



KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203

The cover illustration is framed by a golden archway with intricate geometric patterns. The scene is a desert landscape at sunset or sunrise, with a bright sun on the horizon creating a lens flare. In the foreground, the silhouettes of four people riding camels are visible. In the background, there are silhouettes of domed buildings and minarets, likely a mosque or a cityscape. The sky is filled with soft, white clouds. The overall color palette is warm, dominated by gold, orange, and blue tones.

2021

INTERIM REPORT

COVID-19

* For identification purpose only



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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

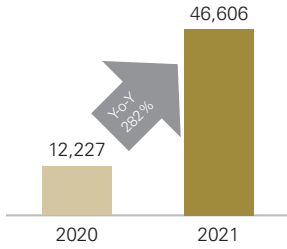
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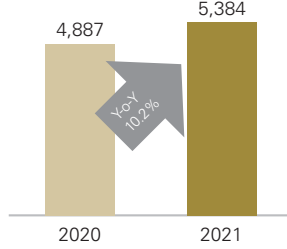
This report, for which the directors (the “Directors”) of Kaisun Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the “GEM Listing Rules”)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

2021 INTERIM RESULT HIGHLIGHTS (HK\$'000)

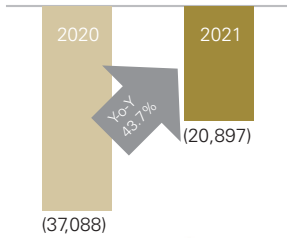
Revenue



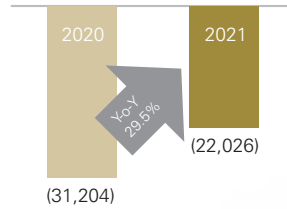
Gross profit



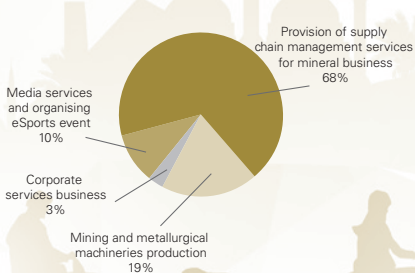
Loss from operations



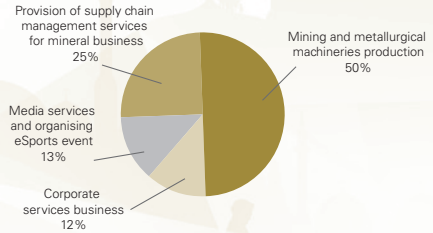
Loss for the period



2021 Segment Revenue



2020 Segment Revenue



The board of Directors (the “Board”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2021 together with the unaudited comparative figures period in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000 (restated)	2021 HK\$'000	2020 HK\$'000 (restated)
Revenue	5	24,987	8,125	46,606	12,227
Cost of goods sold		(23,348)	(4,671)	(41,222)	(7,340)
Gross profit		1,639	3,454	5,384	4,887
Gain on disposal of financial assets at fair value through profit or loss (FVTPL)		—	27	1,719	934
Fair value loss on financial assets at FVTPL		(2,076)	(8,159)	(2,358)	(15,875)
Reversal of impairment loss/(Impairment loss) on trade and other receivables		(949)	(166)	632	(984)
Other income and gains		90	997	172	1,080
Administrative and other operating expenses		(12,501)	(13,644)	(26,446)	(27,130)
Loss from continuing operations		(13,797)	(17,491)	(20,897)	(37,088)
Finance costs		(1,283)	(1,078)	(2,573)	(2,500)
Loss before tax from continuing operations		(15,080)	(18,569)	(23,470)	(39,588)
Discontinued operation		—	—	—	(1)
Loss from discontinued operations		—	—	—	(1)
Loss before tax		(15,080)	(18,569)	(23,470)	(39,589)
Income tax credit	7	747	4,113	1,444	8,385
Loss for the period	8	(14,333)	(14,456)	(22,026)	(31,204)

	Note	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000 (restated)	2021 HK\$'000	2020 HK\$'000 (restated)
Attributable to:					
Owners of the Company					
Loss for the period from continuing operations		(13,103)	(14,286)	(19,990)	(29,072)
Loss for the period from discontinuing operations		<u>—</u>	<u>—</u>	<u>—</u>	<u>(1)</u>
Loss for the period attributable to owners of the Company		(13,103)	(14,286)	(19,990)	(29,073)
Non-controlling interests					
Loss for the period from continuing operations		(1,230)	(170)	(2,036)	(2,131)
Loss for the period from discontinuing operations		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period attributable to non-controlling interests		(1,230)	(170)	(2,036)	(2,131)
Loss for the period		<u>(14,333)</u>	<u>(14,456)</u>	<u>(22,026)</u>	<u>(31,204)</u>
Loss per share (HK Cents)					
— Basic	10	<u>(2.27)</u>	(2.48)	<u>(3.47)</u>	<u>(5.04)</u>

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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)	2021 HK\$'000	2020 HK\$'000 (restated)
Loss for the period	(14,333)	(14,456)	(22,026)	(31,204)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>1,851</u>	4,840	<u>2,710</u>	(1,680)
Total comprehensive income for the period, net of tax	<u>(12,482)</u>	<u>(9,616)</u>	<u>(19,316)</u>	<u>(32,884)</u>
Attributable to:				
Owners of the Company				
Loss for the period from continuing operations	(11,632)	(10,425)	(17,641)	(24,077)
Loss for the period from discontinued operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period attributable to owners of the Company	(11,632)	(10,425)	(17,641)	(24,077)
Non-controlling interests				
Loss for the period from continuing operations	(850)	809	(1,675)	(8,807)
Loss for the period from discontinued operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period attributable to non-controlling interests	(850)	809	(1,675)	(8,807)
Total comprehensive income attributable to:				
Owners of the Company	(11,632)	(10,425)	(17,641)	(24,077)
Non-controlling interests	(850)	809	(1,675)	(8,807)
	<u>(12,482)</u>	<u>(9,616)</u>	<u>(19,316)</u>	<u>(32,884)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	<i>Note</i>	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Non-current assets			
Property, plant and equipment		11,241	12,650
Right-of-use assets		14,773	15,490
Goodwill		—	—
Intangible assets	12	163,015	166,398
Investment in associates		—	—
Financial assets at fair value through other comprehensive income (FVTOCI)		19,100	19,100
Long-term deposits		20,000	20,000
Deferred tax assets		6,562	6,173
		234,691	239,811
Current assets			
Inventories		9,043	6,996
Financial assets at FVTPL		24,595	36,293
Trade and bills receivables	13	41,373	27,284
Deposits, prepayments and other receivables		22,089	19,075
Bank and cash balances		29,646	24,331
		126,746	113,979

