



KIRIN GROUP
HOLDINGS LIMITED
麒麟集團控股有限公司
(於百慕達註冊成立之有限公司)
(股份代號:8109)

2021

THIRD QUARTERLY REPORT

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

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	3,234	6,994	16,741	27,466
Cost of sales and services		(3,029)	(2,328)	(10,600)	(11,021)
Other income		-	-	223	1,119
Distribution costs		(31)	(29)	(131)	(334)
Impairment loss on loan receivables		-	-	-	(14,436)
Impairment loss on property, plant and equipment		(40)	(170)	(40)	(170)
Impairment loss on trade and other receivables		-	-	-	(763)
Reversal of impairment loss on loan receivables		23,757	-	33,999	-
Reversal of impairment loss on trade and other receivables		3,408	-	3,408	-
Administrative and other expenses		(62,480)	(4,580)	(83,017)	(15,121)
Finance costs		(5,228)	(7,315)	(16,899)	(26,991)
Loss before taxation		(40,409)	(7,428)	(56,316)	(40,251)
Taxation	4	-	-	613	625
Loss for the period		(40,409)	(7,428)	(55,703)	(39,626)

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>Notes</i> HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive expense for the period				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference arising from translation of financial statements of foreign operations	-	-	-	(77)
	-	-	-	(77)
Total comprehensive expense for the period	(40,409)	(7,428)	(55,703)	(39,703)
Loss for the period attributable to				
- Equity shareholders of the Company	(37,433)	(6,657)	(53,819)	(38,016)
- Non-controlling interests	(2,976)	(771)	(1,884)	(1,610)
	(40,409)	(7,428)	(55,703)	(39,626)
Total comprehensive expense for the period attributable to:				
Equity shareholders of the Company	(37,433)	(6,657)	(53,819)	(38,093)
Non-controlling interests	(2,976)	(771)	(1,884)	(1,610)
	(40,409)	(7,428)	(55,703)	(39,703)
	HK cents	HK cents	HK cents	HK cents
Loss per share				
Basic and diluted	(7.48)	(2.75)	(12.57)	(15.73)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Unit 3801, 38/F, 118 Connaught Road West, West District, Hong Kong. The Company acts as an investment holding company and the Group is principally engaged in the provision of insurance brokerage and related services, assets management and securities brokerage services, money lending services in Hong Kong and multi-channel network (“MCN”) entertainment services.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months and nine months ended 30 September 2021 (“Third Quarterly Financial Statements”) have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard (“HKAS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong.

The Third Quarterly Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies and methods of computation applied in preparation of the Third Quarterly Financial Statements are consistent with those applied in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2020.

The Group has not applied any new standards, amendment or interpretation that has been issued but not yet effective for the current accounting period.

The Third Quarterly Financial Statements have been reviewed by the Company’s audit committee.

3. REVENUE AND SEGMENT INFORMATION

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

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

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Insurance brokerage and related services	1,672	2,731	6,562	13,708
Assets management and securities brokerage services	802	278	7,120	1,109
Money lending services	302	3,985	1,684	12,649
MCN entertainment services	458	–	1,375	–
	3,234	6,994	16,741	27,466

4. TAXATION

Three months ended		Nine months ended	
30 September		30 September	
2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Hong Kong profits tax

Over provision in previous period	-	-	613	625
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(i) Hong Kong income tax

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

(ii) Overseas income tax

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

5. LOSS PER SHARE

a. Basic loss per share

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to the owners of the Company	<u>(37,433)</u>	<u>(6,657)</u>	<u>(53,819)</u>	<u>(38,016)</u>
	'000	'000	'000	'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Number of shares

Weighted average number of ordinary shares for the purpose of basic loss per share

	<u>500,612</u>	<u>241,641</u>	<u>428,239</u>	<u>241,641</u>
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b. Diluted loss per share

The computation of diluted loss per share does not assume the subscription of the Company's outstanding potential dilutive ordinary shares in the calculation of diluted loss per share as they are antidilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the period ended 30 September 2021 and 2020.

