hong Kong) Holdings Limited is investment holding. The principal activities of the EJE (Hong Kong) Holdings Limited's subsidiaries are: (i) 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.

3. 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").

4. Wealthking Investments Limited (Formerly known as OP Financial Limited) (HKEx: 1140) — The principal investment objective is to achieve earnings for the Company in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises.

5. Target Insurance (Holdings) Limited (HKEx: 6161) — Target Insurance (Holdings) Limited is principally engaged in writing of motor insurance business in Hong Kong.

6. Tesson Holdings Limited (HKEx: 1201) — Tesson Holdings Limited is principally engaged in Lithium Ion Motive Battery Business and Property and Cultural Business during the year.

7. 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.

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.

Management Discussion and Analysis

As at 31 December 2020, the Group held financial assets at fair value through other comprehensive income ("FVTOCI") and investment in associates of approximately HK$19.1 million and HK$nil respectively, wholly comprised of unlisted equity securities in Hong Kong and United Kingdom and redeemable preference shares. The details of financial assets at FVTOCI and investment in associates at investment cost are set out as follow:

Company Name	Number of shares held as at 31 December 2020	% of shareholding as at 31 December 2020	% of the Group's net assets as at 31 December 2020	Investment cost as at 31 December 2020 HK$	as at 31 December 2019 HK$
Financial assets at FVTOCI					
Cheung Lee Farming Corporation *(Note 1)*	870	8.7%	**8.87%**	**8,700,000**	8,700,000
Connect-Me Technologies Limited *(Note 2)*	990	9.9%	**0.001%**	**990**	990
Xin Ying Holdings Limited *(Note 3)*	8,000,000	N/A	**8.15%**	**8,000,000**	8,000,000
			17.02%	**16,700,990**	16,700,990
Investment in associates					
SCH Limited *(Note 4)*	45,560	45.56%	—	**8**	8
Sturgeon Capital Limited *(Note 4)*	24,999	9.96%	—	**7,800,000**	7,800,000
			—	**7,800,008**	7,800,008

Notes:

1. Cheung Lee Farming Corporation incorporated under the laws of the British Virgin Islands with limited liability. The principal activities of the company together with its subsidiaries are engaged in the business of production and distribution of pollution-free vegetables.

2. 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. 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.

4. Sturgeon Capital Limited ("Sturgeon Capital") is a London-based investment manager specializing in Belt and Road. As stated in the Company's announcement dated 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 ("Acquisition").

   For more information on this Acquisition, please refer to Note 23 to the Consolidated Financial Statements in P.142–143 of Annual Report 2019 dated 23 November 2020.

   During the year ended 31 December 2020, the directors of the Company had negotiation with the controlling parties of SCH Group for cancellation of share swap and restructuring arrangement.

   To provide cash flow for running Sturgeon Capital, on 25 January 2021, Sturgeon Capital issued and allotted 750,000 ordinary new shares, when Kaisun's Energy Management Limited effective shareholdings in Sturgeon Capital was diluted to 12.8%.

   The directors of the Company confirmed that the negotiation has not finalised up to the date of approval of these consolidated financial statements. As such, the management of the Group determined to make full impairment on the investment amount in the associates at the end of the year so as to reflect the potential risk of loss.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group has bank and cash balances of approximately HK$24.3 million (2019: HK$27.5 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.

During the year, a supplementary agreement was entered by the Company and holders of the Bonds in which the repayment date of the Bonds was extended to 23 August 2021 and the interest rate had been increased from 8% per annum to 10% per annum.

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.14 as at 31 December 2020 (2019: 0.15).

FOREIGN EXCHANGE EXPOSURE

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

INCOME TAX

Details of the Group's income tax expense for the year 2020 are set out in note 11.

HUMAN RESOURCES

As at 31 December 2020, the Group had 117 (2019: 123) staffs in Hong Kong and China.

The Group continues to employ, promote and reward its staff with reference to their performance and experience. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality. During the year 2020, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK$23.8 million (2019: HK$26.9 million) for the year 2020.

SEGMENT REPORT

The detailed segmental analysis are provided in note 46.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2020.

LITIGATION

As at 31 December 2020, the Group had no significant pending litigation.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are set out in note 47.

Biography of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chan Nap Kee, Joseph, aged 60, is the chairman, member of Remuneration Committee and Nomination and Corporate Governance Committee of the Group. He was appointed as an executive director in September 2008. He received his master degree majoring in international marketing from the University of Strathclyde and a diploma in China Investment and Trade from Peking University.

Mr. Chan has over 30 years of experience in commercial and investment banking, and asset management. From 1994 to now, Mr. Chan has been a founding partner of Oriental Patron Financial Group where he is also executive director of Oriental Patron Asia Limited and a non-executive director of Oriental Patron Securities Limited. He is independent non-executive director, member of each of Audit Committee, Remuneration Committee and Nomination Committee of North Asia Strategic Holdings Limited (Stock Code: 8080), a company listed on the GEM of the Stock Exchange. On social services, Mr. Chan is Chairman of Silk Road Economic Development Research Centre, Executive Vice President of Hong Kong Energy and Minerals United Association, Vice Chairman of China Hong Kong Economic Trading International Association and Vice President of Federation of Hong Kong Hubei Association and Honorary Advisor of Xinjiang Association of Hong Kong.

He holds licenses respectively of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) under the Securities and Futures Ordinance (cap. 571 of the Laws of Hong Kong).

Mr. Yang Yongcheng, aged 51, was appointed as an executive director in February 2009, and compliance officer with effect from 31 December 2016. He graduated from the Yikezhao League School of Finance (伊盟財經學校) in Inner Mongolia of the PRC and the China Central Radio & TV University, majoring in financial accounting. He holds an EMBA from the Zhongnan University of Economics and Law.

Mr. Yang has been involved in senior positions for corporate management for a long period of time, has profound knowledge of the human and economic development environment in the Mengxi region of Inner Mongolia of the PRC, and possesses extensive experience in corporate investment, product and market development as well as operation of minerals enterprises.

Biography of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liew Swee Yean, aged 57, is chairman of audit committee and member of Nomination and Corporate Governance Committee, and has over 20 years of experience in finance and general management, and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Liew holds a Master of Business Administration (Executive) Degree from the City University of Hong Kong.

Mr. Siu Siu Ling, Robert, aged 68, is chairman of Nomination and Corporate Governance Committee, member of audit committee and remuneration committee until he retired on 30 December 2020. He is a sole proprietor of the firm Messrs. Robert Siu & Co., Solicitors. Mr. Siu is an independent non-executive director of Finet Group Limited (Stock Code: 8317) Future World Financial Holdings Limited (Stock Code: 572), all of which are listed on the Hong Kong Stock Exchange.

Mr. Siu holds a bachelor's degree in laws from the University of London and a postgraduate certificate in laws from the University of Hong Kong. He also holds a Master of Laws from the University of Greenwich, U.K. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His main legal practice is in the field of commercial and corporate finance.

Dr. Wong Yun Kuen, aged 63 is the chairman of Remuneration Committee and member of audit committee. He received two B.S. degrees in Geology and Mathematics from University of Wyoming, and Master and Ph.D. degree in Geophysics from Harvard University, and was "Distinguished Visiting Scholar" in finance at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of Hong Kong Securities Institute and a life member of American Geophysical Union.

He is the chairman and executive director of both UBA Investments Limited and the independent non-executive director of GT Group Holdings Limited.

He was the chairman and executive director of Far East Holdings International Limited until 22 December 2020, non-executive director of China Sandi Holdings Limited until 29 September 2019, and the independent non-executive director of DeTai New Energy Group Limited, Synergis Holdings Limited until 22 December, 2020, China Asia Valley Graphene Group Limited until 29 December 2020, Kingston Financial Group Limited until 28 August 2019, Boill Healthcare Holdings Limited (formerly known as "Ngai Shun Holdings Limited") until 21 December 2018. All are listed on the Stock Exchange. He was also independent non-executive director of formerly listed companies Asia Coal Limited until 6 June 2019, and Tech Pro Technology Development Limited until 2 March 2020.

Biography of Directors and Senior Management

Mr. Anderson Brian Ralph, aged 77, is chairman of Nomination and Corporate Governance Committee since 30 December 2020, member of audit committee and remuneration committee. He holds a Bachelor of Science Degree in Metaliferous Mining Engineering from the Camborne School of Mines, the University of Exeter and a Master of Science Degree in Petroleum Reservoir Engineering from the University of London.

Mr. Anderson has more than 50 years of global experience (of which 32 years with Shell International) in the mining and energy resources industries.

During his tenure as a Chairman of Royal Dutch/Shell Group of Companies ("Shell") in North East Asia, he was responsible for developing Shell's future business, in particular through the formation of important strategic alliances with two of the major state-owned Chinese petroleum corporations, which have since led to multi-billion dollar investment commitments in the petroleum and petrochemicals sectors in China, including important new business opportunities in coal gasification.

Mr. Anderson's China experience also includes a 6-year involvement with the prestigious China Council for International Co-operation on the Environment and Development and which includes Ministerial and Vice-Ministerial level appointees from within the PRC government, and top-level international members from government and global multilateral organization and businesses. He represented the Shell's group of companies as a council member for 4 years, and has participated as a member of two taskforces involved with energy and sustainable development policy for China.

Mr. Anderson is chairman and managing director of Anderson Energy (Hong Kong) Limited, an energy consulting firm advising corporate clients globally, Chairman of Criterium Energy, a Canadian registered company with Oil and Gas development interests in the APAC region, Director of The Addax and Oryx Foundation, a Swiss-based Charity with main interests in Africa and the Middle East, and Director of SLY (Asia) Limited, a marketing consulting company registered in Hong Kong.

SENIOR MANAGEMENT

All the executive directors of the Company are respectively responsible for various aspects of the business and operation of the Group. All executive directors are regarded as members of the senior management team of the Group.

Directors' Report

The board ("Board") of directors ("Directors") of the Company is pleased to submit its report together with the audited consolidated financial statements ("Financial Statements") of the Company and its subsidiaries (collectively as "the Group") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 41 to the Consolidated Financial Statements.

An analysis of the Group's performance for the year ended 31 December 2020 by segments is set out in note 46 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss on pages 74 to 75.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2020.

BUSINESS REVIEW

A review of the business of the Group for the year 2020 and a discussion on the Group's future business development and the principal risks and uncertainties facing the Group are provided in the Chairman's Statement, Management Discussion and Analysis from pages 5 to 21. In addition, the financial risk management objectives and policies of the Group can be found in note 6 of the Consolidated Financial Statements. An analysis of the Group's performance during the year 2020 using financial key performance indicators is provided in the Financial Summary on page 4.

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

The Group recognizes that our employees, customers and business partners are the keys to our sustainable development. The Group is committed to establishing a close and caring relationship with our employees, providing quality services to our customers and enhancing cooperation with our business partners.

In addition, details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as relationships with its employees, customers and suppliers during this financial year, required to be disclosed pursuant to Rule 13.91 of the Listing Rules. For more information, please refer to the environmental, social and governance report to be issued by the Group. This report will be available for viewing and downloading from the websites of the Group and Hong Kong Stock Exchange after its publication.

Directors' Report

RESERVES

Movements in the reserves of the Group during the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity of the Group.

DONATIONS

Charitable and other donations made by the Group during the year ended 31 December 2020 amounted to HK$Nil (2019: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 18 to the Consolidated Financial Statements.

SHARE CAPITAL

Particulars of the share capital of the Company are set out in note 37 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2020 amounted to HK$nil (2019: HK$nil). Under Section 34 of the Companies Law of the Cayman Islands, the reserves are available for distribution to shareholders subject to the provisions of the articles of association of the Company (the "Articles") and no distribution shall be paid to shareholders of the Company ("Shareholders") out of the reserves unless the Company shall be able to pay its debts as they fall due in the ordinary course of business of the Group.

DIVIDEND POLICY

Our dividend policy is to recommend dividend distribution to shareholders, where circumstances permits, at a payout ratio of 20% of eligible profits for the year, with the remainder of the profits retained as capital for future use.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account the following factors

— the Group's operations, earnings, financial condition, cash requirements and availability,

— capital expenditure and future development requirements,

— any restrictions under the Companies Law of the Cayman Islands, the articles of association of the Company ("Articles of Association") and the Shareholders, and

— other factors it may deem relevant at such time.

The Dividend Policy will be reviewed from time to time, however, it is not guaranteed that dividend will be proposed within any period of time.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for each of the last five financial years is set out on page 4.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force throughout the financial year.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides approximate cover for the Directors of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities.

PENSION SCHEME

According to the legislation of Hong Kong relating to the Mandatory Provident Fund ("MPF"), with effect from 1 December 2000, the Group is required to participate in the MPF scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contributions is limited to HK$1,500 for each eligible employee) as calculated under the MPF legislation.

SHARED-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.

No shares were purchased by the trustee of the Share Award Scheme for year ended 31 December 2020. During the year ended 31 December 2019, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 12,440,000 shares for total consideration of approximately HK$2,976,000. During the year ended 31 December 2018, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 1,170,000 shares for total consideration of approximately HK$395,000. Hence, the total no. of shares in the Share Award Scheme as at 31 December 2020 was 13,610,000.

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

Directors' Report

DIRECTORS

The Directors during the year 2020 were:

Executive Directors:
Mr. Chan Nap Kee, Joseph *(Chairman)*
Mr. Yang Yongcheng *(Compliance Officer)*

Independent Non-Executive Directors:
Mr. Liew Swee Yean
Dr. Wong Yun Kuen
Mr. Anderson Brian Ralph
Mr. Siu Siu Ling, Robert (retired on 30 December 2020)

According to Article 86 of the articles of association of the Company ("the Articles"), the directors shall have the power from time to time and at any time to appoint any person as a director to fill a casual vacancy on the Board or, as an addition to the existing Board provided that the number of directors so appointed by the Board shall not exceed any maximum number determined from time to time by the Shareholders in general meeting. Any director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the following annual general meeting of the Company ("AGM") (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.

During the year 2020, in accordance with Article 86 of the Articles, no director will retire from office and shall then be eligible for re-election at that meeting.

According to Article 87 of the Articles, one-third of the directors for the time being (or, if the number of directors is not three (3) or a multiple of three (3), the number nearest to but not less than one-third), shall retire at each AGM by rotation, provided that every director shall be subject to retirement by rotation at least once every three (3) years. The retiring directors shall then be eligible for re-election at the AGM.

In accordance with Article 87 of the Articles, Mr. Yang Yongcheng and Mr. Anderson Brian Ralph will retire from offices by rotation at the forthcoming AGM, and being eligible, offer themselves for re-election at the forthcoming AGM.

According to Code provisions A.4.3 of Appendix 15 Corporate Governance Code and Corporate Governance Report of the Rules Governing the Listing of Securities on the GEM of Stock Exchange (the "GEM Listing Rules"), if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.

As Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph served for more than 9 years in year 2021, accordingly, their further appointments in 2021 should be subject to separate resolutions to be approved by shareholders, which were attained by way of re-election at the AGM. Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph offered themselves for re-election at the AGM. Mr. Siu Siu Ling, Robert retired as independent non-executive director of the Company at the Annual General Meeting of the Company held on 30 December 2020.

The Company has received from each of Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, being the independent non-executive directors, annual confirmations of their independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers each of the independent non-executive directors to be independent.

DIRECTORS' SERVICE CONTRACTS

The term of office for each of Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, being the independent non-executive directors, is for a term of one year and may be extended for such period as agreed in writing by the directors concerned and the Company. Currently, Mr. Liew Swee Yean has been appointed as an independent non-executive director up to 7 November 2021, Dr. Wong Yun Kuen has been appointed as an independent non-executive director up to 29 September 2021, Mr. Anderson Brian Ralph has been appointed as an independent non-executive director up to 22 January 2022.

Save as disclosed above, none of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Details of the directors' emoluments are set out in note 14 to the Consolidated Financial Statements.

DIRECTORS' REMUNERATION

It is proposed that the Board be authorised to fix the directors' remuneration at the forthcoming AGM. The remuneration, including any bonus payments, housing allowance and share award, to be paid to the directors, are recommended by the remuneration committee of the Board ("Remuneration Committee") with reference to the directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTEREST IN CONTRACTS

There were no contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a director had a material interest, whether directly or indirectly, subsisting as at the end of the year or at any time during the year 2020 under review.

Directors' Report

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

The interest of the directors in the Shares of the Company were as follow:

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

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

Notes:

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

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

   During the year ended 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263, 298 as at 31 December 2019 and 2020.

Directors' Report

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng ("Mr. Yang") as Director on 30 December 2015 under the Share Award Scheme 2013. On 22 March 2018, 1.000,000 shares were shares awarded to Mr. Yang as Director under the Share Award Scheme 2016. In addition, 60,000 shares were purchased by Mr. Yang on the market from 12 November 2018 to 31 December 2018. Hence, the total no. of shares owned by Mr. Yang was 1,675,000.

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.

INTEREST OF SUBSTANTIAL SHAREHOLDERS IN SHARES OF THE COMPANY

As at 31 December 2020, so far as is known to the Directors of the Company, the persons who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

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

CONTINUING CONNECTED TRANSACTIONS

Agreement for Supply of Coal for three years

On 30 November 2017, Shandong Kailai entered into the Master Coal Supply Agreement with Yihe and Zaozhuang Bayi in relation to the supply of coal by Shandong Kailai to Yihe for a term of three years commencing from 1 January 2018 to 31 December 2020 (both dates inclusive). It is expected that the transaction amount for the transactions under the Master Coal Supply Agreement for the three years ending 31 December 2020 will not exceed the annual caps of HK$414 million, HK$448.5 million and HK$448.5 million, respectively. There was no transaction under the Master Coal Supply Agreement for the year ended 31 December 2020 and 2019.

As (i) Shandong Bayi is a substantial shareholder of Shandong Kailai, an indirect non-wholly owned subsidiary of the Company; (ii) Shandong Bayi is wholly owned by Yihe; and (iii) Zaozhuang Bayi is owned as to 75% by Shandong Bayi, each of Yihe and Zaozhuang Bayi is a connected person of the Company at the subsidiary level. As such, the transactions under the Master Coal Supply Agreement constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Master Coal Supply Agreement

Date and parties

Date: 30 November 2017

Parties: (1) Shandong Kailai, as supplier;
(2) Yihe, as purchaser; and
(3) Zaozhuang Bayi, as receiver.