	<i>Note</i>	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Current liabilities			
Trade payables	14	19,921	5,312
Other payables and accruals		144,896	130,423
Bond payables		50,000	50,000
Other financial liabilities		14,713	14,713
Lease liabilities		901	1,231
Redeemable convertible preference shares		525	525
Current tax liabilities		4,137	4,132
		235,093	206,336
Net current liabilities		(108,347)	(92,357)
Total assets less current liabilities		126,344	147,454
Non-current liabilities			
Other financial liabilities		21,951	21,951
Lease liabilities		634	1,390
Deferred tax liabilities		24,973	26,013
		47,558	49,354
NET ASSETS		78,786	98,100
Capital and reserves			
Share capital		57,657	57,657
Reserves		(145)	17,494
Equity attributable to owners of the Company		57,512	75,151
Non-controlling interests		21,274	22,949
TOTAL EQUITY		78,786	98,100

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share capital HK\$'000	Share premium HK\$'000	Shares held under share award scheme HK\$'000	Foreign currency translation reserve HK\$'000	Financial assets at FVTOCI reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2020 (restated)	57,657	1,361,095	(3,371)	(9,287)	2,400	(1,283,182)	125,312	33,865	159,177
Total comprehensive income for the period	—	—	—	4,996	—	(29,073)	(24,077)	(8,807)	(32,884)
Changes in equity for the period	—	—	—	4,996	—	(29,073)	(24,077)	(8,807)	(32,884)
At 30 June 2020 (restated)	57,657	1,361,095	(3,371)	(4,291)	2,400	(1,312,255)	101,235	25,058	126,293
At 1 January 2021	57,657	1,361,095	(3,371)	720	2,400	(1,343,350)	75,151	22,949	98,100
Total comprehensive income for the period	—	—	—	2,351	—	(19,990)	(17,639)	(1,675)	(19,314)
Changes in equity for the period	—	—	—	2,351	—	(19,990)	(17,639)	(1,675)	(19,314)
At 30 June 2021	57,657	1,361,095	(3,371)	3,071	2,400	(1,363,340)	57,512	21,274	78,786

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)
Net cash generated from operating activities	5,486	1,237
Net cash (used in)/generated from investing activities	(35)	140
Net cash (used in)/generated from financing activities	(1,291)	5,451
Net increase in cash and cash equivalents	4,160	6,828
Effect of foreign exchange rate changes	1,155	(7,519)
	5,315	(691)
Cash and cash equivalents at beginning of period	24,331	27,507
Cash and cash equivalents at end of period	29,646	26,816

NOTES

1. GENERAL INFORMATION

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

The Company is an investment holding company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The condensed consolidated financial information should be read in conjunction with the 2020 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statement for the year ended 31 December 2020.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the six months ended 30 June 2021, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by IASB that are relevant to its operations and effective for its accounting periods beginning on 1 January 2021. IFRSs comprise of International Financial Reporting Standards (“IFRS”); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the six months ended 30 June 2021 and the same period in last year.

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the current accounting period. The directors anticipate that the new and revised IFRSs will be adopted in the Group’s consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. FAIR VALUE MEASUREMENTS

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

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

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

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

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

(a) Disclosures of level in fair value hierarchy at 30 June 2021:

Description	Fair value measurements using:		Total
	Level 1	Level 3	30 June
	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed securities	<u>24,595</u>	<u>—</u>	<u>24,595</u>
Financial assets at FVTOCI			
Unlisted equity securities	<u>—</u>	<u>19,100</u>	<u>19,100</u>
Total	<u><u>24,595</u></u>	<u><u>19,100</u></u>	<u><u>43,695</u></u>
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	<u>—</u>	<u>36,664</u>	<u>36,664</u>

Disclosures of level in fair value hierarchy at 31 December 2020:

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

Recurring fair value measurements:

Financial assets

Financial assets at FVTPL

Listed securities	36,293	—	36,293
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Financial assets at FVTOCI

Unlisted equity securities	—	19,100	19,100
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Total	36,293	19,100	55,393
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Recurring fair value measurements:

Financial liabilities

Financial liabilities at FVTPL

	—	36,664	36,664
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(b) Reconciliation of assets measured at fair value based on level 3:

	Unaudited as at 30 June 2021 HK\$'000	Audited as at 31 December 2020 HK\$'000
Financial assets at FVTOCI		
At the beginning of the reporting period	19,100	19,100
Purchases	—	—
At the end of the reporting period	<u>19,100</u>	<u>19,100</u>

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

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021:

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

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value	
					30 June 2021 HK\$'000 (unaudited) Assets/ (Liabilities)	31 December 2020 HK\$'000 (audited) Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	14% (31 December 2020: 14%)	Decrease	10,900	10,900
		Long-term revenue growth rate	2% (31 December 2020: 2%)	Increase		
		Long-term pre-tax operating margin	11% (31 December 2020: 11%)	Increase		
		Discount for lack of marketability	20.6% (31 December 2020: 20.6%)	Decrease		
Redeemable preference shares of private entity classified as financial assets at FVTOCI	Discounted cash flows	Discount rate	4.30% (31 December 2020: 4.30%)	Decrease	8,200	8,200
Financial liabilities at FVTPL	Discounted cash flows	Risk-free rate	0.01%-0.08% (31 December 2020: 0.01%-0.08%)	Decrease	(36,664)	(36,664)
		Dividend yield	0% (31 December 2020: 0%)	Decrease		
		Volatility	40%-60% (31 December 2020: 40%-60%)	Decrease		

During the reporting period, there were no changes in the valuation techniques used.