6. DIVIDEND

The Directors do not recommend any payment of dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: HK\$Nil).

7. RESERVE

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2021

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Contributed surplus	Translation reserve	Other reserve	Convertible notes-equity component	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	HK\$'000
At 1 January 2020 (Unaudited)	1,108	-	534,152	77	30	-	(462,292)	73,075	(15,222)	57,853
Issue of ordinary shares										
- upon fully conversion of convertible bonds	76	5,484	-	-	-	-	-	5,560	-	5,560
- upon completion of placing	134	7,666	-	-	-	-	-	7,800	-	7,800
- upon completion of subscriptions	80	4,257	-	-	-	-	-	4,337	-	4,337
Loss for the period	-	-	-	-	-	-	(38,016)	(38,016)	(1,610)	(39,626)
Exchange difference arising from translation of financial statements of foreign operations	-	-	-	(77)	-	-	-	(77)	-	(77)
Total comprehensive expenses for the period	-	-	-	(77)	-	-	(38,016)	(38,093)	(1,610)	(39,703)
At 30 September 2020 (Unaudited)	1,398	17,407	534,152	-	30	-	(500,308)	52,679	(16,832)	35,847
At 31 December 2020 (Audited) and 1 January 2021 (Unaudited)	1,398	17,407	534,152	-	30	-	(521,963)	31,024	(16,797)	14,227
Issue of convertible notes	-	-	-	-	-	5,595	-	5,595	-	5,595
Issue of ordinary shares										
- upon completion of subscriptions	835	39,286	-	-	-	-	-	40,121	-	40,121
- upon conversion of convertible notes	121	7,507	-	-	-	(1,324)	-	6,304	-	6,304
- upon completion of placing	160	7,940	-	-	-	-	-	8,100	-	8,100
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(53,819)	(53,819)	(1,884)	(55,703)
At 30 September 2021 (Unaudited)	2,514	72,140	534,152	-	30	4,271	(575,782)	37,325	(18,681)	18,644

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company and the Group is principally engaged in the provisions of (a) insurance brokerage and related services; (b) assets management and securities brokerage services; (c) money lending services in Hong Kong, and (d) MCN entertainment services during the nine months ended 30 September 2021 (“Period Under Review”).

Business Review

Insurance brokerage and related services

The turnover of the insurance brokerage and related services for the Period Under Review was approximately HK\$6,562,000, which represented a decrease of approximately 52.1% as compared to the corresponding period in 2020 (the nine months ended 30 September 2020: approximately HK\$13,708,000). The decrease in turnover was mainly attributable to (i) keen competition amongst the competitors in the industry; (ii) the negative impacts arising from the COVID-19 pandemic. There are fewer customers willing to purchase insurance and financial products, particularly the customers from the mainland China.

Assets management and securities brokerage services

In view of the limited financial resources of the Group and the fluctuation in the securities market, the Company did not allocate any resources into the assets management business. This segment did not generate any income during the Period Under Review.

The Group continued to focus on the placing activities during the Period Under Review. The securities brokerage business generated a revenue of approximately HK\$7,120,000, which represented an increase of approximately 542.0% as compared to the corresponding period in 2020 (the nine months ended 30 September 2020: approximately HK\$1,109,000).

Money lending services

As the money lending license of the Group expired in April 2020, there was an absence of renewal of loan agreements since then. The money lending services recorded a revenue of approximately HK\$1,684,000 for the Period Under Review, which represented a decrease of approximately 86.7% as compared to the corresponding period in 2020 (the nine months ended 30 September 2020: approximately HK\$12,649,000).

As a new money lending license was granted to a wholly owned subsidiary of the Group in July 2021, new loans will be granted as and when appropriate.

MCN entertainment services

The Group commenced its MCN entertainment services at the end of 2020 subsequent to the cooperation agreements entered into with two distributors who were authorized to broadcast those episodes and films that the Company obtained the licenses on the distributors' overseas platforms and multi-channel networks. The revenue generated from the MCN entertainment services segment was approximately HK\$1,375,000 for the Period Under Review (the nine months ended 30 September 2020: HK\$Nil). The Group will continue to look for new distributors to broadcast those TV episodes and films licenses on hand to different platforms and networks.