Principal terms of the Master Coal Supply Agreement

During the term of the Master Coal Supply Agreement, it is agreed that Yihe shall purchase not less than 50,000 tonnes of coal from Shandong Kailai each month which shall be delivered by Shandong Kailai to the location as designated by Zaozhuang Bayi (which is owned as to 75% by Shandong Bayi) at the cost of Shandong Kailai. Pursuant to the Master Coal Supply Agreement, the coal to be supplied thereunder shall be for generating electricity.

Under the Master Coal Supply Agreement, the sale price of coal shall be determined by both parties after arm's length negotiations based on the prevailing market price, provided that, in any event, the terms and conditions for the supply of coal by Shandong Kailai to Yihe (including the sale price of each unit of coal) shall be no less favourable as those between the Group and its other coal purchasers who are Independent Third Parties (the "Independent Purchasers"). In the event that sale price offered by other supplier(s) of coal of Yihe which is/are Independent Third Parties for comparable quantities and specifications of coal are the same as those of Shandong Kailai, Shandong Kailai shall have the priority to supply the coal to Yihe for purchase. Under the Master Coal Supply Agreement, there is no exclusivity commitment restricting the Group from supplying coal to Independent Purchasers.

In order to assess whether the sale price of coal under the Master Coal Supply Agreement is fair and reasonable and no less favourable than that between the Group and the Independent Purchasers, the Group would consider the following factors before supplying coal to Yihe under the Master Coal Supply Agreement:

1. the national industrial policy as well as industry and market conditions in the PRC;

2. the specified guidelines issued by the National Development and Reform Commission of China setting out the coal purchase prices (if any);

3. the current coal transaction price in local coal exchange centre and market in the PRC;

4. the quality of the coal (including the estimated calorific value of coal as required by different power generating unit);

5. the quantity of coal;

6. the estimated transportation fees based on the distance between the relevant coal mines and the delivery location as designated by Zaozhuang Bayi; and

7. the market unit price of coal with comparable quality and quantity supplied by the Group to the Independent Purchasers.

The Directors (including the independent non-executive Directors) consider that the above methods and procedures can ensure that the transactions contemplated under the Master Coal Supply Agreement will be conducted on normal commercial terms and no less favourable than those available from Independent Purchasers and in the interest of the Company and its shareholders as a whole.

Yihe will settle the purchase of coal from Shandong Kailai on a monthly basis based on the actual quantity of coal purchased.

The Master Coal Supply Agreement shall have a term of three years commencing from 1 January 2018 to 31 December 2020 (both dates inclusive).

For further details, please refer to the Company's announcement dated 30 November 2017.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year 2020 under review.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of cost of sales and sales for the year 2020 attributable to the Group's major suppliers and customers are as follows:

Cost of sales		
—	the largest supplier	19%
—	five largest suppliers combined	46%
Sales		
—	the largest customer	16%
—	five largest customers combined	47%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers mentioned above.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with most of the code provisions as set out in the Code of Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2020. Details of compliance and deviation are set out in the Corporate Governance Report on pages 36 to 63.

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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there are no restrictions against such rights under the laws in the Cayman Islands.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 41 to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are set out in note 47 to the Consolidated Financial Statements.

AUDITOR

At the Company's last Annual General Meeting, RSM Hong Kong was re-appointed as auditor of the Company.

RSM Hong Kong retires, and, being eligible, offer themselves for re-appointment. A resolution for re-appointment of RSM Hong Kong will be put at the forthcoming Annual General Meeting.

For and on behalf of the Board

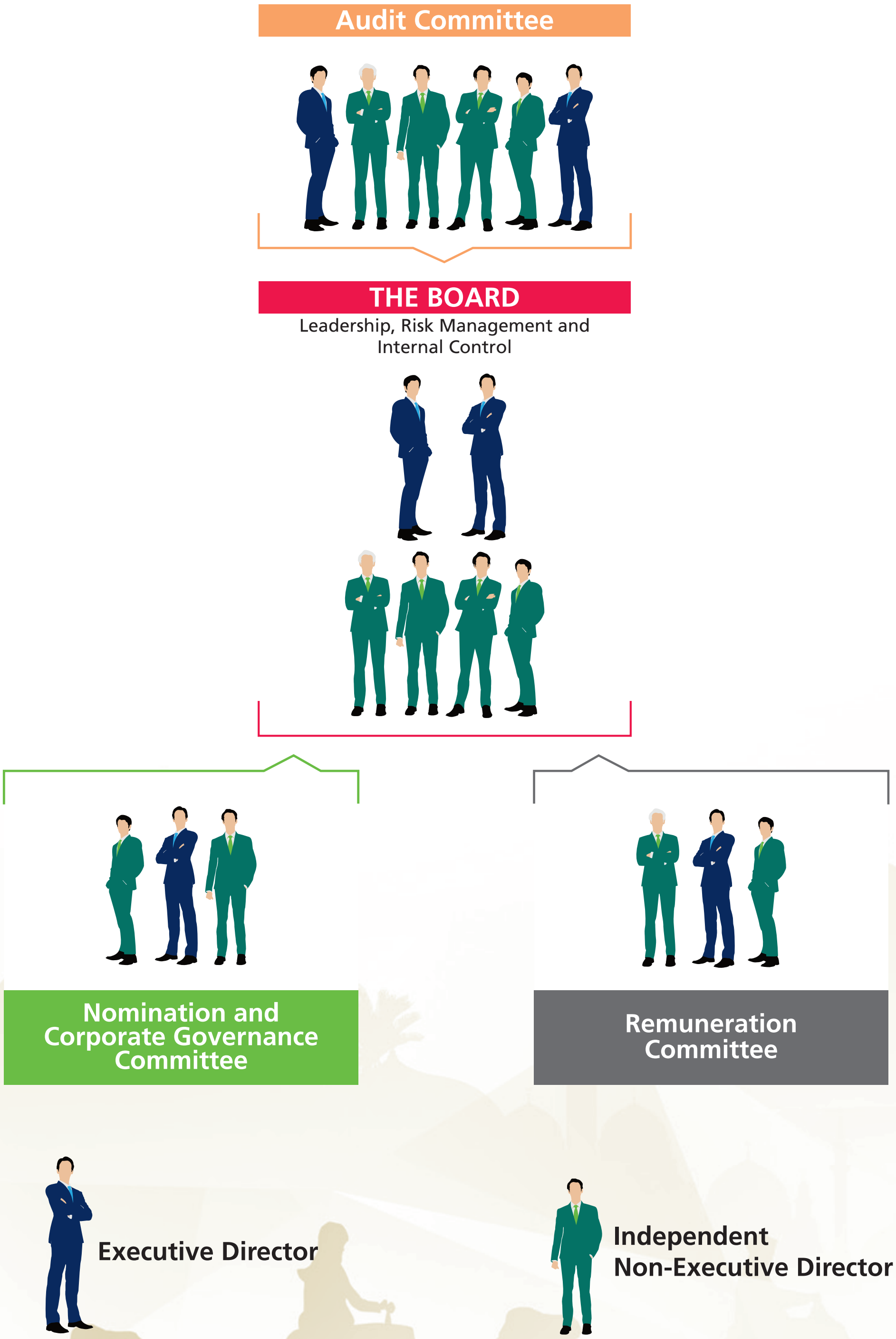
Chan Nap Kee, Joseph
Chairman

Hong Kong, 22 March 2021

Corporate Governance Report

OUR GOVERNANCE FRAMEWORK

Kaisun operates with a clear and effective governance structure



Corporate Governance Report

THE BOARD

Oversees overall governance, financial performance and development of the Group, collectively responsible for long-term success of the Group

Leadership: provides leadership and direction for the business of the Group.

Risk Management and Internal Control: ensures only acceptable risks are taken

Audit Committee

- Oversees financial reporting process
- Reviews internal control and risk management system

Nomination and Corporate Governance Committee

- Recommends Board appointment
- Reviews Group's practices on corporate governance

Remuneration Committee

- Sets remuneration policy for executive directors
- Determines executive director's remuneration and incentives

Corporate Governance Report

Remuneration Committee Report
Page 45

Nomination and Corporate Governance Committee

Page 46 to Page 50

Further information

Kaisun's governance framework serves as a guide for the Board, Joint Chief Executive Officers and management in the performance and fulfillment of their respective obligations to Kaisun and its stakeholders. The key components of Kaisun's governance framework, including guidelines, policies and procedures ensures

(i) the existence of a capable and qualified Board with diverse backgrounds and skills;

(ii) the establishment of appropriate roles for the Board and various committees; and

(iii) a collaborative and constructive relationship between the Board, Joint Chief Executive Officers and the management.

The following constitutes key components of Kaisun's governance framework. They are posted on the Company's website: www.kaisun.hk

- List of Director and their Role and Function
- Terms of References of the various corporate governance related Board Committees
- Articles of Association
- Memorandum of Association.

The Board also regularly assesses and enhances its governance framework, practices and principles in light of regulatory regimes as well as Company needs.

Audit Committee Report
Page 51 to Page 52

Risk Management and Internal Control Report

Page 53

Corporate Governance Report

Appointment of Joint chief executive officers (CEOs)

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

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

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

Role and Function of the Board

Being collectively responsible for long-term success of the Group, the Board provides leadership and direction for the business of the Group and establishes a risk management and internal control system for proper management of the Group. The daily operational matters of the Group are delegated by the Board to Joint Chief Executive Officers and the management.

Appointment of four independent Directors with a diverse background

The Board is structured to ensure it is of a high caliber and has a balance of skills, experience and diversity of perspectives desirable for effective leadership of the Group.

Regarding board composition, in view of good corporate governance, we are one of the few listed companies in Hong Kong where we have more Independent non-executive Directors than Executive Directors. As at 29 December 2020, the Board comprised six Directors: two Executive Directors and four Independent non-executive Directors (INEDs).

INEDs comprise two-third of the Board which exceeds the Listing Rules requirement that INEDs shall represent at least one-third of the Board. The rationale behind such appointment is that the Company should be monitored by independent non-executive Directors on behalf of public shareholders.

Corporate Governance Report

In 2020, four Independent Non-executive Directors drawn from diverse and complementary backgrounds spanning mining, accounting and legal professional. They bring valuable experience and insight in the following areas of experience and expertise, driving the corporate strategy and growth of the Group:

EXPERTISE/EXPERIENCE	NAME OF DIRECTORS
EXPERTISE AND EXPERIENCE IN MINING FIELD	
Past experience as a senior executive in a major mining company	Mr. Anderson Brian Ralph
Expertise as a geological expert	Dr. Wong Yun Kuen
MACRO-ENVIRONMENT AFFECTING THE GROUP	
Expertise in the economic, political social environment affecting the Group and its operation	Mr. Anderson Brian Ralph Dr. Wong Yun Kuen
AUDIT COMMITTEE ACCOUNTING EXPERTISE	
Expertise on "Audit Committee Accounting Expertise" under the Listing Rules	Mr. Liew Swee Yean
LEGAL EXPERTISE	
Legal expertise for advising general management for business	Mr. Siu Siu Ling, Robert

Note: Director's full biography are set out from pages 22 to 24

HOW THE BOARD, JOINT CEOs AND MANAGEMENT WORKS TOGETHER

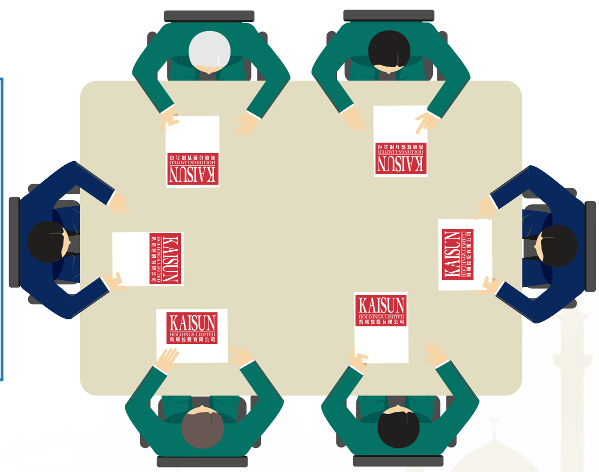
Through respecting each other's role, the Board, Joint CEOs and management are supportive of the development and maintenance of a healthy corporate governance culture.

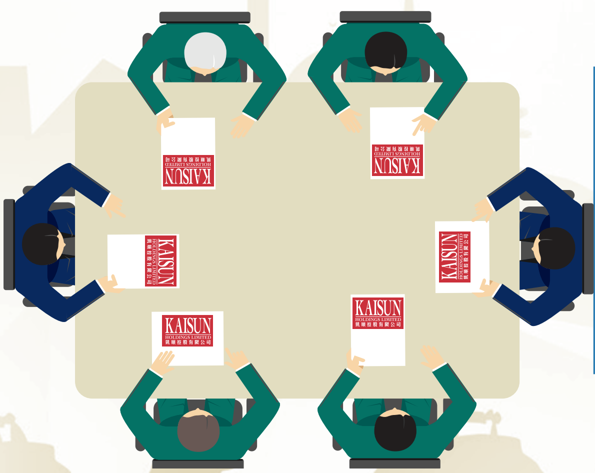
For the day-to-day operation of the business, the Board relies on Joint CEOs and management. The Board monitors what Joint CEOs and management are doing. In terms of strategy formulation, the Board works closely with Joint CEOs and management in thinking through the Group's direction and long-term plans, as well as the various opportunities and risks associated therewith and that are facing the Group generally.

With wide range of experiences, specific expertise, and fresh objective perspectives, the Independent Non-Executive Directors provide independent challenge and review. As members of the various Board committees, they also undertake governance work with a particular focus as noted under the respective terms of reference of the various Board committees.

Highlights of key features at Kaisun Board during 2020

The Board held 15 meetings. Kaisun Directors have a strong commitment to the Company, reflected by the high attendance record at the Board and Committee meetings.

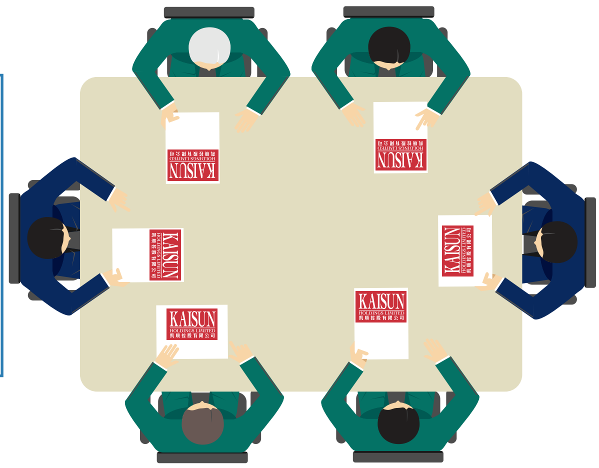


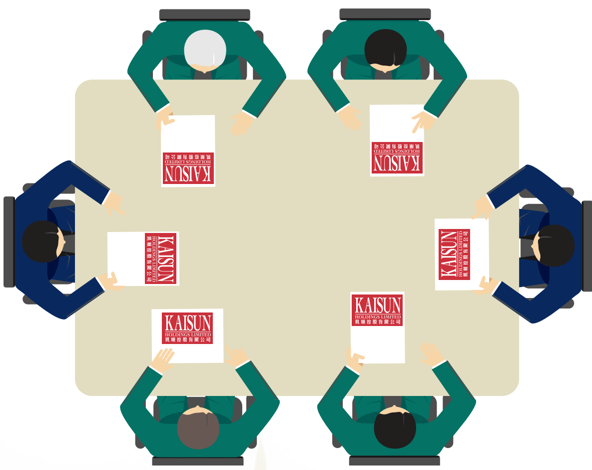


Financial plans including budgets were discussed at Board meetings. Reports covering financial highlights to Executive Directors and the Independent Non-executive Directors (INEDs) were issued.

Corporate Governance Report

To supplement the formal Board meetings and to further strengthen the independence of INEDs and to enable them to discuss more freely, INEDs held 6 separate discussion sessions during 2020 without the presence of Executive Directors





INEDs were invited to Company's events, such as the Greater Bay Area Conference

THE BOARD OF DIRECTORS

Composition of the Board

As at 29 December 2020, the Board comprised six directors, including two executive directors, namely Mr. Chan Nap Kee, Joseph and Mr. Yang Yongcheng and four independent non-executive directors, namely Mr. Liew Swee Yean, Mr. Siu Siu Ling, Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph. Mr. Chan Nap Kee, Joseph is the Chairman of the Board. Mr. Yang Yongcheng is the Compliance Officer.

One of the independent non-executive directors has appropriate professional qualification, or accounting qualifications and related financial management expertise. Biographical details of the directors are set out on pages 22 to 24 of this annual report.

Each of the independent non-executive directors has entered into a service contract with the Company for a term of one year, which may be extended for such period as agreed in writing between the director concerned and the Company.

There is no financial, business, family or other material or relevant relationship among the directors.

Independent Non-Executive Directors

The Company has received annual confirmations of their independence from each of its independent non-executive directors pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all the independent non-executive directors meet the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules and still considers that they are independent.

Chairman and Joint Chief Executive Officers

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

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

Board Meetings

Fifteen regular Board meetings were held during the year ended 31 December 2020. The Board meetings involved the active participation of the directors either in person or by telephone or through other electronic means of communication.

At least 14 days notice has been given to all directors of each of the Board meetings.

Corporate Governance Report

Attendance of each of the directors at Board meetings during the year ended 31 December 2020 is set out as follows:

Number of Board Meetings	**15**	
Executive Directors:		
Mr. Chan Nap Kee, Joseph *(Chairman)*	15/15	100%
Mr. Yang Yongcheng	15/15	100%
Independent Non-Executive Directors:		
Mr. Liew Swee Yean	15/15	100%
Dr. Wong Yun Kuen	15/15	100%
Mr. Anderson Brian Ralph	15/15	100%
Mr. Siu Siu Ling, Robert (retired on 30 December 2020)	15/15	100%
Average attendance rate	100%	

Annual General Meeting

Except for Mr. Yang Yongcheng, all other five Directors attended the Annual General Meeting held on 30 December 2020.