5. REVENUE

Disaggregation of revenue

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
Sale of goods:				
— Provision of supply chain management services for mineral business	18,921	2,109	31,631	3,094
— Mining and metallurgical machineries production	3,055	5,073	8,790	6,068
Provision of services:				
— Corporate services business	625	533	1,462	1,420
— Media services and organising eSports event	2,386	410	4,723	1,645
	<u>24,987</u>	<u>8,125</u>	<u>46,606</u>	<u>12,227</u>

Disaggregation of revenue

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

For the six months ended 30 June (unaudited)	Provision of supply chain management services for mineral business		Mining and metallurgical machineries production		Corporate services business		Media services and organising eSports event		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue by primary geographical markets										
— Hong Kong	—	—	—	—	127	290	3,866	784	3,993	1,074
— PRC except Hong Kong	31,631	3,094	8,790	6,068	6	16	—	—	40,427	9,178
— Australia	—	—	—	—	—	—	—	421	—	421
— Dubai	—	—	—	—	—	—	357	—	357	—
— Others	—	—	—	—	1,329	1,114	500	500	1,829	1,614
Segment revenue	<u>31,631</u>	<u>3,094</u>	<u>8,790</u>	<u>6,068</u>	<u>1,462</u>	<u>1,420</u>	<u>4,723</u>	<u>1,705</u>	<u>46,606</u>	<u>12,287</u>
Intersegment revenue										
— Hong Kong	—	—	—	—	—	—	—	(60)	—	(60)
Revenue from external customers	<u>31,631</u>	<u>3,094</u>	<u>8,790</u>	<u>6,068</u>	<u>1,462</u>	<u>1,420</u>	<u>4,723</u>	<u>1,645</u>	<u>46,606</u>	<u>12,227</u>
Timing of revenue recognition										
Products transferred at a point in time	31,631	3,094	8,790	6,068	—	—	—	—	40,421	9,162
Products and services transferred over time	—	—	—	—	1,462	1,420	4,723	1,645	6,185	3,065
Total	<u>31,631</u>	<u>3,094</u>	<u>8,790</u>	<u>6,068</u>	<u>1,462</u>	<u>1,420</u>	<u>4,723</u>	<u>1,645</u>	<u>46,606</u>	<u>12,227</u>

6. SEGMENT INFORMATION

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

During the year ended 31 December 2020, 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 for the six months ended 30 June 2020 have 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 2 to the consolidated financial statements. Segment profits or losses do not include dividend income. Segment assets do not include amounts due from related parties. Segment non-current assets do not include financial instruments.

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

	Coal mining business segment	Consulting and media services business segment	Corporate and investment business segment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For six months ended				
30 June 2021 (unaudited)				
Revenue from external customers	40,421	6,065	120	46,606
Segment loss	(12,261)	(268)	(9,497)	(22,026)
As at 30 June 2021				
(unaudited)				
Segment assets	280,654	3,635	77,148	361,437
Segment liabilities	<u>131,392</u>	<u>3,075</u>	<u>148,185</u>	<u>282,652</u>

For six months ended				
30 June 2020 (unaudited)				
	(Re-presented)	(Re-presented)	(Re-presented)	(Re-presented)
Revenue from external customers	9,162	3,065	—	12,227
Segment loss	(1,486)	(6,852)	(22,866)	(31,204)
As at 30 June 2020				
(unaudited)				
Segment assets	248,591	4,133	98,849	351,553
Segment liabilities	<u>86,386</u>	<u>3,210</u>	<u>30,392</u>	<u>119,988</u>

**Unaudited
Six months ended 30 June**

	2021 HK\$'000	2020 HK\$'000
Reconciliations of segment profit or loss:		
Total loss of reportable segments	(22,026)	(31,204)
Other loss	—	—
Consolidated loss for the period	<u>(22,026)</u>	<u>(31,204)</u>

7. INCOME TAX CREDIT

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Current tax				
— Hong Kong & PRC Income tax expenses/ (credit)	277	(5,676)	305	(5,766)
Deferred tax (credit)/ expenses	(1,024)	1,563	(1,749)	(2,619)
	<u>(747)</u>	<u>(4,113)</u>	<u>(1,444)</u>	<u>(8,385)</u>

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

PRC enterprise income tax has been provided at a rate of 25% (2020: 25%).

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

8. LOSS FOR THE PERIOD

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Directors' remuneration	1,046	1,084	2,092	2,167
Cost of inventories sold of supply chain management services for mineral business	18,347	653	30,762	884
Cost of mining and metallurgical machineries production	3,105	2,721	6,714	3,309
Depreciation				
— owned property, plant and equipment	179	1,862	1,513	3,114
— right-of-use assets	469	852	904	1,332
Gain on disposal of financial assets at FVTPL	—	(27)	(1,719)	(934)
Fair value loss on financial assets at FVTPL	2,076	8,159	2,358	15,875
Staff costs (including directors' emoluments)				
Basic salaries, bonuses, allowances, and benefits in kind	5,829	6,573	11,390	12,103
Retirement benefits scheme contributions	117	122	236	250
Impairment loss/(reversal of impairment loss) on trade and other receivables	949	166	(632)	984

9. DIVIDENDS

No dividend has been declared by the Company the six months ended 30 June 2021 (Six months ended 30 June 2020: Nil).

10. LOSS PER SHARE

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)	2021 HK\$'000	2020 HK\$'000 (restated)
Loss for the purpose of calculating basic loss per share	<u>(13,103)</u>	<u>(14,286)</u>	<u>(19,990)</u>	<u>(29,073)</u>
Number of shares <i>(Thousand shares)</i>				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>576,566</u>	<u>576,566</u>	<u>576,566</u>	<u>576,566</u>

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 June 2021 and 2020.

11. FIXED ASSETS

During the six months ended 30 June 2021, the Group acquired fixed assets of approximately HK\$35,000 (Six months ended 30 June 2020: HK\$2,000).

12. INTANGIBLE ASSETS

	Exploration and evaluation		Total
	Mining rights	assets	
	HK\$'000	HK\$'000	HK\$'000
Cost			
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
	<u>176,630</u>	<u>56,029</u>	<u>232,659</u>
At 31 December 2020 and 1 January 2021	176,630	56,029	232,659
Exchange differences	2,196	697	2,893
	<u>178,826</u>	<u>56,726</u>	<u>235,552</u>
At 30 June 2021	178,826	56,726	235,552
Accumulated amortisation and impairment losses			
1 January 2020	52,266	—	52,266
Amortisation for the year	10,190	—	10,190
Exchange differences	3,805	—	3,805
	<u>66,261</u>	<u>—</u>	<u>66,261</u>
At 31 December 2020 and 1 January 2021	66,261	—	66,261
Amortisation for the period	5,442	—	5,442
Exchange differences	834	—	834
	<u>72,537</u>	<u>—</u>	<u>72,537</u>
At 30 June 2021	72,537	—	72,537
Carrying amount			
At 30 June 2021	<u>106,289</u>	<u>56,726</u>	<u>163,015</u>
At 31 December 2020	<u>110,369</u>	<u>56,029</u>	<u>166,398</u>

Mining rights

At 30 June 2021, 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 term of the mining rights.