Financial Review

For the Period Under Review, the turnover of the Group was approximately HK\$16,741,000, which represents a decrease of approximately HK\$10,725,000 or 39.0% as compared to the corresponding period in 2020 (the nine months ended 30 September 2020: approximately HK\$27,466,000). The decrease was mainly due to the decrease in turnover of the segments of insurance brokerage and related services, and money lending services which were affected by the unfavourable market environment and the impacts arising from the outbreak of the COVID-19. The decrease was mitigated by the increase in turnover from the securities brokerage business.

Distribution costs for the Period Under Review was approximately HK\$131,000, which represents a decrease of approximately HK\$203,000 or 60.8% as compared to the corresponding period in 2020 (the nine months ended 30 September 2020: approximately HK\$334,000). The decrease was mainly due to the decrease in the promotion expenses incurred for the business of insurance brokerage and related services.

Administrative and other expenses for the Period Under Review was approximately HK\$83,017,000, which represents an increase of approximately HK\$67,896,000 or 449.0% as compared to the corresponding period in 2020 (the nine months ended 30 September 2020: approximately HK\$15,121,000). The increase was mainly due to the increase in management fee for the collection of debts.

The finance costs represented imputed interest on convertible notes, interest on corporate bonds and interest on lease liabilities. The finance costs for the nine months ended 30 September 2021 were approximately HK\$16,899,000 (the nine months ended 30 September 2020: approximately HK\$26,991,000), representing a decrease of approximately HK\$10,092,000 or 37.4% as compared with the corresponding period in the previous year. The reduction in finance costs was mainly attributable to the reduction in interest expenses and imputed interests on corporate bonds of the Company during the Period Under Review.

During the nine months ended 30 September 2021, the Group engaged external debts collectors, for the purpose of recovering the outstanding loan, who have successfully collected an aggregate amount of approximately HK\$220,864,000, of which approximately HK\$33,999,000 was included in the allowance for expected credit losses as at 31 December 2020. The Group therefore reversed the amount of approximately HK\$33,999,000 out of the allowance for expected credit losses for the nine months ended 30 September 2021.

The Group recorded a loss before taxation of approximately HK\$56,316,000 for the Period Under Review, which represents an increase of approximately HK\$16,065,000 or 39.9% as compared to the corresponding period in 2020 (the nine months ended 30 September 2020: approximately HK\$40,251,000).

Prospects

The Company has taken various measures to control the operating costs of the Group in order to maintain its competitiveness. In addition, the Company also negotiated with the bond holders of the Company to capitalize the overdue bonds into shares of the Company. This arrangement had not only minimized the cash requirements to repay the bonds but also reduced the interest expenses payable by the Company.

The Company will continue to work on the development on its own business segments even the market conditions are still unfavourable such as there are still limitations on the cross-border travel between Hong Kong and mainland China. The Company will also strive to improve its competitiveness by strengthening its financial position and exploring new business opportunities.

AUDIT COMMITTEE

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

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

The unaudited financial results for the nine months ended 30 September 2021 have been reviewed by the Audit Committee, who was of the opinion that the preparation of such financial results had complied with the applicable accounting standards and requirements and that adequate disclosure had been made.

PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

During the Period Under Review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

DISCLOSURE OF INTERESTS

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

As at 30 September 2021, save as disclosed below, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Long position in the ordinary shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Wang Hongtao	Beneficial owner	1,305,000 (Long position)	0.26%
Mr. Zhou Wenjun ("Mr. Zhou") (note 1)	Interest of spouse	9,320,000 (Long position)	1.85%

Note 1: These 9,320,000 Shares are beneficially owned by Ms. Wang Guo Feng ("Ms. Wang"), being the spouse of Mr. Zhou. Mr. Zhou is therefore deemed to be interested in 9,320,000 Shares held by Ms. Wang under the SFO.