Company Secretaries

As stated in the Company's announcement dated 31 August 2020, Mr. Wong Lok Man was appointed as Group Financial Controller, Joint Company Secretary and Authorized Representative. Mr. Yun Hon Man resigned as Joint Company Secretary, Authorized Representative and Group Chief Accountant with effect from 31 August 2020.

All Directors have access to the advices and services from the Joint Company Secretaries, Miss Young Helen ("Miss Young"), Mr. Wong Lok Man ("Mr. Wong") and Mr. Yun Hon Man ("Mr. Yun"). Miss Young, Mr. Wong and Mr. Yun have confirmed that they have taken no less than 15 hours of the relevant professional training for the year ended 31 December 2020 in compliance with Rule 5.15 of the GEM Listing Rules.

BOARD COMMITTEES

The Board has established the following three committees with written terms of reference (available on the Company's corporate website www.kaisun.hk under "Investor Relations" section with heading of "Corporate Governance), which are in line with the Corporate Governance ("CG Code"):

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

All the committees comprise a majority of Independent Non-executive Directors. All Committees are chaired by Independent Non-executive Directors.

REMUNERATION COMMITTEE REPORT

Composition of the Remuneration Committee

Committee Chairman	Dr. Wong Yun Kuen*
Members	Mr. Anderson Brian Ralph* Mr. Chan Nap Kee, Joseph◆

* *Independent Non-executive Director*
◆ *Executive Director*

Role and Function of the Remuneration Committee

The primary duties of the Remuneration Committee is to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management.

Remuneration Policy

The formulation of the Group's remuneration strategy and policy is based on the principles of equity and market competitiveness so as to drive staff to work towards the mission of the Group and to retain talents. As a long-term incentive plan and with the aim at motivating directors and employees in the continued pursuit of the Company's goal and objectives, the Company has adopted share award scheme under which the Company may award Company's shares purchased or shares allotted and issued by the Company to the directors/employees of the Company as award.

Remuneration Committee Meetings

The Remuneration Committee held one meeting during the year ended 31 December 2020. During the meeting, the Remuneration Committee had reviewed and approved the increment in salary, bonus payment and share award for the executive directors and the senior management by way of resolutions passed by all committee members. However, the executive directors did not participate in determining their own remuneration.

Attendance of each of the directors at the Remuneration Committee meetings for the year ended 31 December 2020 is set out as follows:

Number of Remuneration Committee Meetings	**1**	
Dr. Wong Yun Kuen *(Committee Chairman)*	1/1	100%
Mr. Chan Nap Kee, Joseph	1/1	100%
Mr. Anderson Brian Ralph	1/1	100%
Average attendance rate	100%	

Corporate Governance Report

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

Composition of the Nomination and Corporate Governance Committee ("NC")

Committee Chairman	Mr. Anderson Brian Ralph* (appointed on 30 December 2020) Mr. Siu Siu Ling, Robert* (retired on 30 December 2020)
Members	Mr. Liew Swee Yean* Mr. Chan Nap Kee, Joseph◆

* *Independent Non-executive Director*

◆ *Executive Director*

Role and Function of NC

The primary duties of the NC is to make recommendations to the Board on appointment or reappointment of Directors, and to develop and review Group's policies and practices on corporate governance and to make recommendations to the Board.

Appointment of Mr. Anderson Brian Ralph as Chairman of NC

Following the retirement of Mr. Siu Siu Ling, Robert as independent non-executive director and Chairman of NC of the Company at the annual general meeting of the Company held on 30 December 2020 ("AGM"), Mr. Anderson Brian Ralph was appointed by the Board as the chairman of NC of the Company with effect from the conclusion of the AGM.

For details of the appointment of Chairman of NC, please refer to the Company's announcement dated 30 December 2020.

BOARD DIVERSITY

The Company recognises and embraces the benefits of having a diverse Board. A Board Diversity Policy has been adopted by the Board. In reviewing Board composition, NC will consider the benefits of all aspects of diversity including, but not limited to, skills, regional and industry experience, background, race, age, culture and gender, so as to maintain an appropriate range and balance of skills, experience and background on the Board. An analysis of the Board's current composition is set out in the accompanying charts.

In identifying suitable candidates, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

DESIGNATION

ETHNICITY

Based on the latest review, the Nomination Committee considers the Board to be diverse in respect of the aforesaid evaluation criteria. The Nomination Committee has decided not to set any measurable objectives for implementing the Board Diversity Policy.

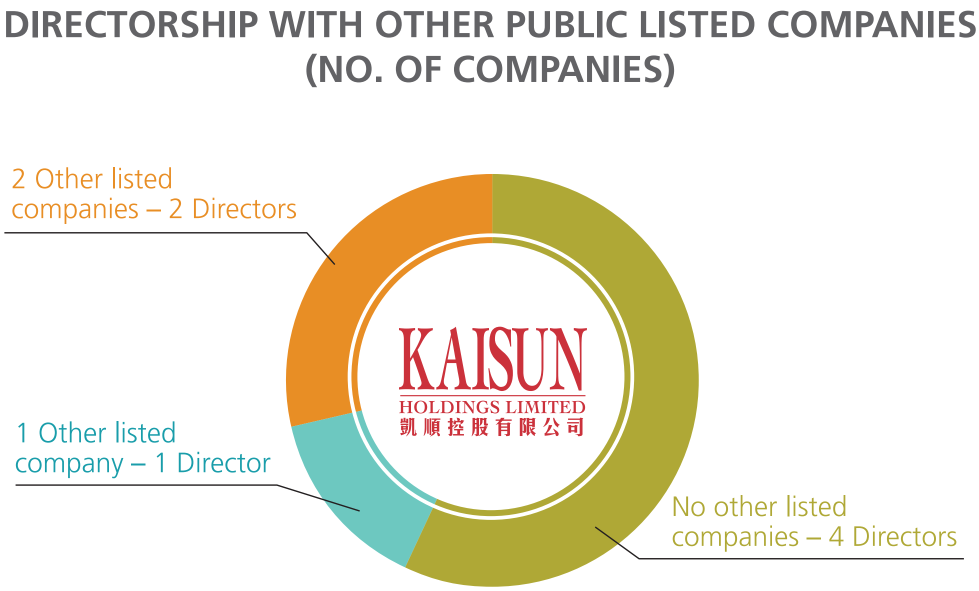
The NC will continue to ensure that diversity is taken into consideration when assessing Board composition.

GENDER

AGE GROUP

With regard to the Directors' skills, regional and industry experience as well as background, please refer to their biographical details set out in the Biography of Directors and Senior Management section on pages 22 to 24.

LENGTH OF SERVICE ON BOARD



Attendance of each of the directors at the NC meetings for the year ended 31 December 2020 is set out as follows:

Number of Nomination and Corporate Governance Committee Meeting	**1**	
Mr. Anderson Brian Ralph *(Committee Chairman since 30 December 2020)*	1/1	100%
Mr. Siu Siu Ling Robert *(Committee Chairman retired on 30 December 2020)*	1/1	100%
Mr. Liew Swee Yean	1/1	100%
Mr. Chan Nap Kee, Joseph	1/1	100%
Average attendance rate	100%	

AUDITORS' REMUNERATION

For the year ended 31 December 2020, the fee paid or payable to external auditors in respect of audit services amounted to HK$2.8 million.

PREPARATION OF ACCOUNTS

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year 2020 under review. In preparing the accounts for the year ended 31 December 2020, the directors have approved adoption of all the applicable standards and interpretations of International Financial Reporting Standards ("IFRSs").

The quarterly, interim and annual results of the Company are announced in a timely manner after the end of the relevant periods.

AUDIT COMMITTEE REPORT

Composition of the Audit Committee ("AC")

Committee Chairman	Mr. Liew Swee Yean*
Members	Dr. Wong Yun Kuen* Mr. Siu Siu Ling Robert* (retired on 30 December 2020) Mr. Anderson Brian Ralph*

* *Independent Non-executive Director*

Role and Function of the AC

The primary duties of the AC are to review and supervise the financial reporting process and internal control system of the Group and build an important bridge 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 AC is provided with sufficient resources to discharge its responsibilities and is supported by the Finance Department of the Company. The AC is accountable to the Board.

Audit Committee Meetings

During the year ended 31 December 2020, the AC had held six meetings to review and supervise the financial reporting process and the AC had reviewed the quarterly, interim and annual results, internal controls and risk management systems. The AC was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The AC also carried out and discharged its other duties as set out in the CG Code.

Attendance of each of the independent non-executive directors at the AC meetings during the year ended 31 December 2020 was set out as follows:

Number of Audit Committee Meetings	**6**	
Mr. Liew Swee Yean *(Committee Chairman)*	6/6	100%
Mr. Siu Siu Ling, Robert (retired on 30 December 2020)	6/6	100%
Dr. Wong Yun Kuen	6/6	100%
Mr. Anderson Brian Ralph	6/6	100%
Average attendance rate	100%	

Corporate Governance Report

During the year 2020, the AC had undertaken the following duties:

(i) made recommendations to the Board on the appointment, reappointment or removal of the external auditors (the "Auditors") and approved the audit fees and terms of engagement of the Auditors, or any questions of resignation or dismissal of the Auditors;

(ii) reviewed the quarterly, interim and annual financial statements prior to recommending them to the Board for approval;

(iii) reviewed the Auditors' management letter and the management's response thereto, and to ensure that recommendations made by the Auditors are carried out;

(iv) reviewed the operation and effectiveness of the Company's financial control, internal control and risk management systems;

(v) reviewed the appropriateness of reporting and accounting policies and disclosure practices; and

(vi) reviewed the work of the Internal Audit Department, ensuring coordination between the Internal Audit Department and the Auditors, and reviewing and monitoring the effectiveness of the internal audit function.

During the year 2020, the Board, through the AC, reviewed the effectiveness of the Group's system of internal control over financial, operational and compliance issues, broad-based risk management processes, and physical and information systems security. To formalize the annual review of internal control system, the AC made reference to the globally recognised framework with modifications to include some controls which are specific to the Group's operation. The AC concluded that, in general, the Group has set up a sound control environment and installed necessary control mechanisms to monitor and correct noncompliance.

The Board, through the review of the AC, was satisfied that the Group had fully complied with the Code Provisions on internal controls as set forth in the CG Code for the year 2020.

The Group's financial statements for the year ended 31 December 2020 has 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.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain good standard of corporate governance practices and procedures. Details of internal control system are stated under "RISK MANAGEMENT AND INTERNAL CONTROL REVIEW REPORT" on page 53 of this Annual Report. 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 year 2020 under review.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors ("Directors") of the Company 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 year 2020. The Company has also made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

RISK MANAGEMENT AND INTERNAL CONTROL REPORT

The Board has overall responsibility for the risk management and internal control systems of the Company and for reviewing their effectiveness. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an Internal Audit Function, and Risk Management and Internal Control System are reviewed throughout the year 2020 and any findings in this regard will be reported to the Audit Committee on a quarterly basis. Our Internal Auditor has performed the Internal Audit Function of the Company throughout the Period.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

The Board had conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2020, covering the material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems are effective and adequate. The Audit Committee had also annually reviewed the adequacy of resources, qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff and because most of our accounting staff have professional qualifications with audit and financial experience as well, the Audit Committee considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities.

INVESTOR RELATIONS AND COMMUNICATION

The Company pursues a policy of promoting transparency in corporate communication and investor relations. Our communication programmes include participation in investor conferences, conducting road shows, arranging company visits and ad hoc meetings with potential shareholders.

Corporate Governance Report

The Company's website "www.kaisun.hk" is one of the channels to promote effective corporate communication with the investors and the general public. The website is used to disseminate company announcements, shareholder information and other relevant financial and non-financial information in an electronic format on a timely basis.

Annual General Meeting ("AGM")

AGM provides an opportunity for communication between the Board and the shareholders of the Company. All shareholders have proper notice of the AGM at which Directors and chairman or members of the committees are available to take shareholders' questions.

The most recent AGM of the Company was held at 11/F, 46 Lyndhurst Terrace, Central Hong Kong on 30 December 2020 at 9.30 a.m. The notice of AGM, the Company's annual report and the circular containing information on the proposed resolutions were sent to shareholders at least 20 clear business days prior to the meeting. Separate resolutions were proposed in respect of each separate issue.

Members of the Audit Committee, Remuneration Committee and Nomination Committee were available to answer questions from shareholders. A representative of the external auditor also attended the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

At the AGM, all resolutions as set out in the notice were put to vote by way of poll by the shareholders. An explanation was provided of the detailed procedures for conducting a poll. Computershare Hong Kong Investor Services Limited, the share registrar of the Company in Hong Kong, was appointed as scrutineer for the purpose of vote-taking at the AGM.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS, SENIOR MANAGEMENT AND STAFF

The Directors, senior management and staff are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors, senior management and staff to enroll in a wide range of professional development courses and seminars organised by professional bodies in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

Corporate Governance Report

The current Directors received the following trainings during the year ended 31 December 2020:

Name and title of director	Updates on Laws, Rules and others	Training provider	Time spent
Mr. Chan Nap Kee, Joseph, Chairman	Sponsor's Due Diligence on Mining Assets and CPR (3 January 2020)	BAW Mineral Partners	2.5 hours
	Metals and mining webinar (5 March 2020)	Bloomberg Commodities	1 hour
	Sustainable investing — a path to returns and responsible business (1 April 2020)		1 hour
	Bank's Support Measures for SMEs (webinar) (18 March 2020)	Hong Kong General Chamber of Commerce	1 hour
	The Next Generation of Internal Auditing (webinar) (23 April 2020)		1.5 hours
	HKGCC — Legislative Proposals to Introduce a Statutory Corporate Rescue Procedure and Insolvent Trading Provisions (webinar) (23 July 2020)		1.5 hours
	Dividend Policy and Share Buybacks (webinar) (23 April 2020)	Professional Development Resources Centre Limited	2 hours
	HKVCA Asia Venture Capital Forum 2020 (webinar) (6 July 2020)	Hong Kong Venture Capital and Private Equity Association (HKVAC)	2 hours
	Hong Kong's new limited partnership fund regime (webinar) (21 July 2020)		1 hour
	Hong Kong tax update: DIPN 61 and the LPFO (webinar) (6 August 2020)		1 hour
	HKVCA 19th China Private Equity Summit 2020 (28 August 2020)		5.5 hours

Corporate Governance Report

Name and title of director	Updates on Laws, Rules and others	Training provider	Time spent
	Post pandemic development: Hong Kong and the world Session 1,2,3 (webinar) (24, 28, 29 April 2020)	Silk Road Economic Development Research Centre/Hong Kong Energy, Mining and Commodities Association	3 hours
	Post pandemic business development potential in Belt and Road Malaysia (webinar) (19 June 2020)		1.5 hours
	Risk of Crew Changes and Sustainability of Global Supply Chain during Covid-19 Pandemic (webinar) (10 August 2020)		0.5 hour
	Why Hong Kong should be chosen as a venue for commercial dispute resolutions in the projects under the Greater Bay Area and Belt and Road Initiative (webinar) (21 August 2020)		0.5 hour
	"Insider's Guide to Livestream and KOL Marketing in Mainland China" (webinar) (5 June 2020)	Marketing Pulse/Hong Kong Trade Development Council	1.5 hours
	2nd Shangdong Business Conference and Youth Entrepreneurship (webinar) (30 June 2020)	Conference of Great Business Partners	2.5 hours
	The rise of onshore fund regimes in Hong Kong and Singapore (webinar) (30 June 2020)	KPMG	1.5 hours
	Asset Management Series: The Limited Partnership Fund Regime — Highlighting its use for PE, Real Estate and Private Credit and Debt Funds. (webinar) (15 September 2020)		1 hour

Corporate Governance Report

Name and title of director	Updates on Laws, Rules and others	Training provider	Time spent
	SCMP Conversations: Economy- Are online services the investment product of the future (Webinar) (9 July 2020)	South China Morning Post	1 hour
	SCMP Conversations: Economy — Has Covid-19 proven sustainable investing is more important than ever? (webinar) (18 August 2020)		1 hour
	China Daily Asia Leadership Roundtable: "Getting Your Business Ready for a post-COVID World" (webinar) (29 July 2020)	China Daily	1 hour
	Enforcement Powers of the SFC and Recent Enforcement Cases (Webinar) (14 July 2020)	Debevoise & Plimpton	1 hour
	Debt Recovery and Asset Tracing (webinar) (3 September 2020)		1 hour
	BDO Webinar: Case study and insights into listco suspension (webinar) (31 July 2020)	BDO	2 hours
	BDO Webinar: Corporate governance risk under COVID-19 and the impact on internal audit review (webinar) (5 August 2020)		1 hour
	"Riding Ups and Downs: Hong Kong-Indonesia Partnership" (webinar) (18 August 2020)	Commerce and Economic Development Bureau, HKSAR Government	2 hours
	Supply chain Finance- How to improve cashflow amid pandemic (4 September 2020)	Asia Logistics, Maritime and Aviation Conference	1 hour
	Deal drivers in Healthcare and Life Sciences: Mainland China (Webinar) (9 September 2020)	Mergermarket Events	1 hour
	Space law fundamentals for finance professionals (Webinar) (22 September 2020)	King & Wood Mallesons Events Team Hong Kong	1 hour

Corporate Governance Report

Name and title of director	Updates on Laws, Rules and others	Training provider	Time spent
	"Brimming with opportunities": Prospects in Myanmar for Hong Kong investors (Webinar) (20 October 2020)	Myanmar-HongKong Chamber of Commerce and Industry	1 hour
	Hong Kong and the Greater Bay Area: Internationalisation and Integration (Webinar) (17 November 2020)	CGTN Think Tank	3 hours
	Greater Bay Area Conference 2020 GBA: The Way Forward Practice (18 November 2020)	China Daily and Silk Road Economic Development Research Center	5 hours
	A Business Vision for a Sustainable and Inclusive Future (Virtual platform) (30 November 2020)	Belt & Road Summit Hong Kong Trade Development Council	7.5 hours
	A Business Vision for a Sustainable and Inclusive Future (Virtual platform) (1 December 2020)		5.5 hours
	Total		**67 hours**
Mr. Yang Yongcheng, Executive Director	Professional Development Seminar 2020 — BEPS update (Webinar) (4 November 2020)	Hodgson Impey Cheng Limited	1 hour
	Total:		**1 hour**
Mr. Liew Swee Yean, Independent non-executive director	How to identify and detect and financial statement fraud in the digital age (Webinar) (12 November 2020)	Accounting Development Foundation Limited	2 hours
	Staying ahead of the curve — Insights for financial reporting of Cloud computing business (Webinar) (18 November 2020)		2 hours
	Digitising Corporate Governance (Webinar) (13 November 2020)	Tricor Services Limited	3.5 hours