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 ended 31 December 2020, the Group obtained a mineral exploration license with a mining area of 7.35 Km² 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 30 June 2021 and 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.

13. TRADE AND BILLS RECEIVABLES

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, and net of allowance, is as follows:

	Unaudited as at 30 June 2021 HK\$'000	Audited as at 31 December 2020 HK\$'000
0-30 days	30,237	13,652
31-60 days	471	146
61-90 days	1,735	525
91 days-1 year	4,448	6,645
Over 1 year	4,482	6,316
	41,373	27,284

The carrying amounts of the Group's trade and bill receivables are denominated in United States dollars, Renminbi and Hong Kong dollars.

14. TRADE PAYABLES

At 30 June 2021, the ageing analysis of trade payables based on the date of receipt of goods, is as follows:

	Unaudited as at 30 June 2021 HK\$'000	Audited as at 31 December 2020 HK\$'000
0-30 days	13,875	3,027
31-60 days	1,410	1,180
61-90 days	648	135
91 days-1 year	3,918	442
Over 1 year	70	528
	<u>19,921</u>	<u>5,312</u>

The carrying amounts of the Group's trade payables are denominated in United States dollars, Renminbi and Hong Kong dollars.

15. SHARE CAPITAL

	Unaudited as at 30 June 2021 HK\$'000	Audited as at 31 December 2020 HK\$'000
Authorised: 5,000,000,000 ordinary shares of HK\$0.10 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid: 576,566,055 Ordinary shares of HK\$0.1 each (31 December 2020: 576,566,055)	<u>57,657</u>	<u>57,657</u>

16. CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

17. COMMITMENTS

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

	Unaudited as at 30 June 2021 HK\$'000	Audited as at 31 December 2020 HK\$'000
Capital contribution to a subsidiary	10,000	10,000
Capital expenditures to exploration and evaluation assets	5,280	7,587
	<u>15,280</u>	<u>17,587</u>

18. FINANCIAL ASSETS AT FVTPL

	Unaudited as at 30 June 2021 HK\$'000	Audited as at 31 December 2020 HK\$'000
Equity securities, at fair value — Listed in Hong Kong	<u>24,595</u>	<u>36,293</u>
Analysed as: Current assets	<u>24,595</u>	<u>36,293</u>

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

	Unaudited as at 30 June 2021 HK\$'000	Audited as at 31 December 2020 HK\$'000
Held for trading	24,595	36,293

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

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

19. FINANCIAL ASSETS AT FVTOCI

	Unaudited as at 30 June 2021 HK\$'000	Audited as at 31 December 2020 HK\$'000
Unlisted equity securities		
— In British Virgin Islands	10,900	10,900
9% redeemable preference shares	10,900 8,200	10,900 8,200
	19,100	19,100

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

MANAGEMENT DISCUSSION & ANALYSIS

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.

Analysis on China’s mining machinery manufacturing industry in 2021

The China Coal Industry Association reported that in June, the country’s above-scale raw coal output was 323 million tonnes, down 5.0% year-on-year for the month; national coal companies stockpiled approximately 50 million tonnes of coal, down 26.0% year-on-year. The total coal stockpile at the country’s major ports was 62.98 million tonnes, down 8.3% year-on-year. According to the report, the central government has tightened control over coal production in the country in recent months to avoid major accidents ahead of the party’s centennial celebration in July, resulting in a slowdown in domestic coal production.

The Group expects that production volumes to pick up after CCPs party celebrations and believes that China will continue its long-running efforts to reduce reliance on imported coal and promote the high-quality development of the coal industry, which is believed to drive further growth in domestic demand for mining machineries and have a positive impact on Tengzhou Kaiyuan’s business.

Tengzhou Kaiyuan Highlights for the 2nd quarter

- Tengzhou Kaiyuan has formed a task force to actively follow up on the collection of accounts receivable in order to improve liquidity and alleviate cash flow pressure.
- Tengzhou Kaiyuan has restructured its internal management in order to improve organizational effectiveness.
- As the COVID-19 outbreak in Shandong subsided, Tengzhou Kaiyuan has gradually resumed operations and generated approximately HK\$8.79 million in revenue in the second quarter of 2021. Nevertheless the Company remains vigilant and is well prepared in case of further outbreaks in the future.



R&D of mining machineries

ii. Shandong – Supply Chain Management Services

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

Shandong Kailai Energy Industrial Co., Limited (“Shandong Kailai”) specializes in coal supply chain management, warehouse and logistics management as well as loading and unloading service. It has the right to use a section of railway permitted by China’s Jinan Railway Bureau. Shandong Kailai’s logistics centre enjoys favorable geographical advantage as it is located at China’s railway hub with a number of state-owned enterprises nearby. At present, Shandong Kailai’s logistics centre, including its environmental protection facilities and storage centre, boasts a total area of 110,000m², with an annual loading capacity of 3 million tons.

Analysis on China’s coal rail transportation in 2021

The National Railway Group announced that in the first half of 2021, China’s railway freight volume recorded an increase of 150 million tonnes to 1.845 billion tonnes, an increase of 8.9% year-on-year, of which 1.28 billion tonnes were coal, up 13.8% year-on-year, reflecting the steady growth of railway transportation in China.

In addition, data shows that in the first half of 2021, China’s coal consumption was approximately 2.1 billion tonnes, up 10.7% year-on-year; and the nation’s cumulative coal import was 140 million tonnes, down 19.7% year-on-year, reflecting that the continued tightening of China’s coal import policy has boosted the domestic coal production significantly in order to ensure steady coal supply, which in turn helps strengthen the development of China’s coal industry chain.

The significant increase in domestic coal demand is expected to drive the development of the coal supply chain in China. The Group is hopeful that the sales volume of Shandong Kailai will increase.

Shandong Kailai for the 2nd quarter

- Shandong Kailai's fully-enclosed and environmentally friendly storage centre located at the eastern platform is able to suppress dust pollution, promote the concept of sustainable development, fulfill corporate social responsibility and create value for the local community.
- Shandong Kailai is committed to expanding its coal supply chain management market by adding new partners, including coal suppliers and power stations, to boost Shandong Kailai's turnover. Shandong Kailai generating approximately HK\$31.63 million in operating revenue in the 2nd quarter of 2021.