Save as disclosed above, as at 30 September 2021, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any shares, debentures or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2021, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who had an interest or short position in the securities of the Company that were required to be entered in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO.

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

Save as disclosed above and the "Share Option Scheme" mentioned below, as at 30 September 2021, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME

The Company adopted a new share option scheme (the “Scheme”) pursuant to a resolution passed by the shareholders at a special general meeting held on 26 August 2020. Under the Scheme, the board (the “Board”) of Directors may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the Board may determine.

As at 30 September 2021, none of the Directors, employees and other eligible persons of the Company or its subsidiaries were granted options to subscribe for the shares of the Company.

MAJOR EVENTS DURING THE REPORTING PERIOD

On 17 June 2021, the Company has entered into the subscription agreements with nine subscribers (the “Subscribers”), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the convertible notes in an aggregate principal amount of HK\$16,924,800 which may be converted into 52,890,000 subscription shares based on the initial conversion price of HK\$0.32 per new share (subject to adjustment) upon full conversion (the “Subscriptions”). The Subscriptions were subsequently completed on 13 July 2021 and the Company has issued the convertible notes in the aggregate amount of HK\$16,924,800 to the Subscribers. The aggregate subscription prices have been applied to set off against the debts due to the Subscribers by the Company on dollar-for-dollar basis at completion. Details of the above transaction are set out in the announcements of the Company dated 17 June 2021, 18 June 2021 and 13 July 2021 respectively.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at 30 September 2021, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period.

SIGNIFICANT LEGAL PROCEEDINGS

For the nine months ended 30 September 2021, save as disclosed below, the Group was not involved in any significant legal proceedings or arbitration. To the best of the Directors' knowledge, information and belief, there are no other significant legal proceedings or claims pending or threatened against the Group.

As disclosed in the Company's announcement dated 24 June 2021, a winding-up petition (the "First Petition") was filed by a holder (the "First Petitioner") of the corporate bonds to the High Court of Hong Kong for the winding-up of the Company in relation to, pursuant to the corporate bonds, an alleged unpaid amount in the sum of HK\$1,417,000 which comprised of the principal amount of the corporate bonds and interest accrued. The hearing for the First Petition was scheduled on 25 August 2021 and was subsequently adjourned to 13 October 2021.

As disclosed in the announcement of the Company dated 30 June 2021, a civil action brought by a plaintiff against the Company for an overdue corporate bond together with interest accrued thereon. A judgment was received by the Company, pursuant to which the Court of First Instance of the High Court ordered that the Company shall pay to the plaintiff the judgment sum of HK\$9,500,000 together with interest accrued thereon and legal cost. As disclosed in the announcement of the Company dated 9 August 2021, the plaintiff (the "Second Petitioner") presented a winding-up petition (the "Second Petition") against the Company. The hearing was scheduled on 13 October 2021.

As disclosed in the announcement of the Company dated 15 October 2021, before the hearing of the Second Petition, the Company and the Second Petitioner signed and lodged a consent summons seeking a withdrawal of the Second Petition. As a result, at the hearing, the High Court has granted leave for the Second Petition to be withdrawn.

In addition, the Company had been in negotiation for settlement in relation to the First Petition with the First Petitioner. Partial payment had been made to the First Petitioner prior to the hearing of the First Petition. At the hearing of the First Petition, the High Court ordered that the First Petition be adjourned to 25 October 2021 for another hearing before a judge for further directions.

As disclosed in the announcement of the Company dated 25 October 2021, the High Court granted the Second Petitioner's application to substitute as the petitioner in the First Petition, and ordered the hearing of the First Petition be adjourned to 13 December 2021.

As at the date of this report, the Company is still in negotiation with the Second Petitioner regarding the settlement proposal.

COMPLIANCE WITH CODE OF BEST PRACTICE

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

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

Save as disclosed above, the Company has met all applicable code provisions as set out in the CG Code during the nine months ended 30 September 2021.

ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings (the “Standard Dealings”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and all the Directors confirmed that they have complied with the Standard Dealings during the nine months ended 30 September 2021.

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

Hong Kong, 14 November 2021

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

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

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