Corporate Governance Report

Name and title of director	Updates on Laws, Rules and others	Training provider	Time spent
	The Latest Developments on China and Hong Kong Taxation, Incremental Borrowing Rate and Sale and Purchase Agreement (Webinar) (17–20 November 2020)	RSM Academy	5 hours
	Anti-Money Laundering (AML) for License Corporations and Money Lenders (Webinar) (26 November 2020)	SW Institute of Knowledge Enhancement Limited	1.5 hours
	Latest Updates on HKEX ESG Reporting Guide and related Challenges (Webinar) (30 November 2020)		1.5 hours
	Internal Audit Function: Risk Management, Corporate Governance and Internal Control (Webinar) (10 December 2020)		1.5 hours
	Elderly care services industry in Mainland China (archived webinar) (24 November 2020)	Hong Kong Institute of Certified Public Accountants	1.5 hours
	Crisis Management and Social Media from the Investor Relations Perspective (webinar) (25 November 2020)		1.5 hours
	Handling regulatory investigations (financial sector) (archived webinar) (27 November 2020)		1.5 hours
	Thematic sharing: Property investment in the Greater Bay Area by Hong Kong citizens (archived webinar) (29 November 2020)		1.5 hours
	The coming of limited partnership fund regime — A breakthrough for Hong Kong's fund and asset management industry (archived webinar) (30 November 2020)		1.5 hours
	Total		**24.5 hours**

Corporate Governance Report

Name and title of director	Updates on Laws, Rules and others	Training provider	Time spent
Dr. Wong Yun Kuen, Independent non-executive director	Annual Corporate and Regulatory Update 2020 (5 June 2020)	The Hong Kong Institute of Chartered Secretaries	6 hours
	Total		**6 hours**
Mr. Siu Siu Ling, Independent non-executive director	Starting and Managing Your Professional Practice (15 April 2020)	The Law Society of Hong Kong	1 hour
	Blockchain for Lawyer (17 April 2020)		1 hour
	The New China Individual Income Tax Law (21 April 2020)		2 hours
	Islamic Finance: Where can we go from here? (22 April 2020)		1.5 hours
	Data Analytics — how to tell stories with data (24, 27 April 2020)		6 hours
	Robotics Process Automation — Analyst Training (5, 7 May 2020)		6 hours
	Bitcoin & Blockchain Basics for Lawyers (6 May 2020)		1.5 hours
	Natural Language Processing with Artificial Intelligence (7, 14 May 2020)		6 hours
	Managing Data Breach (8 May 2020)		1 hour
	Update on Conveyancing Cases 2020 (11 May 2020)		2 hours
	Robotics Process Automation — Administrator Training (13, 15 May 2020)		6 hours
	Insider Dealing (20 May 2020)		1.5 hours
	Total		**35.5 hours**

CORPORATE SOCIAL RESPONSIBILITY

Amid coronavirus, our effort to enhance Corporate Social Responsibility continued in 2020. We promoted cultural exchange between Hong Kong, Belt and Road Countries and Greater Bay Area in 2020 by supporting Silk Road Economic Development Research Centre. Major events in 2020 included co-organizing Belt and Road Events as follow:

1. April to August 2020 — Webinars

In 2020 amid coronavirus, webinars were co-organised instead of physical seminars so as to observe social distancing practice. Four seminars titled "The Silk Road Webinar Series" were organized as follow:

Date	Webinar Topic
24–29 April, 2020	Post pandemic development: Hong Kong and the world Session 1, 2, 3
19 June, 2020	Post pandemic business development potential in Belt and Road Malaysia (i) Trade and Investment Opportunities with Malaysia (ii) Starting your business in Malaysia (iii) Industrial and Commercial Properties in Malaysia
10 August, 2020	Risk of Crew Changes and Sustainability of Global Supply Chain during Covid-19 Pandemic
21 August, 2020	Why Hong Kong should be chosen as a venue for commercial dispute resolutions in the projects under the Greater Bay Area and Belt and Road Initiative

Corporate Governance Report

2. November 2020

"Greater Bay Area Conference: The way forward for Hong Kong" held on 18 November, 2020 was co-organized by Silk Road Economic Development Research Centre and China Daily.

Keynote address were delivered by Mr. Leung Chun-ying, Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference, and Chief Executive Mrs. Carrie Lam. Various distinguished speakers were invited.

When delivering the welcoming speech, Mr. Joseph Chan, Kaisun's Chairman, expressed his view that Hong Kong and cities in the Greater Bay Area can complement each other, and Hong Kong will not be replaced.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group.

The statement by the Auditors of the Company about their reporting responsibilities is set out on page 71 to 73 of this report.

MANAGEMENT'S VIEW ON THE AUDIT QUALIFICATION

The management of the Company has given careful consideration to the Qualified Opinion and the basis of the Qualification and has had ongoing discussion with RSM when preparing the Group's consolidated financial statements.

The Qualification of (a) Opening balances and correspondence figures represented the brought forward effect of the Qualified Opinion on the consolidated financial statement from year ended 31 December 2019.

For Qualification of (b) Investment in associates and (d) Discontinued operations in the production and exploitation of coal business in Tajikistan, the management understand that the issue of the Qualified Opinion was caused by insufficient information provided to RSM due to the COVID-19 pandemic in United Kingdom and Tajikistan. Our management had urged the management of SCH Group and in Tajikistan to provide the requisite materials for the audit work of the Group's consolidated financial statements. Despite these efforts, they cannot promptly provide the information to RSM. As a result, RSM could not complete its audit work. The COVID-19 pandemic had seriously impacted United Kingdom and Tajikistan, the local staff was unable to access and obtain the information due to the local lockdown measures and hence, the preparation of the information requested was delayed.

For (c) Long term deposits, as certain precedent conditions for the completion of the acquisition as set out in the Agreement have not been completed, the directors of the Company considered the acquisition has not been completed as at 31 December 2019, 31 December 2020, and up to the date of approval of consolidated financial statements. In addition, the Group was unable to access the accounting books and records of Double Up Group pending completion of the acquisition. As a result, the Group is unable to exercise control over Double Up Group. Due to the COVID-19 pandemic and the travel restrictions, the management of the Company is unable to travel to Mongolia to complete the deal.

With respect to the type of audit opinion issued by RSM, the management of the Company acknowledged and agreed with the audit opinion RSM issued based on their professional and independent assessment.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

The audit committee of the Company confirmed that it had independently review and agreed with the management's position concerning the Qualified Opinion for reasons stated in paragraph headed "Management's View on the Audit Qualification".

REMOVAL OF AUDIT QUALIFICATION

After discussion with RSM, the management of the Company is of the view that the Qualified Opinion in relation to (b) Investment in associates and (d) Discontinued operations in the production and exploitation of coal business in Tajikistan will be removed when the COVID-19 pandemic is over and the operation resumes normal. For (c) Long term deposits, the management of the Company will travel to Mongolia once the travel restriction lifted and complete the deal as early as possible. When the management obtain accounting books and records and consolidate into Group's financial statements, the qualification will be removed. And (a) opening balances and correspondence figures will be removed accordingly after (b) to (d) removed.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF KAISUN HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Kaisun Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 164, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of matters described in the Basis for Qualified Opinion Section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

(a) Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 issued on 23 November 2020 (the "2019 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was modified because of the limitation on our scope of work described in paragraph (b) to paragraph (d) below on the 2019 Financial Statements in respect of investment in associates, long-term deposits and discontinued operations in the production and exploitation of coal business in Tajikistan. Any adjustments that might be found necessary as a result of the matters described in paragraph (b) to paragraph (d) below might have a consequential effect on the Group's results and cash flows for the year ended 31 December 2019 and the financial position of the Group as at 31 December 2019 and the related disclosures thereof in the 2019 Financial Statements.

RSM

Independent Auditor's Report

BASIS FOR QUALIFIED OPINION *(Continued)*

(a) Opening balances and corresponding figures *(Continued)*

The matters giving rise to the abovementioned limitations on our audit of work were not resolved in our audit of the Group's 2020 consolidated financial statements and are further detailed in paragraph (b) to paragraph (d) below.

Our opinion on the Group's consolidated financial statements for the year ended 31 December 2020 is also modified because of the possible effects of the matters on the comparability of the current year's figures and the corresponding figures.

(b) Investment in associates

As disclosed in note 22 to the consolidated financial statements, the Group acquired 45.56% equity interest in SCH Limited ("SCH") on 11 November 2019 (the "Acquisition Date") at the consideration of US$1 (equivalent to HK$8). SCH is an investment holding company and held 90.04% interest in Sturgeon Capital Limited ("Sturgeon Capital"). Prior to the acquisition, the Group held 9.96% interest in Sturgeon Capital and recorded the investment as financial assets at fair value through other comprehensive income ("FVTOCI") in the 2019 Financial Statements. As the directors considered the Group had significant influence over SCH and Sturgeon Capital, the acquisition resulted in SCH and Sturgeon Capital becoming the Group's associate, the Group derecognised the 9.96% interest in Sturgeon Capital recorded as financial assets at FVTOCI with an amount of approximately HK$7,800,000 at the Acquisition Date and a fair value loss of approximately HK$5,841,000 on the derecognition was recognised and charged to other comprehensive income in the 2019 Financial Statements.

Due to the outbreak of COVID-19 pandemic since early 2020, the operations of SCH and Sturgeon Capital were affected. The directors of the Company advised that the Group were unable to access the books and records of SCH and Sturgeon Capital since the Acquisition Date. As such, no adequate financial information of SCH and Sturgeon Capital was available for the preparation of purchase price allocation to assess (i) the fair value of the identifiable assets and liabilities of SCH and Sturgeon Capital at the Acquisition Date; (ii) fair value remeasurement of the 9.96% interest in Sturgeon Capital recorded as financial assets at FVTOCI held by the Group at the Acquisition Date and (iii) to account for SCH and Sturgeon Capital subsequent to the acquisition under the equity method in IAS 28 "Investments in Associates and Joint Ventures".

In view of the business and operations of SCH and Sturgeon Capital have been still affected by the pandemic recently, the directors of the Company are negotiating with the management of SCH and Sturgeon to terminate the share swap and restructuring arrangement as disclosed in note 22 and have decided to make a full impairment loss to the carrying amount of investment in associates and recognised the loss of approximately HK$1,959,000 in the consolidated statement of profit or loss for the year ended 31 December 2020.

RSM

BASIS FOR QUALIFIED OPINION *(Continued)*

(b) Investment in associates *(Continued)*

In the absence of the relevant financial information of SCH and Sturgeon Capital, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the (i) the fair value of the assets and liabilities of SCH and Sturgeon Capital at the Acquisition Date; (ii) fair value loss on remeasurement of the Group's previously held interest of 9.96% in Sturgeon Capital recognised in other comprehensive income of approximately HK$5,841,000 for the year ended 31 December 2019; (iii) the accounting for SCH and Sturgeon Capital under the equity method in IAS 28 "Investments in Associates and Joint Ventures" for the years ended 31 December 2019 and 2020; and (iv) whether the impairment loss of approximately HK$1,959,000 recognised for the year ended 31 December 2020 was fairly stated.

(c) Long-term deposits

Included in long-term deposits in the consolidated statement of financial position as at 31 December 2019 and 2020 were deposits of HK$20,000,000 paid to the vendor in relation to the proposed acquisition of the entire equity interest in Double Up Group Limited and its subsidiary ("Double Up Group") at the consideration of HK$30,000,000. As detailed in our auditor's report of the 2019 Financial Statements and note 24 to the consolidated financial statements, the directors of the Company consider that the Group is unable to exercise control over Double Up Group due to commercial disputes with the vendor which had delayed the completion of the acquisition. In addition, the Group was unable to access the accounting books and records of Double Up Group pending completion of the acquisition. The directors of the Company further advised that the Group continues its efforts to try to settle the disputes with the vendor and hence to complete the acquisition but the disputes remained unsettled and the acquisition of Double Up Group had not yet completed as at 31 December 2020 and up to the date of approval of these consolidated financial statements.

Due to the absence of the accounting records and other relevant information related to Double Up Group, we were unable to obtain sufficient appropriate audit evidence to determine whether the directors' assessment that the Group was not able to exercise control over Double Up Group was appropriate, and hence that Double Up Group should not be consolidated in accordance with IFRS 10 "Consolidated Financial Statements". Our audit opinion on the 2019 Financial Statements was modified accordingly. Our audit opinion on the consolidated financial statements for the year ended 31 December 2020 is also modified because of the limitations on our audit of work remained unresolved during our audit of the Group's consolidated financial statements for the year ended 31 December 2020.

RSM

BASIS FOR QUALIFIED OPINION *(Continued)*

(d) Discontinued operations in the production and exploitation of coal business in Tajikistan

The Group dissolved the entire issued share capital of Better Business International Limited ("Better Business") and shut down the production and exploitation of coal business in Tajikistan during the year ended 31 December 2019. As detailed in our auditor's report of the 2019 Financial statements and note 16 to the consolidated financial statements, because the complete set of books and records together with the supporting documents of a subsidiary of Better Business — Sangghat LLC, which mainly operated the production and exploitation of coal business in Tajikistan, were not available to the directors of the Company, accordingly we were unable to obtain sufficient appropriate audit evidence that the abandonment of the coal business in Tajikistan had been completed during the year ended 31 December 2019 and therefore that it was appropriate to classify the coal business in Tajikistan as discontinued operations. The limitations on our audit of work were remained unresolved during our audit of the Group's consolidated financial statements for the year ended 31 December 2020. In addition, we were unable to obtain sufficient appropriate audit evidence about (i) the cash and bank balance of approximately HK$14,000, other payables and accruals of approximately HK$4,569,000 and current tax liabilities of approximately HK$479,000 included in the Group's consolidated statement of financial position as at 31 December 2019 and 2020 and the relevant disclosures in the consolidated financial statements; and (ii) the loss of the discontinued operation of approximately HK$3,408,000 for the period from 1 January 2019 to 6 November 2019 as presented in the Group's consolidated statement of profit or loss for the year ended 31 December 2019 and the relevant disclosure in note 16 to the consolidated financial statements.

Any adjustments that might be found necessary as a result of the matters described above might have a consequential effect on the Group's results and cash flows for the year ended 31 December 2020 and the financial position of the Group as at 31 December 2020 and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$64,267,000 during the year ended 31 December 2020 and, as of that date, the Group had net current liabilities of approximately HK$92,357,000. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

RSM

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment assessment of intangible assets — mining rights
2. Impairment assessment of trade receivables
3. Impairment assessment of deposits and other receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of intangible assets — mining rights Refer to note 21 and the accounting policies note 4(g)(i) and (y) to the consolidated financial statements. The carrying amount of the Group's mining rights included in the balance of intangible assets was approximately HK$110,369,000 as at 31 December 2020. The recoverable amounts of the mining rights are determined based on their value in use. An independent valuer was engaged by management to assist in their impairment assessment of the mining rights. The preparation of discounted cash flows forecasts involves the exercise of significant management judgement in particular in estimating selling price, future costs of production, recoverable reserves, resources and exploration potential and discount rates.	Our procedures in respect of the impairment assessment of intangible assets included: • assessing the professional competency and independence of the valuation expert engaged by management; • assessing the reasonableness of the key assumptions underlying the cash flows applied in the valuation model and the appropriateness of the discount rate used with the assistance of our internal valuation specialists; and • considering the adequacy of the Group's disclosures in relation to the impairment assessment of intangible assets.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade receivables As at 31 December 2020, the Group had trade receivables of approximately HK$26,643,000, net of allowance for doubtful debts as disclosed in note 27 to the consolidated financial statements. With the assistance of an independent valuer, management performed periodic assessment of the recoverability of the trade receivables and the sufficiency of allowance for doubtful debts based on information including credit profile of different customers, debtor ageing, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers; and also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment. The impairment assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.	Our audit procedures in respect of the impairment assessment of trade receivables included: • assessing the professional competency and independence of the valuation expert engaged by management; • assessing whether trade receivables had been appropriately grouped by management based on their shared credit risk characteristics; • testing the accuracy and completeness of the data used by management to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data; • with the assistance of our internal valuation experts, testing the calculation of the historical loss rate and evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic conditions; • testing the accuracy of the aging of trade receivables on a sample basis to supporting documents; and • testing the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade receivables outstanding at the reporting date.

Independent Auditor's Report

RSM

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of deposits and other receivables As at 31 December 2020, the Group had deposits, prepayments and other receivables of approximately HK$19,075,000 as disclosed in note 28 to the consolidated financial statements. With the assistance of an independent valuer, expected credit losses are determined by management based on their assessment on the credit risks for the deposits and other receivables since their initial recognition. Significant judgement is required to be exercised when applying the impairment assessment model, including the determination of appropriate key parameters including the probability of default and loss given default, identifying any significant deterioration in credit quality and determining the assumptions used in the expected credit losses model including economic indicators for forward looking information and the application of economic scenarios and probability weightings. We focused on this area due to the magnitude of deposits and other receivables and the significance of management's judgements applied in assessing the impairment of such balances.	Our audit procedures in respect of the impairment assessment of deposits and other receivables included: • assessing the professional competency and independence of the valuation expert engaged by management; • evaluating the expected credit losses model used by management and assessing key parameters and assumptions, including probability of default, loss given default and forward-looking information, made by management with reference to the relevant historical credit loss data of the Group and observable external economic data with the assistance of our internal valuation experts; • discussing with management to understand their process of collecting and applying the information in assessing probability of default and loss given default and identifying significant deterioration in credit risk. We corroborated management's explanation with supporting evidence; • checking the relevant contract terms, and conducted background search to evaluate the financial position of the debtors on a sample basis; • reviewing the appropriateness of economic indicators selected by management for forward looking information; evaluating the economic scenarios and the underlying probability weightings applied by management; and testing the resulting calculation of the economic indicators determined; and • recalculating the provision for expected credit losses made by the management to verify the accuracy.