Fully-enclosed storage centre in full operation

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

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



To facilitate the consolidation project, Xingliang Mine has applied and officially been granted a prospecting license of 1.2 million tons on 11 August 2020. The application for coal fire extinguishment work is being processed, but is delayed due to a flooding incident on April 10 2021 at Fengyuan coal mine in Quergou, Hutubi county, Changji Autonomous Prefecture, Xinjiang, and is expected to be approved in the 2nd quarter of 2021. To prepare for the commencement of coal fire extinguishment work, a cooperation agreement has preliminarily been reached with Shaanxi Jinyuetai Engineering Company for the coal fire extinguishment project.

Analysis of Xinjiang's coal industry in 2021

According to the Xinjiang Railway Department, in the first half of 2021, Xinjiang Railway completed the delivery of 90.3 million tons of goods, an increase of 8.5% year-on-year. Among them, the volume of bulk cargoes such as coal and metal ores grew steadily. In addition, Xinjiang delivered a total of more than 59 billion kilowatt hours of electricity to 20 provinces in the first half of the year, up 34% year-on-year. As the temperature rises, coal transport trains have become the main force to ensure the demand for summer coal transport. At present, an average of 68 coal trains are running in the southern and northern regions of Xinjiang, the Hexi Corridor and the southwestern region, reflecting Xinjiang's well-developed coal support and abundant supply of coal and electricity.

The Group believes that China's coal mining hub has been gradually shifting towards Xinjiang, with gradual improvement in the region's already well-developed mining infrastructure. Under robust coal energy demands and the nation's macro-policy support, Xingliang Mine will generate a steady stream of revenue for the Group.

Xingliang Mine for the 2nd quarter

- To prepare for the coal fire extinguishment project, the construction team of Xingliang Mine has started preliminary infrastructure works to increase the size of the administrative zone of the mine and level the road of the coal yard. In addition, the construction team is on standby at the mine, with various types of construction equipment ready, so that the team can kickstart the coal fire extinguishment project upon completion of the final stages of approval in the 3rd quarter.
- In order to safeguard the safety of our employees and manage the risk of mining, the construction team of Xingliang Mine strictly complies with relevant safety regulations and implemented a list of safety protocols and precautionary measures.
- Xingliang Mine has been preparing the applications for the mining license of 1.2 million tons, and expects the applications to enter the final stages and obtain approval within this year.

iv. Mongolia – Supply Chain Management Business

The railway logistics platform in Choir, Mongolia, acquired by Kaisun Group, 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

For the first half of 2021, Mongolia's total coal exports surged 634,000 tonnes year-on-year to 9.287 million tonnes, an increase of 7.33% year-on-year; of which 8.79 million tonnes of coal were exported to China, an increase of 5.47%, accounting for 94.68% of Mongolia's total coal exports, latest data released by the National Statistical Office of Mongolia shows.

The Group believes that Mongolia coal freight volume would gradually increase under the condition that COVID-19 is under control within the border. In addition, the escalation in Sino-Australian trade tensions would prompt China to further deepen its relationship and strengthen trade ties with Mongolia, which would benefit the business development of Choir Logistics Centre in the long run.

Choir Project for the 2nd quarter

- As Mongolia's COVID-19 surge continues, with more than 2,000 infections reported daily since mid-June and Delta variant confirmed within the country, the Mongolia government has decided its current COVID-19 restrictions to remain in place until at least August 31, including closure of land borders and its travel alert level remain as "red". The Group's management team is unable to handle the issues on-site; therefore the Group will continue to discuss with the vendor through various channels regarding the fulfillment clause for the acquisition of Choir Logistics Centre, with a view to reaching a consensus and completing the acquisition as soon as possible.

AGRICULTURAL INVESTMENT AND DEVELOPMENT

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

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

Cheung Lee Highlights for the 2nd quarter

- In order to boost the sales of vegetables, Cheung Lee continues to expand its vegetable segment by expanding the business scale of its Yunnan agriculture base.
- In order to increase its market share and brand awareness in the tea industry, Cheung Lee continues to place emphasis on the trading of tea, by wholesaling its tea products to the local and Mainland market.

THIRD QUARTER 2021 DEVELOPMENT GOALS

In order to meet our targets, Kaisun Group will step up efforts to make sure our production return in full force as soon as possible and accelerate business growth. The Group's business goals in the 3rd quarter are as follows:

Shandong – Mining and Metallurgical Machinery Production

- To ensure steady cash flow, Tengzhou Kaiyuan actively follow up on the collection of accounts receivable to improve liquidity.

Shandong – Supply Chain Management Services

- Shandong Kailai will continue to expand its operations in the 3rd quarter by working closely with its partners, and expects to see a significant increase in its coal trade in the second half of the year as a result of the buoyant coal market.



Xinjiang – Coal Exploitation Business

- The construction team will continue to be on standby at Xingliang Mine in the 3rd quarter to conduct regular safety inspections and implement safety protocols and precautionary measures. Once the final approval is obtained, the team is able to kickstart the coal fire extinguishment project as soon as possible, maintain a safe working environment in the mine and generating additional stream of revenue for the Group.
- Xingliang Mine is preparing the application procedures for the mining license of 1.2 million tons, and expects to obtain approval within this year.

Mongolia – Supply Chain Management Business

- The Group will continue to hold negotiations with the vendor regarding the contractual clauses on the fulfillment of obligations of Choir Logistics Centre, with the view to completing the entire acquisition and commencing construction as soon as possible.

Agricultural Investment and Development

- Cheung Lee aims to develop its vegetable segment, with plans to further improve its agricultural base and boost sales. The goal is to establish “Natural Vegetable” as a notable brand that sells high-quality vegetables.
- Cheung Lee is committed to its tea trade segment, with plans to strengthen the core of its current market while exploring potential markets and expanding its business scale.

KAISUN BUSINESS SOLUTIONS

Event Management & Consulting Services

For the first half of 2021, the impact of the epidemic along with the global economic recession continues to cast a dark cloud over Hong Kong's Mice (Meetings, incentives, conferencing, exhibitions) industry. Therefore, the team has continued its efforts in transforming the business from offline to online, meanwhile further expanding the service scope and the result has been satisfactory with the revenue for the first half of the year running ahead of expectations. In the second quarter, the team saw an increasing business needs for the physical events in the context of the 100th anniversary of the Communist Party of China (CPC), and most of our contracts made were in relation to the aforementioned political themed events, also, the team took the chance to establish long-term partnerships with numerous well-known associations based in Hong Kong.

For the second half of the year, the team will continue to diversify into new services for better serving our existing clients.

Esports Business

In the first half of the year, Kaisun's eSports subsidiary Evoloop Limited launched its first online eSports competition brand named GIRLGAMER Challenge, sponsored by global renowned brands including Logitech G. By June 30th, competition in Europe, Africa, Asia and South America has concluded, gaining continuous attention and exposure for the brand, while bolstering the brand's online influence for the first time since the outbreak of the Coronavirus. The fundraising is also underway and it is expected to see major progress in the third quarter of the year.

Kaisun Trust

Kaisun Trust is less affected by the pandemic comparing to other operations under the KBS. Heaving steady clients, Kaisun Trust kept bringing in steady cash flow for the Group in the first half of the year. In the second half of 2021, Kaisun Trust will strive to maintain positive relations with Fund Managers while make efforts on market promotion for expanding business opportunities and revenue. Kaisun Trust also considers to expand its team size in response to the escalating customer demands.

Securities Trading Business

The Group's listed-securities trading business continued to be monitored by the investment committee with analytical and performance reports generated regularly. For the past six months, the covid vaccination rate had risen and the booster shot for the Delta Variant are also being tested. The global economy is on the road to recovery. In Hong Kong, the government relief and vaccination measures have boosted investors confidence. However, the HSI dropped more than 3000 points due to China tighten regulation on all sector that have seen robust growth in recent years, the market estimates that the investors and money on the market will decrease and dampens investors confidence.

The investment committee believes the spread of more infectious COVID-19 Delta variants in many places of the world continues to cast uncertainty over the global economic outlook before the booster shot can be officially used.

The investment committee will continue to put more resources on stocks that pays dividend.

As at 30 June 2021, the fair value of listed investment was HK\$24,595,210. The cost of listed investment was HK\$47,771,529.

During the six months end 30 June 2021, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK\$2,357,710. Dividend received from listed securities was HK\$37,549.

Financial Review

Revenue of the Group for six months ended 30 June 2021 amounted to approximately HK\$46.6 million, representing a increase of approximately 282% when compared with the same period in 2020 (six months ended 30 June 2020: HK\$12.2 million). The increase in revenue was mainly attributable to resumption of the operations for provision of supply chain management services and mining and metallurgical machineries production etc. during the six months ended 30 June 2021.

The Group gross profit for six months ended 30 June 2021 increase by approximately 10.2% to approximately HK\$5.4 million when compared with the same period in 2019 (six months ended 30 June 2020: HK\$4.9 million). The increase in gross profit was due to increase in revenue caused by the reason mentioned in previous paragraph.

For six months ended 30 June 2021, the total administrative and other operating expenses was approximately HK\$26.4 million, decrease of approximately 2.6% compared with the same period in 2020 (six months ended 30 June 2020: HK\$27.1 million).

For six months ended 30 June 2021, the loss from continuing operations was approximately HK\$20.9 million (six months ended 30 June 2020 loss from operations: HK\$37.1 million). The loss from operation was narrowed due to a drop of fair value loss on financial asset at FVTPL from approximately HK\$15.9 million to HK\$2.4 million and a gain on disposal of financial assets at FVTPL of approximately HK\$1.7 million. The Group has a smaller investment portfolio when compared with the corresponding period in 2020 by selling part of listed securities which was carried out in 2020 leading to a drop in fair value loss in financial asset through profit or loss.

The Group recorded loss for six months ended 30 June 2021 of approximately HK\$22.0 million, represented a decrease of approximately 29.5% when compared with the same period in 2020 (loss for six months ended 30 June 2020: HK\$31.2 million).

The total comprehensive loss attributable to owners of the Company for six months ended 30 June 2021 amounted to approximately HK\$17.6 million (The total comprehensive loss attributable to owners of the Company for six months ended 30 June 2020: HK\$24.1 million).



As at 30 June 2021, the Group held financial assets at FVTPL of approximately HK\$24.6 million, wholly comprised of securities listed in Hong Kong. In the uncertain performance of Hong Kong stock market as at 30 June 2021, the gain on disposal of financial assets at FVTPL amounted to approximately HK\$1.7 million (as at 30 June 2020 gain: HK\$934,000), whilst the fair value loss on financial assets at FVTPL was approximately HK\$2.4 million for six months ended 30 June 2021 (fair value loss for six months ended 30 June 2020: HK\$15.9 million). The details of financial assets at fair value through profit or loss are set out as follow:

Company Name	Number of shares held as at 30 June 2021	% of share-holding as at 30 June 2021	Unrealized gain/(loss) on fair value change for the year ended 30 June 2021	Fair value as at		% of the Group's net assets as at 30 June 2021	Investment cost	Reasons for fair value loss
				30 June 2021 HK\$	31 December 2020 HK\$			
Hong Kong Listed Securities								
Baidu, Inc.(9888) (Note 1)	100	0.000004%	(5,260)	19,940	—	0.03%	25,200	Drop in share price
Bilibili Inc. (9626) (Note 2)	60	0.00002%	8,880	57,360	—	0.07%	48,480	—
BOC Hong Kong (Holdings) Limited (2388) (Note 3)	15,000	0.0001%	42,750	395,250	352,500	0.50%	462,750	—
EJE (Hong Kong) Holdings Limited (8101) (Note 4)	9,800,000	2.82%	(1,568,000)	2,989,000	4,557,000	3.79%	14,020,604	Drop in share price
HSBC Holdings plc (0005) (Note 5)	20,000	0.0001%	82,000	897,000	815,000	1.14%	1,015,000	—
Tencent Holdings Limited (0700) (Note 6)	1,500	0.00002%	(180,750)	876,000	—	1.11%	1,056,750	Drop in share price
Tesson Holdings Limited (1201) (Note 7)	13,215,000	1.10%	660,750	6,078,900	10,470,160	7.72%	6,199,305	—
Wealthking Investments Limited (1140) (Note 8)	17,476,000	0.60%	(1,398,080)	13,281,760	14,679,840	16.86%	24,943,440	Drop in share price
Target Insurance (Holdings) Limited (6161) (Note 9)	—	—	—	—	5,418,150	—	—	—
Total			(2,357,710)	24,595,210	36,292,650	31.22%	47,771,529	

Notes:

1. Baidu Inc (HKEx: 9888) — Baidu Inc is a leading AI company with a strong Internet foundation.
2. Bilibili Inc (HKEx: 9626) — Bilibili Inc is an iconic brand and a leading video community for young generations in China. The group is a full-spectrum video community that offers a wide array of content serving young generations' diverse interests.
3. 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.
4. 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.
5. HSBC Holdings plc (HKEx: 0005) — HSBC Holdings plc products and services are delivered to clients through four global businesses: Retail Banking and Wealth Management ("RBWM"), Commercial Banking ("CMB"), Global Banking and Markets ("GB&M") and Global Private Banking ("GPB").
6. Tencent Holdings Limited (HKEx: 0700) — Tencent Holdings Limited is principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services.
7. 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.
8. Wealthking Investments Limited (HKEx: 1140) — The principal investment objective is to achieve earnings for Wealthking Investments Limited in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises.
9. Target Insurance (Holdings) Limited (HKEx: 6161) — Target Insurance (Holdings) Limited is principally engaged in writing of motor insurance business in Hong Kong.