RSM

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the opening balances and corresponding figures, the carrying amount of the Group's investment in associates as at 31 December 2020, the Group's share of the associates' net profit or loss for the year, the long-term deposits for the acquisition of Double Up Group and the discontinued operation in the production and exploitation of coal business in Tajikistan. Accordingly, we are unable to conclude whether or not the Other Information is materially misstated with respect to these matters.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

RSM

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

RSM

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Poh Weng.

RSM Hong Kong
Certified Public Accountants
Hong Kong
22 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Continuing operations			
Revenue	8	35,958	138,566
Cost of goods sold		(22,585)	(116,707)
Gross profit		13,373	21,859
Gain/(loss) on disposal of financial assets at fair value through profit or loss ("FVTPL")		1,000	(28,584)
Fair value loss on financial assets at FVTPL		(18,139)	(24,456)
Fair value gain on financial liabilities at FVTPL		6,347	2,989
Impairment loss on trade and other receivables		(4,762)	(114,164)
Impairment loss on intangible assets		—	(23,288)
Impairment loss on investment in associates		(1,959)	—
Impairment loss on goodwill		(1,118)	—
Recovery income from trade and other receivables written off/(trade and other receivables written off)		161	(101,063)
Loss on disposal of subsidiaries		—	(281)
Other gains and losses	9	563	2,759
Administrative and other operating expenses		(60,229)	(70,890)
Loss from operations		(64,763)	(335,119)
Finance costs	10	(4,942)	(4,372)
Loss before tax		(69,705)	(339,491)
Income tax credit	11	5,438	14,430
Loss for the year from continuing operations	12	(64,267)	(325,061)
Discontinued operations			
Loss for the year from discontinued operations	16	—	(3,408)
Loss for the year		(64,267)	(328,469)

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(60,295)**	(314,730)
Loss for the year from discontinued operations		**—**	(3,400)
Loss attributable to the owners of the Company		**(60,295)**	(318,130)
Non-controlling interests			
Loss for the year from continuing operations		**(3,972)**	(10,331)
Loss for the year from discontinued operations		**—**	(8)
Loss attributable to non-controlling interest		**(3,972)**	(10,339)
		(64,267)	(328,469)
Loss per share (cents)			
From continuing and discontinued operations			
Basic	17	**(10.46)**	(55.18)
From continuing operations			
Basic	17	**(10.46)**	(54.59)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Loss for the year		**(64,267)**	(328,469)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at FVTOCI		—	(5,841)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		4,900	195
Other comprehensive income for the year, net of tax		**4,900**	(5,646)
Total comprehensive income for the year		**(59,367)**	(334,115)
Attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(50,288)**	(321,039)
Loss for the year from discontinued operations		—	(2,740)
Loss attributable to owners of the Company		**(50,288)**	(323,779)
Non-controlling interests			
Loss for the year from continuing operations		**(9,079)**	(10,330)
Loss for the year from discontinued operations		—	(6)
Loss attributable to non-controlling interests		**(9,079)**	(10,336)
		(59,367)	(334,115)

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	18	12,650	22,633
Right-of-use assets	19	15,490	17,521
Goodwill	20	—	1,118
Intangible assets	21	166,398	114,099
Investment in associates	22	—	1,959
Financial assets at FVTOCI	23	19,100	19,100
Long-term deposits	24	20,000	20,000
Deferred tax assets	36	6,173	3,180
		239,811	199,610
Current assets			
Inventories	26	6,996	5,063
Financial assets at FVTPL	25	36,293	52,489
Trade and bills receivables	27	27,284	27,063
Deposits, prepayments and other receivables	28	19,075	29,154
Bank and cash balances	29	24,331	27,507
		113,979	141,276
Current liabilities			
Trade payables	30	5,312	4,478
Other payables and accruals	31	130,423	47,428
Bond payables	32	50,000	50,000
Other financial liabilities	33	14,713	30,646
Lease liabilities	34	1,231	1,703
Redeemable convertible preference shares	35	525	—
Current tax liabilities		4,132	4,382
		206,336	138,637
Net current (liabilities)/assets		(92,357)	2,639
Total assets less current liabilities		147,454	202,249

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Other financial liabilities	33	21,951	12,365
Lease liabilities	34	1,390	3,158
Redeemable convertible preference shares	35	—	511
Deferred tax liabilities	36	26,013	27,038
		49,354	43,072
NET ASSETS		98,100	159,177
Capital and reserves			
Share capital	37	57,657	57,657
Reserves	39	17,494	67,655
Equity attributable to owners of the Company		75,151	125,312
Non-controlling interests		22,949	33,865
TOTAL EQUITY		98,100	159,177

Approved by the Board of Directors on 22 March 2021 and are signed on its behalf by:

CHAN Nap Kee, Joseph

YANG Yongcheng

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company								
	Share capital	Shares held under share award scheme *(note 40)*	Share premium *(note 39(b)(i))*	Foreign currency translation reserve *(note 39(b)(ii))*	Financial assets at FVTOCI reserve *(note 39(b)(iii))*	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	(395)	1,363,055	(9,479)	2,400	(959,211)	454,027	45,370	499,397
Total comprehensive income for the year	—	—	—	192	(5,841)	(318,130)	(323,779)	(10,336)	(334,115)
Purchase of shares held under the share award scheme	—	(2,976)	—	—	—	—	(2,976)	—	(2,976)
Transfer	—	—	—	—	5,841	(5,841)	—	—	—
Dividend paid *(note 15)*	—	—	(1,960)	—	—	—	(1,960)	—	(1,960)
Disposal of subsidiaries *(note 42(b))*	—	—	—	—	—	—	—	(2,329)	(2,329)
Capital injection by non-controlling interest in a subsidiary	—	—	—	—	—	—	—	1,160	1,160
Changes in equity for the year	—	(2,976)	(1,960)	192	—	(323,971)	(328,715)	(11,505)	(340,220)
At 31 December 2019 and 1 January 2020	57,657	(3,371)	1,361,095	(9,287)	2,400	(1,283,182)	125,312	33,865	159,177
Total comprehensive income for the year	—	—	—	10,007	—	(60,295)	(50,288)	(9,079)	(59,367)
Purchase of non-controlling interest *(note 42(a))*	—	—	—	—	—	127	127	(1,837)	(1,710)
Changes in equity for the year	—	—	—	10,007	—	(60,168)	(50,161)	(10,916)	(61,077)
At 31 December 2020	57,657	(3,371)	1,361,095	720	2,400	(1,343,350)	75,151	22,949	98,100

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
— continuing operations		**(69,705)**	(339,491)
— discontinued operations		**—**	(3,408)
		(69,705)	(342,899)
Adjustments for:			
Depreciation on property, plant and equipment		**1,000**	3,300
Depreciation on right-of-use assets		**1,849**	2,322
Amortisation of intangible assets		**10,190**	10,305
(Gain)/loss on disposal of financial assets at FVTPL		**(1,000)**	28,584
Fair value loss on financial assets at FVTPL		**18,139**	24,456
Fair value gain on financial liabilities at FVTPL		**(6,347)**	(2,989)
Impairment loss on trade and other receivables		**4,762**	114,164
Impairment loss on intangible assets		**—**	23,288
Impairment loss on investment in associates		**1,959**	—
Impairment loss on goodwill		**1,118**	—
Trade and other receivables written off		**—**	101,063
Loss on disposal of property, plant and equipment		**26**	60
Loss on disposal of subsidiaries		**—**	281
Property, plant and equipment written off		**—**	148
Derecognition of lease liabilities		**(928)**	(585)
Derecognition of right-of-use assets		**904**	564
Finance costs		**4,942**	4,372
Investment income		**(216)**	(1,922)
Operating loss before working capital changes		**(33,307)**	(35,488)
Increase in inventories		**(1,533)**	(2,540)
(Increase)/decrease in trade and bills receivables		**(2,303)**	14,685
Decrease/(increase) in deposits, prepayments and other receivables		**5,815**	(22,835)
Increase in trade payables		**530**	9,958
Increase in other payables and accruals		**77,591**	10,084
Cash generated from/(used in) operations		**46,793**	(26,136)
Purchase of financial assets at FVTPL		**(16,707)**	(69,409)
Net proceeds from disposal of financial assets at FVTPL		**15,764**	98,014
Income tax paid		**(375)**	(258)
Interest paid		**—**	(4,001)
Interest on lease liabilities	42(d)	**(239)**	(361)
Net cash generated from/(used in) operating activities		**45,236**	(2,151)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		145	517
Dividend income from equity investments		71	1,405
Purchases of property, plant and equipment		(49)	(2,435)
Proceeds from disposals of property, plant and equipment		22	13
Purchases of financial assets at FVTOCI		—	(1,000)
Purchase of intangible assets	42(e)	(39,088)	—
Disposal of subsidiaries	42(b)	—	10
Net cash used in investing activities		(38,899)	(1,490)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection by non-controlling interest in a subsidiary		—	1,160
Proceeds from redeemable convertible preference shares		—	501
Proceeds from other financial liabilities		—	13,000
Payments on repurchase of shares under share award scheme		—	(2,976)
Principal elements of lease payments	42(d)	(1,282)	(1,688)
Net cash (used in)/generated from financing activities		(1,282)	9,997
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,055	6,356
Effect of foreign exchange rate changes		(8,231)	421
CASH AND CASH EQUIVALENTS AT 1 JANUARY		27,507	20,730
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		24,331	27,507
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		24,331	27,507

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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 the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. These 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). Significant accounting policies adopted by the Group are disclosed below.

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.

The Group incurred a loss of approximately HK$64,267,000 during the year ended 31 December 2020 and, as of that date, the Group had net current liabilities of approximately HK$92,357,000. These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of Mr. Chan Nap Kee, Joseph, a substantial shareholder of the Company who has significant influence over the Group and being a director of the Company, at a level sufficient to finance the working capital requirements of the Group. The substantial shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standard Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to IFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

(a) Application of new and revised IFRSs *(Continued)*

Amendments to IFRS 3 Definition of a Business *(Continued)*

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

These amendments had no impact on the consolidated financial statements but may impact future periods should the Group enter into any business combination.

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

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The application of the amendments had no impact on the consolidated financial statements.

(b) New and revised IFRSs in issue but not yet effective

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 16 COVID-19 Related Rent Concessions	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to IAS 37 Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRSs 2018 — 2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by the other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Business combination and goodwill *(Continued)*

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Associates *(Continued)*

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation *(Continued)*

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below), property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	2%–4.5%
Leasehold improvements	20%–30%
Plant and machinery	9%–20%
Office equipment	15%–25%
Furniture and fixtures	10%–20%
Motor vehicles	10%–30%

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases *(Continued)*

The Group as a lessee *(Continued)*

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(g) Intangible assets

(i) Mining rights

Mining rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on mining rights is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at the end of each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Intangible assets *(Continued)*

(ii) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation expenditure comprises costs which are directly attributable to:

— researching and analysing historical exploration data;

— gathering exploration data through topographical, geochemical and geophysical studies;

— exploratory drilling, trenching and sampling;

— determining and examining the volume and grade of the resource;

— surveying transportation and infrastructure requirements; and

— conducting market and finance studies.

Expenditure during the initial exploration stage of a project is charged to profit or loss as incurred. Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

The capitalised costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets. Tangible and intangible exploration and evaluation assets that are available for use are depreciated/amortised over their useful lives. When a project is abandoned, the related irrecoverable costs are written off to profit or loss immediately.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Financial assets *(Continued)*

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

— FVTOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(k) Trade and other receivables

A receivable is recognised when the group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(m) Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with IFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

— The post-tax profit or loss of the discontinued operation; and

— The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Redeemable convertible preference shares

Redeemable convertible preference shares which entitle the holder to convert the loans into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consisting of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; this amount is carried as a derivative liability that is subsequently measured at fair value through profit or loss until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and derivative components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and derivative components on initial recognition. The portion related to the derivative component is expensed immediately.

(q) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(s) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the production and exploitation of coal, sales of manufactured mining and metallurgical machineries products, sales of electronic products and provision of supply chain management services for mineral business are recognised when control of the goods has transferred, being when the goods have been delivery to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Revenue and other income *(Continued)*

The Group organises eSports events and provides events management services and corporate services. Revenues are recognised over time where the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs. Revenue from such services are recognised based on the stage of completion of the contract. Payment for provision of services are not due from the customers until the services are completed and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date. Otherwise revenue were recognised at a point in time.

Revenue from logistics services for mineral business and trust and trustee services are recognised when the services are rendered.

Media production services income is recognised when the services are rendered or on the date of the relevant production is delivered.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(v) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(w) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(x) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Impairment of non-financial assets

Intangible assets that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(z) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Impairment of financial assets *(Continued)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— significant increases in credit risk on other financial instruments of the same debtor;

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Impairment of financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Impairment of financial assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Impairment of financial assets *(Continued)*

Measurement and recognition of ECL *(Continued)*

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(aa) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(bb) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not applicable are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the substantial shareholder of the Company at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2 to the consolidated financial statements.

(b) Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2020 were approximately HK$12,650,000 (2019: HK$22,633,000) and HK$15,490,000 (2019: HK$17,521,000) respectively.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Impairment of intangible assets

The Group assesses whether there are any indicators of impairment for intangible assets at the end of each reporting period. Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the assets or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of intangible assets at the end of the reporting period was approximately HK$166,398,000 (2019: HK$114,099,000). Details of the impairment losses calculation are provided in note 21 to the consolidated financial statements.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than the expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's advertising and public relationship events business.

The carrying amount of goodwill at the end of the reporting period was HK$Nil after an impairment loss of approximately HK$1,118,000 was recognised during the year. Details of the impairment loss calculation are provided in note 20 to the consolidated financial statements.

(d) Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2020, the carrying amount of trade receivables was approximately HK$26,643,000 (net of allowance for doubtful debts of approximately HK$46,310,000 (2019: HK$26,615,000 (net of allowance for doubtful debts of HK$41,351,000)).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the year ended 31 December 2020 (2019: Nil).

(f) Fair value of investments

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investment, details of which are set out in note 23 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of each investments.

The carrying amount of the investment as at 31 December 2020 was approximately HK$19,100,000 (2019: HK$19,100,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, United States dollars ("US$"), Renminbi ("RMB"), Euro ("EUR") and Tajikistan Somoni ("TJS"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2020, if the HK$ had weakened/strengthened 6 per cent (2019: 0.5 per cent) against RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$1,778,000 higher/lower (2019: HK$153,000 lower/higher), arising mainly as a result of the foreign exchange loss/gain on trade and other payables denominated in RMB (2019: foreign exchange gain/loss on bank and cash balances and other receivables denominated in RMB).

The directors of the Company consider that the foreign currency exposure in respect of EUR, US$ and TJS for the years ended 31 December 2020 and 2019 are insignificant to the Group and therefore no sensitivity analysis is presented thereon.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% (2019: 10%) higher/lower consolidated loss after tax for the year ended 31 December 2020 would decrease/increase by approximately HK$3,629,000 (2019: HK$5,249,000 decrease/increase). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers. Debtors with balances that past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix on individual segment. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The ECL on trade receivables are estimated using a simplified method. The Group has assessed that the ECL for trade receivables based on individually significant customer or ageing of customers collectively that are not individually significant.

Notes to the Consolidated Financial Statements

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6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

The following table provides information about the Group's exposure to credit risk for accounts receivables arising from different segments of the Group as at 31 December 2020 and 2019.

	2020		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Coal mining business segment			
Current (not past due)	1.46%	12,885	188
0–30 days past due	1.43%	189	3
31–60 days past due	1.71%	129	2
61–90 days past due	4.39%	549	24
91 days–1 year past due	17.66%	7,942	1,403
1–2 years past due	40.37%	10,581	4,272
2–3 years past due	100%	29,261	29,261
Over 3 years past due	100%	11,157	11,157
Consulting and media service business segment			
0–30 days past due	—	11	—
31–60 days past due	—	10	—
Corporate and investment business segment			
Current (not past due)	—	120	—
31–60 days past due	—	12	—
91 days–1 year past due	—	107	—
		72,953	46,310

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

	2019		
	Expected loss rate %	Gross carrying amount HK$'000 (Re-presented)	Loss allowance HK$'000 (Re-presented)
Coal mining business segment			
Current (not past due)	1.17%	10,227	120
0–30 days past due	1.17%	688	8
31–60 days past due	2.16%	475	10
61–90 days past due	3.57%	112	4
91 days–1 year past due	12.13%	11,057	1,341
1–2 years past due	85.60%	32,226	27,585
2–3 years past due	100%	3,194	3,194
More than 3 years	100%	9,082	9,082
Consulting and media service business segment			
0–30 days past due	1.57%	15	—*
Corporate and investment business segment			
0–30 days past due	0.79%	652	5
31–60 days past due	0.79%	8	—*
61–90 days past due	0.79%	230	2
		67,966	41,351

* Represents the amount less than HK$1,000

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6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

Expected loss rates are based on actual loss experience over the past 5 years (2019: 4 years). These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account for trade receivables during the year is as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	41,351	813
Impairment losses recognised for the year	5,358	40,798
Reversals	(1,706)	—
Exchange differences	1,307	(260)
At 31 December	46,310	41,351

During the year, the increase in gross amount of trade receivables past due over 1 year of approximately HK$6,497,000 resulted in an increase in loss allowance of approximately HK$4,829,000.

Financial assets at FVTOCI and amortised cost

All of the Group's assets at FVTOCI and amortised cost are considered to have low credit risk, except for the trade deposit paid, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include trade deposit placed with suppliers, utilities and other deposit, transportation fee receivables and other receivables.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Financial assets at FVTOCI and amortised cost *(Continued)*

Movement in the loss allowance for financial assets at amortised cost during the year is as follows:

	Trade deposits placed with suppliers	Utilities and other deposits	Transportation fee receivables	Other receivables	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2019	44,331	1	1,356	88,602	134,290
Impairment losses recognised for the year	16,027	5	15,565	41,769	73,366
Written off	—	—	—	(19,020)	(19,020)
Exchange difference	(2)	—	—	(670)	(672)
At 31 December 2019 and 1 January 2020	60,356	6	16,921	110,681	187,964
Impairment losses recognised for the year	—	—	—	1,368	1,368
Reversal for the year	(200)	—	—	(58)	(258)
Written off	—	—	—	(1,779)	(1,779)
Exchange difference	1,314	—	1,019	2,865	5,198
At 31 December 2020	61,470	6	17,940	113,077	192,493

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Notes to the Consolidated Financial Statements

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6. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk *(Continued)*

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Carrying amount HK$'000	Total contractual undiscounted cash outflow HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2020						
Trade payables	5,312	5,312	5,312	—	—	—
Other payables and accruals	130,423	130,423	130,423	—	—	—
Bonds payables	50,000	50,000	50,000	—	—	—
Lease liabilities	2,621	2,806	1,346	1,460	—	—
Redeemable convertible preference shares	525	541	541	—	—	—
At 31 December 2019						
Trade payables	4,478	4,478	4,478	—	—	—
Other payables and accruals	47,428	47,428	47,428	—	—	—
Bonds payables *(note)*	50,000	50,000	50,000	—	—	—
Lease liabilities	4,861	5,329	1,979	1,666	1,684	—
Redeemable convertible preference shares	511	541	—	541	—	—

Note:

Bonds payables with a repayment on demand clause after twelve months of issue date are included in the less than 1 year's time band in the above maturity analysis. As at 31 December 2019, the aggregate undiscounted principal amounts of these bonds payables amounted to HK$50,000,000. Taking into account the Group's financial position, the directors do not believe that it is probable that the bondholders will exercise their discretionary rights to demand immediate repayment. The directors believe that such bonds payables will be repaid within one year after issue date in accordance with the scheduled repayment dates set out in the bond subscription agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$58,000,000.

(e) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and borrowings. The Group's bank deposits bear interests at variable rates varied with the then prevailing market condition. The Group's borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 December 2020, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$20,000 (2019: HK$25,000) higher, arising mainly as a result of lower interest income on bank deposits. If interest rates had been 50 basis points higher, with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$101,000 (2019: HK$123,000) lower, arising mainly as a result of higher interest income on bank deposits.

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6. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Categories of financial instruments at 31 December 2020

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets measured at FVTOCI:		
Equity instruments	19,100	19,100
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
Held for trading	36,293	52,489
Financial assets measured at amortised cost	66,293	68,954
Financial liabilities		
Financial liabilities at amortised cost	186,260	102,417
Financial liabilities at FVTPL	36,664	43,011

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. 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.

Notes to the Consolidated Financial Statements

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7. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Disclosures of level in fair value hierarchy at 31 December:

Description	Fair value measurements using: Level 1 HK$'000	Level 3 HK$'000	Total 2020 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed equity securities	36,293	—	36,293
Financial assets at FVTOCI			
Unlisted equity securities	—	19,100	19,100
Total	36,293	19,100	55,393
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	—	36,664	36,664

Description	Fair value measurements using: Level 1 HK$'000	Level 3 HK$'000	Total 2019 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed equity securities	52,489	—	52,489
Financial assets at FVTOCI			
Unlisted equity securities	—	19,100	19,100
Total	52,489	19,100	71,589
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	—	43,011	43,011

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7. FAIR VALUE MEASUREMENTS *(Continued)*

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

	2020 HK$'000	2019 HK$'000
Financial assets at FVTOCI — Unlisted equity securities		
At 1 January	19,100	25,900
Purchases	—	1,000
Fair value loss	—	(7,800)
At 31 December	19,100	19,100

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at FVTOCI in the 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 December 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.

Notes to the Consolidated Financial Statements

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7. FAIR VALUE MEASUREMENTS *(Continued)*

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2020 HK$'000 Assets/ (Liabilities)	Fair value 2019 HK$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	14% (2019: 13%)	Decrease	**10,900**	10,900
		Long-term revenue growth rate	2% (2019: 3%)	Increase		
		Long-term pre-tax operating margin	11% (2019: 14%)	Increase		
		Discount for lack of marketability	20.6% (2019: 20.6%)	Decrease		
Redeemable preference shares of private entity classified as financial assets at FVTOCI	Discounted cash flows	Discount rate	4.30% (2019: 4.44%)	Decrease	**8,200**	8,200
Financial liabilities at FVTPL	Discounted cash flows	Risk- free rate	0.01%–0.08% (2019: 1.82%–1.83%)	Decrease	**(36,664)**	(43,011)
		Dividend yield	0% (2019: 3.07%–3.67%)	Decrease		
		Volatility	40%–60% (2019: 35%–42%)	Decrease		

During the two years, there were no changes in the valuation techniques used.

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8. REVENUE

Disaggregation of revenue

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

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sales of goods:		
— Provision of supply chain management services for mineral business	4,813	83,964
— Mining and metallurgical machineries products	20,065	27,390
— Trading of electronic products	—	7,154
Provision of services:		
— Logistics services for mineral business	5,597	6,017
— Organising eSports events	421	1,140
— Corporate services business	1,792	2,679
— Media services	462	6,025
— Trust and trustee services	2,288	3,292
— Event management services	520	905
	35,958	138,566

8. REVENUE *(Continued)*

Disaggregation of revenue *(Continued)*

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 year ended 31 December	Provision of supply chain management services for mineral business		Mining and metallurgical machineries products		Trading of electronic products		Logistics services for mineral business		Organising eSports event		Corporate services business		Media services		Trust and trustee services		Event management services		Total	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Primary geographical markets																				
— Hong Kong	–	15,152	–	–	–	1,377	–	–	–	–	1,792	2,679	462	6,025	2,288	3,292	520	905	5,062	29,430
— PRC except Hong Kong	4,813	22,867	20,065	27,390	–	–	5,597	6,017	–	–	–	–	–	–	–	–	–	–	30,475	56,274
— Australia	–	–	–	–	–	1,404	–	–	–	515	–	–	–	–	–	–	–	–	–	1,919
— Taiwan	–	36,497	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	36,497
— Vietnam	–	9,448	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	9,448
— Dubai	–	–	–	–	–	4,373	–	–	421	–	–	–	–	–	–	–	–	–	421	4,373
— Others	–	–	–	–	–	–	–	–	–	625	–	–	–	–	–	–	–	–	–	625
Revenue from external customers	4,813	83,964	20,065	27,390	–	7,154	5,597	6,017	421	1,140	1,792	2,679	462	6,025	2,288	3,292	520	905	35,958	138,566
Timing of revenue recognition																				
Products transferred at a point in time	4,813	83,964	20,065	27,390	–	7,154	5,597	6,017	–	–	311	–	271	–	2,218	–	–	–	33,275	124,525
Products and services transferred over time	–	–	–	–	–		–	–	421	1,140	1,481	2,679	191	6,025	70	3,292	520	905	2,683	14,041
Total	4,813	83,964	20,065	27,390	–	7,154	5,597	6,017	421	1,140	1,792	2,679	462	6,025	2,288	3,292	520	905	35,958	138,566

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

9. OTHER GAINS AND LOSSES

	2020 HK$'000	2019 HK$'000
Continuing operations		
Interest income on:		
— Bank deposits	145	46
— Deposits received from suppliers	—	471
Total interest income for financial assets that are not at fair value through profit or loss	145	517
Dividend income from equity investments	71	1,405
Gain on derecognition of lease liabilities	24	—
Sundry income	323	837
	563	2,759

10. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Continuing operations		
Interests on bonds payables	4,689	4,000
Interest expenses on lease liabilities *(note 19)*	239	361
Imputed interest expenses on redeemable convertible preference shares	14	10
Others	—	1
	4,942	4,372

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11. INCOME TAX CREDIT

	2020 HK$'000	2019 HK$'000
Current tax — Hong Kong		
Provision for the year	—	—
Over-provision for prior years	—	36
Current tax — Overseas		
Provision for the year	—	(38)
Under-provision for prior years	(102)	(37)
	(102)	(39)
Deferred tax *(note 36)*	5,540	14,469
	5,438	14,430

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

PRC enterprise income tax has been provided at a rate of 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.

Notes to the Consolidated Financial Statements

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11. INCOME TAX CREDIT *(Continued)*

The reconciliation between the income tax credit and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2020 HK$'000	2019 HK$'000
Loss before tax	**(69,705)**	(339,491)
Tax at the domestic income tax rate of 16.5%	**(11,501)**	(56,016)
Tax effect of income that is not taxable	**(1,329)**	(1,707)
Tax effect of expenses that are not deductible	**12,409**	29,347
Tax effect of tax loss not recognised	**2,844**	18,323
Tax effect of utilisation of tax losses not previously recognised	**(86)**	(723)
Temporary differences not recognised	**(2,930)**	14
Under-provision for prior years	**102**	37
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(4,947)**	(3,705)
Income tax credit	**(5,438)**	(14,430)

Notes to the Consolidated Financial Statements

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12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2020 HK$'000	2019 HK$'000
Auditor's remuneration	2,800	3,000
Cost of inventories sold of coal mining business	16,257	96,349
Depreciation on property, plant and equipment	1,000	3,300
Depreciation on right-of use assets	1,849	2,322
Amortisation of intangible assets (included in administrative and other operating expenses)	10,190	10,305
Property, plant and equipment written off	—	148
(Recovery income from trade and other receivables written off)/ trade and other receivables written off	(161)	101,063
Loss on disposal of subsidiaries	—	281
Loss on disposal of property, plant and equipment	26	60
(Gain)/loss on disposal of financial assets at FVTPL	(1,000)	28,584
Fair value loss on financial assets at FVTPL	18,139	24,456
Fair value gain on financial liabilities at FVTPL	(6,347)	(2,989)
Impairment loss on trade and other receivables	4,762	114,164
Impairment loss on intangible assets	—	23,288
Impairment loss on investment in associates	1,959	—
Impairment loss on goodwill	1,118	—
Net exchange loss/(gain)	14	(48)

13. EMPLOYEE BENEFITS EXPENSES

	2020 HK$'000	2019 HK$'000
Employee benefits expense:		
— Salaries, bonuses and allowances	23,318	26,343
— Retirement benefit scheme contributions	496	526
	23,814	26,869

For the year ended 31 December 2020, COVID-19 related government grants amounted to approximately HK$1,969,000 have been offset against employee benefits expenses.

13. EMPLOYEE BENEFITS EXPENSES *(Continued)*

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2019: three) directors and chief executive officers whom emoluments are reflected in the analysis presented in note 14. The emoluments of the remaining three (2019: two) individuals are set out below:

	2020 HK$'000	2019 HK$'000
Basic salaries, bonuses, allowances and benefits in kind	2,740	1,640
Retirement benefits scheme contributions	54	36
	2,794	1,676

The emoluments fell within the following bands:

	2020	2019
HK$Nil to HK$1,000,000	2	2
HK$1,000,001 to HK$1,500,000	1	—

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: HK$Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

14. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Directors' and senior management's emoluments

The remuneration of every directors and senior management is set out below:

	Emoluments paid or receivable in respect of a person's services as a director and chief executive officer, whether of the Company or its subsidiary undertaking				
	Fees HK$'000	**Salaries** HK$'000	**Discretionary bonus** HK$'000	**Employer's contribution to a retirement benefit scheme** HK$'000	**Total** HK$'000
For the year ended 31 December 2020					
Executive directors:					
CHAN Nap Kee, Joseph	—	3,000	—	18	3,018
YANG Yongcheng	—	730	—	—	730
Independent non-executive directors:					
LIEW Swee Yean	151	—	—	—	151
SIU Siu Ling, Robert (retired on 30 December 2020)	151	—	—	—	151
Dr. WONG Yun Kuen	151	—	—	—	151
ANDERSON Brian Ralph	151	—	—	—	151
Chief Executive Officers:					
Chen Chun Long	—	1,080	90	18	1,188
Ching Ho Tung Philips	—	600	50	18	668
	604	5,410	140	54	6,208
For the year ended 31 December 2019					
Executive directors:					
CHAN Nap Kee, Joseph	—	3,000	2,000	18	5,018
YANG Yongcheng	—	742	—	—	742
Independent non-executive directors:					
LIEW Swee Yean	149	—	—	—	149
SIU Siu Ling, Robert	149	—	—	—	149
Dr. WONG Yun Kuen	149	—	—	—	149
ANDERSON Brian Ralph	149	—	—	—	149
Chief Executive Officers:					
Chen Chun Long (appointed on 19 June 2019)	—	1,144	540	18	1,702
Ching Ho Tung Philips (appointed on 19 June 2019)	—	620	—	18	638
	596	5,506	2,540	54	8,696

Neither the chief executive nor any of the directors waived any emoluments during the year (2019: HK$Nil).

14. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15. DIVIDEND

	2020 HK$'000	2019 HK$'000
2018 Final dividend of HK0.17 cents per ordinary share paid	—	980
2018 Special dividend of HK0.17 cents per ordinary share	—	980
	—	1,960

No final dividend for the year ended 31 December 2020 and 2019 has been declared by the Company.

16. DISCONTINUED OPERATIONS

On 6 November 2019, the Group dissolved the wholly owned subsidiary, Better Business International Limited ("Better Business"). Better Business and its subsidiaries were principally engaged in the coal mining business in Tajikistan. In view of the political instability and devaluation currency in Tajikistani Somoni, the directors of the Company decided to shut down the operations in Tajikistan.

As the business operations of production and exploitation of coal in Tajikistan are considered as a separate major line of business which was previously classified as the production and exploitation of coal business segment of the Group, it is accounted for as discontinued operations for the year ended 31 December 2019.

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For the year ended 31 December 2020

16. DISCONTINUED OPERATIONS *(Continued)*

Since early 2020, COVID-19 had been widely spread in Tajikistan, the local staff had left Tajikistan due to safety reasons and the management of the Group had been unable to travel to Tajikistan and obtain the related books and records in Tajikistan.

	2020 HK$'000	2019 HK$'000
Loss for the year from discontinued operations:		
Revenue	—	923
Cost of goods sold	—	(1,026)
Gross loss	—	(103)
Other gains and losses	—	—
Administrative and other operating expenses	—	(3,305)
Loss before tax	—	(3,408)
Income tax expense	—	—
Loss for the year/period from discontinued operations	—	(3,408)
Loss for the year/period from discontinued operations attributable to		
— Owners of the Company	—	(3,400)
— Non-controlling interests	—	(8)
	—	(3,408)

None of the depreciation and amortisation and auditor's remuneration were included in loss for the year/period from discontinued operations.

	2020 HK$'000	2019 HK$'000
Cash flows from discontinued operations:		
Net cash outflows from operating activities	—	(2,820)
Net cash inflows from financing activities	—	3,281
Net cash inflows	—	461

17. LOSS PER SHARE

From continuing and discontinued operations

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

	2020 HK$'000	2019 HK$'000
Loss for the purpose of calculating basic loss per share	**(60,295)**	(318,130)

	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**576,566,055**	576,566,055

From continuing operations

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

	2020 HK$'000	2019 HK$'000
Loss for the purpose of calculating basic earnings per share	**(60,295)**	(318,130)
Loss for the year from discontinued operations	**—**	3,400
Loss for the purpose of calculating basic loss per share from continuing operations	**(60,295)**	(314,730)

The weighted average numbers of ordinary shares used as denominators in calculating the basic earnings per share are the same.

From discontinued operations

Basic loss per share from the discontinued operations is HKNil cent per share (2019: HK0.58 cent per share) based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK$Nil (2019: HK$3,400,000) and the denominators used are the same as those detailed above for both basic earnings per share.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the year ended 31 December 2019 and 2020.

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For the year ended 31 December 2020

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and Machinery HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost									
At 1 January 2019	169	6,907	5,792	6,029	967	108	2,239	10,585	32,796
Reclassification due to adoption of IFRS 16	(169)	—	—	—	—	—	—	—	(169)
Additions	—	—	1,454	823	151	7	—	—	2,435
Disposal	—	—	—	—	(3)	—	(158)	—	(161)
Transfer	—	—	696	—	—	—	—	(696)	—
Written off	—	—	(121)	(25)	(56)	(13)	—	—	(215)
Exchange differences	—	(120)	(115)	(117)	(13)	(1)	(36)	(173)	(575)
At 31 December 2019 and 1 January 2020	—	6,787	7,706	6,710	1,046	101	2,045	9,716	34,111
Additions	—	—	—	46	3	—	—	—	49
Disposal	—	—	—	—	—	—	(79)	—	(79)
Transfer to intangible assets	—	—	—	—	—	—	—	(9,759)	(9,759)
Exchange differences	—	419	417	417	44	3	122	43	1,465
At 31 December 2020	—	7,206	8,123	7,173	1,093	104	2,088	—	25,787
Accumulated depreciation and impairment losses									
At 1 January 2019	13	5,713	753	1,137	652	61	194	—	8,523
Reclassification due to adoption of IFRS 16	(13)	—	—	—	—	—	—	—	(13)
Charges for the year	—	126	456	1,784	239	17	678	—	3,300
Disposal	—	—	—	—	(3)	—	(85)	—	(88)
Written off	—	—	(30)	(7)	(22)	(6)	—	—	(65)
Exchange differences	—	(101)	(8)	(48)	(9)	(1)	(12)	—	(179)
At 31 December 2019 and 1 January 2020	—	5,738	1,171	2,866	857	71	775	—	11,478
Charges for the year	—	125	500	208	37	16	114	—	1,000
Disposal	—	—	—	—	—	—	(30)	—	(30)
Exchange differences	—	361	48	189	35	3	53	—	689
At 31 December 2020	—	6,224	1,719	3,263	929	90	912	—	13,137
Carrying amount									
At 31 December 2020	—	982	6,404	3,910	164	14	1,176	—	12,650
At 31 December 2019	—	1,049	6,535	3,844	189	30	1,270	9,716	22,633

19. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
At 1 January 2019	13,424	2,497	15,921
Additions	—	4,822	4,822
Depreciation	(510)	(1,812)	(2,322)
Derecognition	—	(564)	(564)
Exchange differences	(225)	(111)	(336)
At 31 December 2019 and 1 January 2020	12,689	4,832	17,521
Depreciation	(503)	(1,346)	(1,849)
Derecognition	—	(904)	(904)
Lease modification	—	(162)	(162)
Exchange differences	754	130	884
At 31 December 2020	12,940	2,550	15,490

	2020 HK$'000	2019 HK$'000
Depreciation expenses on right-of-use assets	**1,849**	2,322
Interest expense on lease liabilities (included in finance costs)	**239**	361
Expenses relating to short-term lease (included in cost of goods sold and administrative expenses)	**873**	1,170

Details of total cash outflow for leases is set out in note 42(d).