As at 30 June 2021, 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 30 June 2021	% of shareholding as at 30 June 2021	% of the Group's net assets as at 30 June 2021	Investment cost	as at
				as at 30 June 2021	31 December 2020
				HK\$	HK\$
Financial assets at FVTOCI					
Cheung Lee Farming Corporation <i>(Note 1)</i>	870	8.7%	11.04%	8,700,000	8,700,000
Connect-Me Technologies Limited <i>(Note 2)</i>	990	9.9%	0.001%	990	990
Xin Ying Holdings Limited <i>(Note 3)</i>	8,000,000	N/A	10.15%	8,000,000	8,000,000
			21.19%	16,700,990	16,700,990
Investment in associates					
SCH Limited <i>(Note 4)</i>	45,560	45.56%	—	8	8
Sturgeon Capital Limited <i>(Note 4)</i>	24,999	2.49%	—	7,800,000	7,800,000
			—	7,800,008	7,800,008

Notes:

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

3. 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.

The management of the Group determined to make full impairment on the investment amount in the associates so as to reflect the potential risk of loss.

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%.

On 1 April 2021, due to the continuously loss making status and the difficulty in travelling to London to handle relevant issues, shareholders of SCH Limited decided to deregister and to liquidate assets of SCH Limited. On 14 April 2021, the Company received approximately GBP 29,000 from SCH Limited after liquidation of assets. After the liquidation of assets of SCH Limited, the Group's effective shareholdings in Sturgeon Capital was decreased to 2.49%. As at the date of this report, the deregistration is still in progress.

Further to the deregistration of SCH Limited, the share swap and restructuring arrangement in relation to SCH Group will not be take place.



Liquidity and Financial Resources

As at 30 June 2021, the Group has a bank and cash balance of approximately HK\$29.6 million (as at 31 December 2020: HK\$24.3 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.

In 2020, 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 30 June 2021 (as at 31 December 2020: 0.14).

Foreign Exchange Exposure

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi (“RMB”), United States dollars and Tajikistan Somoni. As at 30 June 2021, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Human Resources

As at 30 June 2021, the Group had 105 (as at 31 December 2020: 117) staff in Hong Kong and China.

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

The total staff costs, including Directors’ emoluments, amounted to approximately HK\$11.6 million for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$12.9 million).



MATERIAL DIFFERENCES BETWEEN THE INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020 AND COMPARATIVE FIGURES IN THIS REPORT

Since financial information contained in the interim results announcement for the six months ended 30 June 2020 was neither audited nor agreed with the auditor as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to material differences between the interim results for the six months ended 30 June 2020 set out in the interim results announcement for the six months ended 30 June 2020 and the comparative figures disclosed in this report. The principal details and reasons are set out below:

Note	Unaudited Three months ended 30 June			Unaudited Six months ended 30 June		
	2020 HK\$'000	2020 HK\$'000	HK\$'000	2020 HK\$'000	2020 HK\$'000	HK\$'000
	(restated)	(As published)	Difference	(restated)	(As published)	Difference
Revenue	8,125	8,125	—	12,227	12,227	—
Cost of goods sold	(4,671)	(4,671)	—	(7,340)	(7,340)	—
Gross profit	3,454	3,454	—	4,887	4,887	—
Gain on disposal of financial assets at fair value through profit or loss (FVTPL)	27	27	—	934	934	—
Fair value loss on financial assets at FVTPL	(8,159)	(8,159)	—	(15,875)	(15,875)	—
Impairment loss on trade and other receivables (i)	(166)	(3,985)	3,819	(984)	(7,971)	6,987
Other income and gains	997	997	—	1,080	1,080	—
Administrative and other operating expenses	(13,644)	(13,644)	—	(27,130)	(27,130)	—
Loss from continuing operations	(17,491)	(21,310)	3,819	(37,088)	(44,075)	6,987
Share of loss of associates (ii)	—	(162)	162	—	(324)	324
Finance costs	(1,078)	(1,078)	—	(2,500)	(2,500)	—

Note	Unaudited Three months ended 30 June			Unaudited Six months ended 30 June		
	2020 HK\$'000	2020 HK\$'000	HK\$'000	2020 HK\$'000	2020 HK\$'000	HK\$'000
	(restated)	(As published)	Difference	(restated)	(As published)	Difference
Loss before tax from continuing operations	(18,569)	(22,550)	3,981	(39,588)	(46,899)	7,311
Discontinued operation						
Loss from discontinued operations	—	—	—	(1)	(1)	—
Loss before tax	(18,569)	(22,550)	3,981	(39,589)	(46,900)	7,311
Income tax credit	4,113	4,113	—	8,385	8,385	—
Loss for the period	(14,456)	(18,437)	3,981	(31,204)	(38,515)	7,311
Attributable to:						
Owners of the Company						
Loss for the period from continuing operations	(14,286)	(18,267)	3,981	(29,072)	(36,383)	7,311
Loss for the period from discontinuing operations	—	—	—	(1)	(1)	—
Loss for the period attributable to owners of the Company	(14,286)	(18,267)	3,981	(29,073)	(36,384)	7,311
Non-controlling interests						
Loss for the period from continuing operations	(170)	(170)	—	(2,131)	(2,131)	—
Loss for the period from discontinuing operations	—	—	—	—	—	—
Loss for the period attributable to non-controlling interests	(170)	(170)	—	(2,131)	(2,131)	—
Loss for the period	(14,456)	(18,437)	3,981	(31,204)	(38,515)	7,311
Loss per share (HK Cents)						
— Basic	(2.48)	(3.20)		(5.04)	(6.68)	

Note	Unaudited Three months ended 30 June			Unaudited Six months ended 30 June		
	2020 HK\$'000	2020 HK\$'000	HK\$'000	2020 HK\$'000	2020 HK\$'000	HK\$'000
	(restated)	(As published)	Difference	(restated)	(As published)	Difference
Loss for the period	(14,456)	(18,437)	3,981	(31,204)	(38,515)	7,311
Other comprehensive income for the period, net of tax:						
<i>Items that may be reclassified to profit or loss:</i>						
Exchange differences on translating foreign operations	4,840	(12,921)	17,761	(1,680)	(5,658)	3,978
Total comprehensive income for the period	<u>(9,616)</u>	<u>(31,358)</u>	21,742	<u>(32,884)</u>	<u>(44,173)</u>	11,289
Attributable to:						
Owners of the Company						
Loss for the period from continuing operations	(10,425)	(31,114)	20,689	(24,077)	(42,042)	17,965
Loss for the period from discontinued operations	—	—	—	—	—	—
Loss for the period attributable to owners of the Company	(10,425)	(31,114)	20,689	(24,077)	(42,042)	17,965
Non-controlling interests						
Loss for the period from continuing operations	809	(244)	1,053	(8,807)	(2,131)	(6,676)
Loss for the period from discontinued operations	—	—	—	—	—	—
Loss for the period attributable to non-controlling interests	809	(244)	1,053	(8,807)	(2,131)	(6,676)
Total Comprehensive income attributable to:						
Owners of the Company	(10,425)	(31,114)	20,689	(24,077)	(42,042)	17,965
Non-controlling interests	809	(244)	1,053	(8,807)	(2,131)	(6,676)
	<u>(9,616)</u>	<u>(31,358)</u>	21,742	<u>(32,884)</u>	<u>(44,173)</u>	11,289

Notes:

- (i) The difference resulted from the finalisation of expected credited loss assessment in 2019 of certain debtors and recognised in 2019.
- (ii) The difference resulted from the Company decided to record the carrying amount of the investment in associates at cost in 2019.

OTHER INFORMATION

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

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

Name of Directors	Capacity	Number of shares as at 30 June 2021	Approximate percentage of the total issued shares as at 30 June 2021
Chan Nap Kee, Joseph	Beneficial owner	167,263,298 <i>(Note 1)</i>	29.01%
Yang Yongcheng	Beneficial owner	1,675,000 <i>(Note 2)</i>	0.29%
Wong Yun Kuen	Beneficial owner	525,000 <i>(Note 3)</i>	0.09%
Liew Swee Yean	Beneficial owner	204,000 <i>(Note 3)</i>	0.04%
Anderson Brian Ralph	Beneficial owner	150,000 <i>(Note 3)</i>	0.03%
Chen Chun Long	Beneficial owner	6,147,000 <i>(Note 4)</i>	1.07%
Ching Ho Tung, Philip	Beneficial owner	220,000 <i>(Note 4)</i>	0.04%

Save as disclosed above, as at 30 June 2021, none of the directors or chief executives of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

Notes:

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

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

During the period from 1 January 2019 to 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263, 298 as at 30 June 2021.

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng as Director on 30 December 2015 under the Share Award Scheme 2013. On 22 March 2018, 1,000,000 shares were shares awarded to Mr. Yang as Director under the Share Award Scheme 2016.
3. Of these, 150,000 shares were shares awarded to each of Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph as Director on 30 December 2015 under the Share Award Scheme 2013.
4. These were shares held by Mr. Chen Chun Long and Mr. Ching Ho Tung as at 19 June 2019 when they were appointed as joint Chief Executive Officers of the Company.

2. Interests of Substantial Shareholders in Shares of the Company

As at 30 June 2021, so far as is known to the Directors of the Company, the persons (not being a Director of the Company) who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in Shares and underlying Shares

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of the total issued shares as at 30 June 2021
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 30 June 2021, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

3. Share-based Compensation Scheme

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

Share Award Scheme 2016

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

During the six months ended 30 June 2021, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, had not purchased any shares on the Stock Exchange. The total no. of shares in the Share Award Scheme as at 30 June 2021 was 13,610,000.

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

4. Directors' Interest in Competing Business

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

5. Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities.

CORPORATE GOVERNANCE

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

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

www.kaisun.hk under "Investor Relations" section with heading of "Corporate Governance":

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

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

1. Audit Committee

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

The AC comprises two independent non-executive directors, namely Mr. Liew Swee Yean and Dr. Wong Yun Kuen, and Mr. Liew Swee Yean is the chairman of the AC.

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

The Group’s financial statements for the six months ended 30 June 2021 have been reviewed by the AC, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

2. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 30 June 2021. The Company has also made specific enquiry to all Directors and the Company was not aware of any noncompliance with the required standard of dealings under the GEM Listing Rules and its code of conduct regarding securities transactions by Directors.

3. Code on Corporate Governance Practice

The Board is committed to maintain good standard of corporate governance practices and procedures. The Company has complied with the code provisions set out in the Corporate Governance Code (the “CG code”) contained in Appendix 15 to the GEM Listing Rules throughout the six months period ended 30 June 2021 under review.

4. Review of Risk Management and Internal Control Effectiveness

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the six months ended 30 June 2021, covering material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems are effective and adequate.

RETIREMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR AND NON-COMPLIANCE WITH RULES 5.05(1) AND 5.28 OF THE GEM LISTING RULES

On 1 August 2021, Mr. Anderson Brian Ralph ("Mr. Anderson") retired as an independent non-executive director of the Company due to serious health issue.

Following the retirement of Mr. Anderson, the number of independent non-executive directors of the Company is less than three as required under Rule 5.05(1) the GEM Listing Rules.

As Mr. Anderson was also a member of the audit committee of the Company, following Mr. Anderson's Retirement, the Board is unable to fulfil the requirement of having a minimum of three members on the audit committee of the Company under Rule 5.28 of the GEM Listing Rules.

The Company considers that its failure of meeting the requirements of Rules 5.05(1) and 5.28 of the GEM Listing Rules is temporary in nature and the Company will use its best endeavors to identify a suitable candidate to be an additional independent non-executive Director within three months from the date of Mr. Anderson's Retirement pursuant to Rules 5.06 and 5.33 of the GEM Listing Rules to meet the requirements under the GEM Listing Rules.



For further details, please refer to the announcement of the Company dated 2 August 2021.

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

Hong Kong, 9 August 2021

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

As at the date of this report, the Board comprises two executive directors of the Company: Mr. CHAN Nap Kee Joseph and Mr. YANG Yongcheng, and two independent non-executive directors of the Company: Mr. LIEW Swee Yean and Dr. WONG Yun Kuen.

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