For both years, the Group leases various offices and factories for its operations. Lease contracts are entered into for fixed term of 2 to 5 years (2019: 2 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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20. GOODWILL

	HK$'000
Cost	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	1,118
Accumulated impairment losses	
At 1 January 2019, 31 December 2019 and 1 January 2020	—
Impairment loss recognised for the year	(1,118)
At 31 December 2020	(1,118)
Carrying amount	
At 31 December 2020	—
At 31 December 2019	1,118

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

	2020 HK$'000	2019 HK$'000
Provision of advertising and public relationship events		
Pineapple Media Limited ("Pineapple Media")	—	1,118

20. GOODWILL *(Continued)*

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

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2019: 1%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group's provision of advertising and public relationship events are 18% (2019: 22.86%).

At 31 December 2020, before impairment testing, goodwill of approximately HK$1,118,000 was allocated to Pineapple Media within the consulting and media service business segment. Due to a slow-down in the media sector with fewer projects in public relationship events, the Group has revised its cash flow forecasts for this CGU. The CGU has been reduced to its recoverable of HK$Nil and an impairment loss of approximately HK$1,118,000 recognised on the goodwill.

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21. INTANGIBLE ASSETS

	Mining rights HK$'000	Exploration and evaluation assets HK$'000	Total HK$'000
Cost			
At 1 January 2019	234,614	—	234,614
Written off	(63,232)	—	(63,232)
Exchange differences	(5,017)	—	(5,017)
At 31 December 2019 and 1 January 2020	166,365	—	166,365
Transferred from construction in progress	—	9,759	9,759
Additions	—	43,251	43,251
Exchange differences	10,265	3,019	13,284
At 31 December 2020	176,630	56,029	232,659
Accumulated amortisation and impairment losses			
At 1 January 2019	84,842	—	84,842
Amortisation for the year	10,305	—	10,305
Impairment loss	23,288	—	23,288
Written off	(63,232)	—	(63,232)
Exchange differences	(2,937)	—	(2,937)
At 31 December 2019 and 1 January 2020	52,266	—	52,266
Amortisation for the year	10,190	—	10,190
Exchange differences	3,805	—	3,805
At 31 December 2020	66,261	—	66,261
Carrying amount			
At 31 December 2020	110,369	56,029	166,398
At 31 December 2019	114,099	—	114,099

21. INTANGIBLE ASSETS *(Continued)*

Mining rights

At 31 December 2020, the Group's mining rights represent the rights for production and exploitation of a coal mine in Xinjiang, PRC. The major content of the coal mine is thermal coal. The mining rights are stated at cost less accumulated amortisation and impairment losses over the estimated useful lives of mining rights.

For the year ended 31 December 2019, the directors of the Company decided to shut down the operation of mining business located in Tajikistan and thus to fully write off the mining right of Tajikistan with net carrying amounts of HK$Nil.

Having regard to the change in production plan to operate the mine at a significantly reduced annual production capacity, the Group carried out reviews of the recoverable amount of its mining rights for the year ended 31 December 2019. These assets are used in the Group's coal mining business segment. The review led to the recognition of an impairment loss of approximately HK$23,288,000 for mining rights that have been recognised in profit or loss. The recoverable amount of approximately HK$114,099,000 for the relevant assets has been determined on the basis of their value in use method using discounted cash flow method. The discount rate used was 25.30%.

Exploration and evaluation assets

Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

During the year, the Group obtained a mineral exploration license with a mining area of 7.35 km^2 located in Xinjiang, PRC. The exploration license has a legal life of 5 years ending in August 2025. The mining area is under the exploration and evaluation stage as at 31 December 2020 and the exploration and evaluation assets is not subject to amortisation until it can be reasonably ascertained that the mining area is capable of commercial production and the exploration license is transferred to mining right.

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22. INVESTMENT IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Unlisted investments at cost	1,959	1,959
Less: impairment losses recognised	(1,959)	—
	—	1,959

Details of the Group's associates at 31 December 2020 are as follows:

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/voting power/ profit sharing		Principal activities
			2020	2019	
SCH Limited	Isle of Man	100,000 ordinary shares of GBP0.02 each	45.56%	45.56%	Investment holding
Sturgeon Capital Limited	United Kingdom	249,999 ordinary shares of GBP0.4 each	50.98%	50.98%	Funds management

On 11 November 2019, the Group acquired 45.56% equity interest in SCH Limited ("SCH") which holds approximately 90.04% of equity interest in Sturgeon Capital Limited ("Sturgeon Capital"). SCH and Sturgeon Capital are collectively referred as "SCH Group".

Sturgeon Capital is an independent 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. Prior to the acquisition on 11 November 2019, the Group held 9.96% of equity interest in Sturgeon Capital and recognised the investment as financial assets at FVTOCI. Upon the completion of the acquisition, the Group held 50.98% of equity interest in Sturgeon Capital, for which 41.02% interest was through SCH and 9.96% interest was directly held by the Group. Consequently, Sturgeon Capital is classified as an associate of the Group as the Group does not have control over Sturgeon Capital.

22. INVESTMENT IN ASSOCIATES *(Continued)*

Following the completion of the acquisition, a share swap and restructuring involving the Group and SCH Group will take place pursuant to which the Group will transfer its entire shareholdings in Sturgeon Capital in exchange for newly issued ordinary shares of SCH. Sturgeon Capital will be wholly-owned by SCH and SCH will be 50.98% owned by the Group upon the completion of the share swap restructuring arrangement.

Due to the outbreak of COVID-19 since early 2020, the process of the share swap arrangement was delayed. The offices of SCH Group are located in United Kingdom where COVID-19 has been widely spread and the chief accountant of SCH Group passed away due to the pandemic. The remaining local staff is unable to access and obtain the financial information of the SCH Group due to the local lockdown measures and the death of the chief accountant. As such, the directors of the Company decided to record the carrying amount of the investment in associates at cost.

During the year ended 31 December 2020, the directors of the Company have negotiation with the controlling parties of SCH Group for cancellation of share swap and restructuring arrangement. The directors of the Company confirmed that the negotiation has not finalised up to the date of approval of these consolidated financial statements. As such, the management of the Group determined to make full impairment on the investment amount in the associates at the end of the year so as to reflect the potential risk of loss.

23. FINANCIAL ASSETS AT FVTOCI

	2020 **HK$'000**	2019 HK$'000
Unlisted equity securities		
— in the British Virgin Islands	**10,900**	10,900
	10,900	10,900
9% redeemable preference shares	**8,200**	8,200
	19,100	19,100

The carrying amounts of the Group's financial assets at FVTOCI were denominated in HK$.

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24. LONG-TERM DEPOSITS

	2020 HK$'000	2019 HK$'000
Deposits paid for		
— acquisition of a subsidiary *(note)*	20,000	20,000

Note:

On 20 December 2018, a wholly-owned subsidiary of the Company entered a sales and purchase agreement (the "Agreement") with an independent third party to acquire the 100% equity capital of Double Up Group Limited and its subsidiaries at the consideration of HK$30,000,000. In December 2018, a deposit of HK$20,000,000 was paid to the vendor pursuant to the Agreement. The deposit is non-interest bearing, unsecured and will form part of the purchase consideration upon the completion of the acquisition. Details of the acquisition were set out in the Company's announcements dated 20 December 2018 and 7 January 2019.

In view of certain precedent conditions for completion of the acquisition as set out in the Agreement have not been completed, the directors of the Company considered the acquisition has not been completed as at 31 December 2019 and 2020 and before the date of approval of these consolidated financial statements.

25. FINANCIAL ASSETS AT FVTPL

	2020 HK$'000	2019 HK$'000
Equity securities, at fair value		
Listed in Hong Kong	36,293	52,489

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

	2020 HK$'000	2019 HK$'000
Held for trading	36,293	52,489

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

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

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

26. INVENTORIES

	2020 HK$'000	2019 HK$'000
Raw materials, consumable goods and spare parts	535	1,041
Work in progress	2,136	484
Finished goods	4,325	3,538
	6,996	5,063

27. TRADE AND BILLS RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	72,953	67,966
Allowance for doubtful debts	(46,310)	(41,351)
	26,643	26,615
Bills receivables	641	448
	27,284	27,063

The credit terms of trade receivables are in accordance with specific payment schedules agreed with various customers.

An ageing analysis of trade and bills receivables, based on the invoice date is as follows:

	2020 HK$'000	2019 HK$'000
0–30 days	16,376	14,759
31–60 days	2,718	7,489
61–90 days	2,794	292
91 days–1 year	7,578	8,388
Over 1 year	44,128	37,486
	73,594	68,414

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27. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2020 HK$'000	2019 HK$'000
HK$	**323**	960
RMB	**26,961**	26,103
	27,284	27,063

28. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade deposits placed with suppliers	**—**	2,995
Utilities and other deposits	**1,116**	858
Prepayments	**4,397**	14,770
Transportation fee receivables	**—**	24
Other receivables	**13,562**	10,507
	19,075	29,154

29. BANK AND CASH BALANCES

As at 31 December 2020, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK$5,240,000 (2019: HK$3,889,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

30. TRADE PAYABLES

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

	2020 HK$'000	2019 HK$'000
0–30 days	3,027	2,076
31–60 days	1,180	1,469
61–90 days	135	337
91–180 days	442	103
Over 365 days	528	493
	5,312	4,478

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

31. OTHER PAYABLES AND ACCRUALS

	2020 HK$'000	2019 HK$'000
Accruals	11,044	8,518
Other payables	89,791	29,227
Due to a director	29,588	9,683
	130,423	47,428

The amount due to a director is unsecured, interest free and repayable on demand.

32. BOND PAYABLES

On 24 August 2018, the Company issued the straight bonds, with the principal amount of HK$50,000,000 (the "Bonds"). The Bonds are unsecured, interest-bearing of 8% per annum and repayable on 23 August 2020.

During the year, a supplementary agreement was entered by the Company and holders of the Bonds in which the repayment date of the Bonds was extended to 23 August 2021 and the interest rate had been increased from 8% per annum to 10% per annum.

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33. OTHER FINANCIAL LIABILITIES

On 18 April 2018 and 28 January 2019, the Group entered into agreements with a third party to forward sell financial assets at fair value through profit or loss at considerations of approximately HK$30,000,000 (the "Shares A") and HK$13,000,000 (the "Shares B") respectively. The completion dates of the transactions to take place on dates falling 2 years from the dates of signing the agreements. The Group also granted options to the third party to sell back the Shares A and the Shares B at prices of HK$3.41 per share and HK$2.80 per share by amounts of approximately HK$33,000,000 and HK$15,079,000 respectively to the Group on the completion dates of the transactions.

During the year, the Group entered into an extension agreement with the third party to extend the completion date of Shares A for two years to 18 April 2022. Other terms and condition as set out in the agreement of Shares A remain unchanged.

Subsequent to the reporting period, an agreement was entered by the Group with the third party to extend the completion date of Share B for two years to 27 January 2023. Other terms and conditions as set out in the agreement of Shares B remain unchanged.

	2020 HK$'000	2019 HK$'000
Financial liabilities at FVTPL	36,664	43,011

Analysed as:

	2020 HK$'000	2019 HK$'000
Current liabilities	14,713	30,646
Non-current liabilities	21,951	12,365
	36,664	43,011

34. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Within one year	**1,346**	1,979	**1,231**	1,703
In the second to fifth years, inclusive	**1,460**	3,350	**1,390**	3,158
	2,806	5,329	**2,621**	4,861
Less: Future finance charges	**(185)**	(468)	**N/A**	N/A
Present value of lease obligations	**2,621**	4,861	**2,621**	4,861
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,231)**	(1,703)
Amount due for settlement after 12 months			**1,390**	3,158

The weighted average incremental borrowing rates applied to lease liabilities range from 5.28% to 16.34% (2019: from 5.28% to 13.57%).

The Group's lease liabilities are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
HK$	**488**	1,332
RMB	**2,133**	3,529
	2,621	4,861

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35. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

During the year ended 31 December 2019, Allied Global Limited ("Allied Global"), a wholly owned subsidiary of the Company, issued 6,420 redeemable convertible preference shares which have a par value of US$10 per share, carried a coupon rate of 3% per annum. The holder is entitled to convert the redeemable convertible preference shares into 2,496 ordinary shares of Allied Global at any time within two years from 1 May 2019 at a total amount of approximately HK$501,000 (equivalent to US$64,000).

There was no conversion or redemption of redeemable convertible preference shares during the year ended 31 December 2020 and 2019.

The proceeds received from the issue of the redeemable convertible preference shares have been recognised as liability components as follows:

	2020	2019
	HK$'000	HK$'000
Nominal value of redeemable convertible preference shares issued and liability component at date of issue	**501**	501
Interest charged	**24**	10
Liability component at 31 December	**525**	511

Analysed as:

	2020	2019
	HK$'000	HK$'000
Current liabilities	**525**	—
Non-current liabilities	**—**	511
	525	511

The interest charged for the year is calculated by applying an effective interest rate of 2.91% to the liability component for the year (2019: 8 months period since the redeemable convertible preference shares were issued).

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36. DEFERRED TAX

The following are the deferred tax assets/(liabilities) recognised by the Group.

	Fair value adjustment of mining rights HK$'000	**Financial assets at fair value through profit or loss** HK$'000	**Total** HK$'000
At 1 January 2019	(35,931)	(2,891)	(38,822)
Credit to profit or loss for the year *(note 11)*	8,398	6,071	14,469
Exchange differences	495	—	495
At 31 December 2019 and 1 January 2020	(27,038)	3,180	(23,858)
Credit to profit or loss for the year *(note 11)*	2,547	2,993	5,540
Exchange differences	(1,522)	—	(1,522)
At 31 December 2020	(26,013)	6,173	(19,840)

At the end of the reporting period the Group has unused tax losses of approximately HK$161,844,000 (2019: HK$128,481,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the approximately HK$161,844,000 (2019: HK$128,481,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$1,573,000, HK$3,090,000, HK$4,716,000, HK$15,306,000 and HK$5,526,000 that will expire in 2021, 2022, 2023, 2024 and 2025 (2019: HK$543,000, HK$1,482,000, HK$2,910,000, HK$4,442,000 and HK$14,417,000 that will expire in 2020, 2021, 2022, 2023 and 2024) respectively. Remaining tax losses may be carried forward indefinitely.

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For the year ended 31 December 2020

37. SHARE CAPITAL

	2020 **HK$'000**	2019 HK$'000
Authorised:		
5,000,000,000 Ordinary shares of HK$0.1 each	**500,000**	500,000
Issued and fully paid:		
576,566,055 Ordinary shares of HK$0.1 each	**57,657**	57,657

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the shareholders equity ratio. This ratio is calculated as total share equity divided by total asset. Total share equity comprises share capital, retained profits and other reserves.

The only externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2020, 56.8% (2019: 56.8%) of the shares were in public hands.

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Investments in subsidiaries		**1,000**	1,000
Deferred tax assets		**6,173**	3,180
		7,173	4,180
Current assets			
Financial assets at FVTPL		**36,293**	52,489
Deposits, prepayments and other receivables		**797**	1,166
Amounts due from subsidiaries		**3,838**	89,791
Bank and cash balances		**14,393**	15,299
		55,321	158,745
Current liabilities			
Other payables and accruals		**14,002**	7,191
Amounts due to subsidiaries		**8,231**	9,380
Amount due to a director		**25,993**	9,180
Bonds payables		**50,000**	50,000
Other financial liabilities		**14,713**	30,646
		112,939	106,397
Net current (liabilities)/asset		**(57,618)**	52,348
Total assets less current liabilities		**(50,445)**	56,528
Non-current liabilities			
Other financial liabilities		**21,951**	12,365
		21,951	12,365
NET (LIABILITIES)/ASSETS		**(72,396)**	44,163
CAPITAL AND RESERVES			
Share capital		**57,657**	57,657
Reserves	38(b)	**(130,053)**	(13,494)
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(72,396)**	44,163

Approved by the Board of Directors on 22 March 2021 and are signed on its behalf by:

CHAN Nap Kee, Joseph **YANG Yongcheng**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Share premium *(note 39(b)(i))* HK$'000	Shares held under share award scheme *(note 40)* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	1,363,055	(395)	(1,263,928)	98,732
Loss for the year	—	—	(107,290)	(107,290)
Purchase of shares held under the share award scheme	—	(2,976)	—	(2,976)
Dividend paid	(1,960)	—	—	(1,960)
At 31 December 2019 and 1 January 2020	1,361,095	(3,371)	(1,371,218)	(13,494)
Loss for the year	—	—	(116,559)	(116,559)
At 31 December 2020	1,361,095	(3,371)	(1,487,777)	(130,053)

39. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(d) to the consolidated financial statements.

(iii) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(j) to the consolidated financial statements.

40. SHARE-BASED PAYMENTS

Share award scheme adopted on 14 June 2016

On 14 June 2016, the Company adopted a share award scheme (the "New Share Award Scheme") under which shares of the Company (the "New Awarded Shares") may be awarded to selected employees (including without limitation any directors) of any members of the Group (the "New Selected Employees") pursuant to the terms of the scheme rules and trust deed of the New Share Award Scheme. The purpose of the New Share Award Scheme are (i) to recognise the contributions by certain employees of any members of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The New Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, shall be valid and effective for a term of 5 years commencing from the date of the New Share Award Scheme.

The New Share Award Scheme shall be subject to the administration of the board of directors of the Company and the trustee of the New Share Award Scheme (the "New Trustee") in accordance with the rules of the New Share Award Scheme and the trust deed entered into between the Company and the New Trustee (the "New Trust Deed"). The decision of the board of directors of the Company with respect to any matter arising under the New Share Award Scheme (including the interpretation of any provision) shall be final and binding. The board of the directors of the Company may from time to time cause to be paid cash or made available to the trust constituted by the New Trust Deed (the "New Trust") by way of settlement or otherwise contributed by the Company or any subsidiary of the Company as directed by the board of directors of the Company which constitute part of the funds and properties held under the New Trust and managed by the New Trustee for the benefit of the employees of the Group (other than the employee who is resident in a place where the award of the New Awarded Shares and/or the vesting and transfer of the New Awarded Shares pursuant to the terms of the New Share Award Scheme is not permitted under the laws or regulations of such place or where in view of the board of directors of the Company or the New Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employees of the Group (the "Excluded Employee") (the "Trust Fund"), for the purchase or subscription (as the case may be) of the shares of the Company and other purposes set out in the rules relating the New Share Award Scheme and the New Trust Deed.

The board of directors of the Company may, from time to time, at its absolute discretion select any employee of the Group (other than any Excluded Employee) for participation in the New Share Award Scheme as a New Selected Employee, and grant such number of New Awarded Shares to any New Selected Employee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

Where the New Awarded Shares is proposed to be made to any New Selected Employee who is a director of the Company (including an independent non-executive director of the Company), such grant must first be approved by all members of the remuneration committee of the Company, or in the case where the grant is proposed to be made to any member of the remuneration committee of the Company, or in case where the grant is proposed to be made to any member of the remuneration committee, by all other members of the remuneration committee of the Company.

Upon the New Awarded Shares grant to any New Selected Employee, a notice will be sent to such New Selected Employee (the "New Grant Notice") with a copy thereof to the New Trustee, setting out the number of the New Awarded Shares so granted and the conditions (if any) upon which such New Awarded Shares were granted. The number of New Awarded Shares specified in the New Grant Notice shall, subject to acceptance by the relevant New Selected Employee constitute the definitive number of New Awarded Shares being granted to him. Upon receipt the New Grant Notice, the New Selected Employee shall confirm acceptance of the New Awarded Shares being granted to him by signing and returning the acceptance form attached to the New Grant Notice, together with the certified copies of the identity verification documents of the New Selected Employees, within 10 business days after the date of the New Grant Notice (the "New Acceptance Period").

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40. SHARE-BASED PAYMENTS *(Continued)*

Share award scheme adopted on 14 June 2016 *(Continued)*

The New Awarded Shares shall only be vested on the New Selected Employee at the end of the vesting period (if any) and on the proposed date on which the New Awarded Shares are transferred by the Trustee to the New Selected Employee (the "New Vesting Date"). Subject to the terms and conditions of the New Share Award Scheme, including the fulfillment of all vesting conditions to the vesting of the New Awarded Shares on such New Selected Employee as specified in the New Grant Notice (if any) and the receipt of the acceptance form attached to the New Grant Notice and the certified copies of the identity verification documents of the New Selected Employee before the expiry of the New Acceptance Period and not later than 15 business days before the proposed New Vesting Date, the Company shall procure the New Trustee to cause the New Awarded Shares to be transferred to and such rights on the New Awarded Shares be vested in such New Selected Employee on the New Vesting Date. The New Selected Employee shall not have any interest or rights (including the right receive dividends) in the New Awarded Shares prior the New Vesting Date.

No further award of New Awarded Shares will make which will result in the aggregate nominal value of the shares awarded under the New Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum aggregate nominal value of New Awarded Shares which may be awarded to a New Selected Employee under the New Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

No new awarded shares (2019: Nil) was awarded during the year ended 31 December 2020.

	2020		2019	
	Number of shares	**Amount**	Number of shares	Amount
	'000	**HK$'000**	'000	HK$'000
At 1 January	**13,610**	**3,371**	1,170	395
Purchase during the year	**—**	**—**	12,440	2,976
At 31 December	**13,610**	**3,371**	13,610	3,371

41. SUBSIDIARIES

Particulars of subsidiaries as at 31 December 2020 are as follows:

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and paid up capital/chartered fund	Attributable equity interest	Principal activities
Directly held				
Kaisun Energy Group Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding
Kaisun Collateral Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	Investment holding
Kaisun Business Solutions Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding
Kaisun Energy Management Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding
KEG Corporate Services Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	Provision of corporate services
Allied Global Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	Investment holding
West Channel Investments Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	Investment holding
Asia Coast International Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	Investment holding
Gold Victoria Investments Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	Investment holding

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41. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and paid up capital/chartered fund	Attributable equity interest	Principal activities
Indirectly held				
Kaisun Business Solution (HK) Limited	Hong Kong, limited liability company	HK$100 Ordinary	100%	Provision of consulting services
Kaisun Energy Managers Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding
Kaisun Energy Corporation	Anguilla, limited liability company	US$1 Ordinary	100%	Investment holding
First Concept Development Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding
World Dynasty Holdings Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	Investment holding
Pineapple Media Limited	British Virgin Islands, limited liability company	625,650 Ordinary shares of US$1 each 92,304 Ordinary shares of US$2.08 each	100% (2019: 70%)	Investment holding
Anway Enterprises Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding
Goodstar Development Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding
Wealth Platinum Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding
Kaisun Esports Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	Investment holding

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41. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and paid up capital/chartered fund	Attributable equity interest	Principal activities
Indirectly held *(Continued)*				
Kaisun Energy Managers (Cayman Islands) Limited	Cayman Islands, limited liability company	US$1 Ordinary	100%	Not yet commenced business
新疆凱運國際貿易有限公司	PRC, limited liability company	Paid up capital RMB10,000,000	100%	Provision of supply chain management services
深圳凱順鴻欣貿易有限公司	PRC, limited liability company	Paid up capital RMB500,000	100%	Provision of supply chain management services
滕州凱源實業有限公司	PRC, limited liability company	Registered capital HK$100,000,000 (2019: HK$60,000,000) Paid up capital HK$30,000,000	89.20% (2019: 84.19%)	Manufacturing of coal mining related equipment
山東凱萊能源物流有限公司	PRC, limited liability company	Registered capital HK$200,000,000 Paid up capital HK$115,878,530 (2019: HK$113,297,010)	79.75% (2019: 79.28%)	Provision of supply chain management services
新疆吐魯番星亮礦業有限公司	PRC, limited liability company	Registered capital RMB50,000,000 Paid up capital RMB13,650,000	79.75% (2019: 79.28%)	Production and exploitation of coal and coal processing
VOV Studio Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	Provision of public relationship services
People's Communication & Consultant Company Limited	Hong Kong, limited liability company	HK$2,862,010 Ordinary	100% (2019: 70%)	Advertising & public relationship event
Evoloop Limited	Hong Kong, limited liability company	HK$10,008,941 Ordinary	59.57%	E-Sport
Girlgamer Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	59.57%	E-Sport
Kaisun Energy Logistic Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	Investment holding

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41. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and paid up capital/chartered fund	Attributable equity interest	Principal activities
Indirectly held *(Continued)*				
Kaisun Energy Equipment Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	Investment holding
Kaisun Silk Road Limited	Hong Kong, limited liability company	HK$1 Ordinary	100%	Financial lease & general trading
Kaisun Energy Trading Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	Provision of supply chain management
Kaisun Trust & Trustee Services Company Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	Provision of trust and trustee services
Kaisun Consulting Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	Provision of consulting services
Kaisun Trust and Corporate Services Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	Provision of trust and trustee services
Kaisun Business Solutions (Singapore) Pte. Limited	Republic of Singapore, limited liability company	Paid up capital S$10,000	100%	Not yet commenced business
Girlgamer (Singapore) Pte. Limited	Republic of Singapore, limited liability company	Paid up capital S$10,000	100%	Not yet commenced business
Zodiac Capital Cayman Limited	Cayman Islands, limited liability company	US$1 Ordinary	100%	Not yet commenced business

41. SUBSIDIARIES *(Continued)*

The following table shows information of subsidiary that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	山東凱萊能源物流有限公司	
	2020	2019
Principal place of business/country of incorporation	PRC	
% of ownership interests/voting rights held by NCI	**20.25%**	20.72%
	HK$'000	HK$'000
At 31 December:		
Non-current assets	**206,191**	160,662
Current assets	**60,343**	50,342
Non-current liabilities	**(26,013)**	(27,038)
Current liabilities	**(106,592)**	(51,333)
Net assets	**133,929**	132,633
Accumulated NCI	**(27,120)**	(33,392)
Year ended 31 December:		
Revenue	**10,410**	28,884
Loss for the year	**(13,554)**	(40,437)
Total comprehensive income	**(7,361)**	(39,909)
Loss allocated to NCI	**(2,745)**	(8,379)
Dividends paid to NCI	**—**	—
Net cash generated from/(used in) operating activities	**38,229**	(5,052)
Net cash used in investing activities	**(38,967)**	(4,241)
Net cash generated from financing activities	**2,582**	8,000
Effect on foreign exchange rate changes	**328**	1,461
Net increase in cash and cash equivalents	**2,172**	168

As at 31 December 2020, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK$5,240,000 (2019: HK$3,889,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Purchase of non-controlling interests

During the year, the Group acquired the remaining 30% equity interest in Pineapple Media Limited and its subsidiary, and the remaining 6% equity interest in 滕州凱源實業有限公司 at cash consideration of HK$8 (equivalent to US$1) and approximately HK$1,710,000 (equivalent to RMB1,440,000) respectively. The effect of the acquisition on the equity attributable to the owners of the Company is as follows:

	HK$'000
Carrying amount of non-controlling interest acquired	1,837
Consideration paid for non-controlling interests	(1,710)
Loss on acquisition recognised directly in equity	127

The consideration has not yet been settled by the Group as at 31 December 2020 and has been included in other payables and accruals as disclosed in note 31 to the consolidated financial statements.

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Disposal of subsidiaries

In 2019, the Group disposed of its 90.1% and 100% equity interest in Connect-Me Technologies Limited ("Connect-Me") and Kaisun Silk Road (South Asia) Limited and its subsidiaries ("KSR Group") at the consideration of HK$1 and HK$8 (equivalent of US$1) to independent third parties respectively. Connect-Me was principally engaged in trading of electronic products whereas KSR Group was principally engaged in project investment.

Net assets of Connect-Me and KSR Group at the date of disposal were as follows:

	Connect-Me HK$'000	**KSR Group** HK$'000	**Total** HK$'000
Trade receivables	6,952	—	6,952
Deposits, prepayments and other receivables	203	2,454	2,657
Inventory	1,178	—	1,178
Bank and cash balances	—	2	2
Bank overdraft	(11)	—	(11)
Trade and other payables	(8,168)	—	(8,168)
Net assets disposed of:	154	2,456	2,610
Non-controlling interests	—	(2,329)	(2,329)
Loss on disposal of a subsidiary	(154)	(127)	(281)
Total consideration — satisfied by cash	—*	—*	—*
Net cash inflow arising on disposal:			
Cash consideration received	—*	—*	—*
Cash and cash equivalents disposed of	11	(2)	9
	11	(2)	9

* Represents the amount less than HK$1,000

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42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2020 HK$'000	Lease modification HK$'000	Termination of lease HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Exchange difference HK$'000	Fair value gain HK$'000	31 December 2020 HK$'000
Lease liabilities	4,862	(162)	(928)	(1,521)	239	131	—	2,621
Bonds payables	50,000	—	—	—	—	—	—	50,000
Redeemable convertible preference share	511	—	—	—	14	—	—	525
Other financial liabilities	43,011	—	—	—	—	—	(6,347)	36,664
	98,384	(162)	(928)	(1,521)	253	131	(6,347)	89,810

	1 January 2019 HK$'000	Impact on initial application of IFRS 16 HK$'000	Restated balance at 1 January 2020 HK$'000	Recognition of lease liabilities HK$'000	Termination of lease HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Exchange difference HK$'000	Fair value gain HK$'000	31 December 2019 HK$'000
Lease liabilities	—	2,497	2,497	4,748	(585)	(2,049)	361	(110)	—	4,862
Bonds payables	50,000	—	—	—	—	(4,001)	4,001	—	—	50,000
Redeemable convertible preference share	—	—	—	—	—	501	10	—	—	511
Other financial liabilities	33,000	—	—	—	—	13,000	—	—	(2,989)	43,011
	83,000	2,497	2,497	4,748	(585)	7,451	4,372	(110)	(2,989)	98,384

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(d) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2020 HK$'000	2019 HK$'000
Within operating cash flows	239	361
Within financing cash flows	1,282	1,688
	1,521	2,049

These amounts relate to the following:

	2020 HK$'000	2019 HK$'000
Lease rental paid	1,521	2,049

(e) Major non-cash transaction

Additions to intangible assets during the year of approximately HK$4,163,000 were transferred from deposits, prepayments and other receivables.

43. CONTINGENT LIABILITIES

At 31 December 2020, the Group did not have any significant contingent liabilities (2019: Nil).

44. COMMITMENTS

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

	2020 HK$'000	2019 HK$'000
Capital contribution to a subsidiary	10,000	10,000
Capital expenditures to property, plant and equipment	—	1,319
Capital expenditures to exploration and evaluation assets	7,587	—
	17,587	11,319

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45. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for motor vehicles, staff quarter and office premises. As at 31 December 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 19.

46. SEGMENT INFORMATION

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

For the year ended 31 December 2019, the Group has seven reportable segments which are production and exploitation of coal in Xinjiang, provision of supply chain management services for mineral business (including logistic services), trading securities, mining and metallurgical machineries production in Shandong, organising eSports event, corporate services business and media services.

During the year, the management of the Group has revisited the segment reporting information and rearranged the segments reporting structure to align with the internal financial information reported to the chief operating decision maker for making strategic decisions about resources allocation. The Group's reportable segments were rearranged as follows:

— The Group's three reportable segments previously namely (i) production and exploitation of coal in Xinjiang; (ii) provision of supply chain management services for mineral business (including logistic services) and (iii) mining and metallurgical machineries production in Shandong were aggregated into a single reportable segment — "coal mining business segment";

— The Group's three reportable segments previously namely (i) organising eSports event; (ii) corporate services business; and (iii) media services were aggregated into a single reportable segment — "consulting and media service business segment"; and

— The Group's reportable segments of trading securities business and other operating segment which does not meet any of the quantitative thresholds for determining reportable segments were aggregated into a single reportable segment — "corporate and investment business segment".

The comparative amounts of the segment information in 2019 has been reclassified to reflect such change.

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 4 to the consolidated financial statements.

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For the year ended 31 December 2020

46. SEGMENT INFORMATION *(Continued)*

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

	Coal mining business segment HK$'000	Consulting and media service business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
Year ended 31 December 2020				
Revenue from external customers	30,475	5,046	437	35,958
Segment loss	(27,039)	(3,404)	(33,824)	(64,267)
Interest revenue	145	—	—	145
Interest expenses	119	15	4,808	4,942
Depreciation and amortisation	12,328	—	711	13,039
Income tax credit	2,445	—	2,993	5,438
Other material items of income and expense:				
Staff costs	9,240	3,730	10,844	23,814
Other material non-cash items:				
Impairment loss on/(reversal of impairment loss on) trade and other receivables	3,962	(7)	807	4,762
Impairment loss on goodwill	—	1,118	—	1,118
Impairment loss on investment in associates	—	—	1,959	1,959
Additions to segment non-current assets	43,300	—	—	43,300
As at 31 December 2020				
Segment assets	271,473	3,686	78,617	353,776
Segment liabilities	113,783	2,162	134,697	250,642
Investment in associates	—	—	—	—

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46. SEGMENT INFORMATION *(Continued)*

Information about operating segment profit or loss, assets and liabilities: *(Continued)*

	Coal mining business segment HK$'000 (Re-presented)	Consulting and media service business segment HK$'000 (Re-presented)	Corporate and investment business segment HK$'000 (Re-presented)	Total HK$'000 (Re-presented)
Year ended 31 December 2019				
Revenue from external customers	119,779	11,361	7,426	138,566
Segment loss	(207,548)	(3,030)	(114,483)	(325,061)
Interest revenue	27	3	487	517
Interest expenses	166	10	4,196	4,372
Depreciation and amortisation	14,946	9	972	15,927
Income tax credit	8,323	36	6,071	14,430
Other material non-cash items:				
Staff costs	12,452	3,278	11,139	26,869
Impairment loss on trade and other receivables	75,534	24	38,606	114,164
Impairment loss on intangible assets	23,288	—	—	23,288
Additions to segment non-current assets	5,692	—	1,565	7,257
As at 31 December 2019				
Segment assets	237,182	5,857	95,874	338,913
Segment liabilities	57,358	1,973	117,330	176,661
Investment in associates	—	—	1,959	1,959

46. SEGMENT INFORMATION *(Continued)*

Reconciliations of segment assets and liabilities:

	2020 HK$'000	2019 HK$'000 (Re-presented)
Assets		
Total assets of reportable segments	353,776	338,913
Investment in associates	—	1,959
Assets relating to discontinued operations	14	14
Consolidated total assets	353,790	340,886
Liabilities		
Total liabilities of reportable segments	250,642	176,661
Liabilities relating to discontinued operations	5,048	5,048
Consolidated total liabilities	255,690	181,709

Geographical information:

The Group's information about its non-current assets (excluding financial assets at FVTOCI and deferred tax assets) by location of assets are detailed below:

Non-current assets

	2020 HK$'000	2019 HK$'000
Hong Kong	20,511	24,622
PRC except Hong Kong	194,027	152,708
Consolidated total	214,538	177,330

Notes to the Consolidated Financial Statements

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46. SEGMENT INFORMATION *(Continued)*

Revenue from major customers:

	2020 HK$'000	2019 HK$'000
Coal mining business segment		
Customer a *(note i)*	**N/A**	36,497
Customer b *(note i)*	**N/A**	14,575
Customer c *(note i)*	**N/A**	15,150
Customer d *(note ii)*	**5,778**	N/A
Customer e *(note ii)*	**3,938**	N/A
Customer f *(note ii)*	**3,686**	N/A

(i) Customer a, b and c did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2020.

(ii) Customers d, e and f did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2019.

47. EVENTS AFTER THE REPORTING PERIOD

The outbreak of the COVID-19 pandemic is impacting global economic markets. The Directors continue to monitor the situation closely and have considered the impact of COVID-19 on the Group's business and financial performance. However, the situation is continually evolving and the consequences are therefore inevitably uncertain.

48. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The new classification was considered to provide more appropriate presentation of the state of affairs of the Group.