



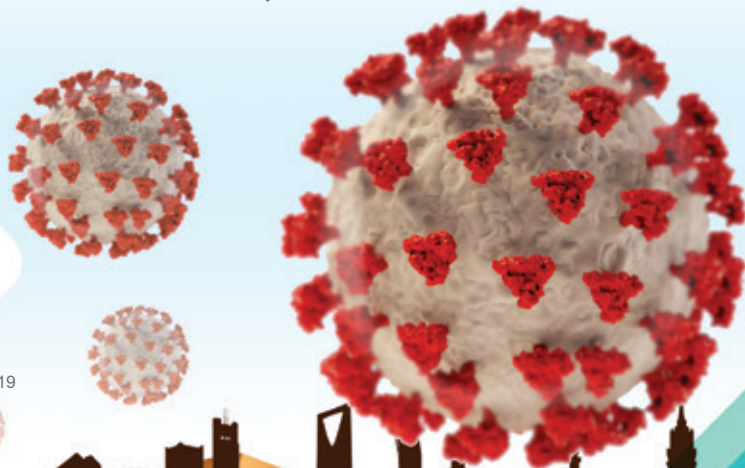
KAISUN HOLDINGS LIMITED

凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8203

2022 FIRST QUARTERLY REPORT



COVID-19



* For identification purpose only

CHARACTERISTICS OF 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

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

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 ended 31 March 2022 together with the unaudited comparative figures period in 2021 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2022

		Unaudited Three months ended 31 March	
	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Revenue	4	86,832	21,619
Cost of goods sold		(79,892)	(17,874)
Gross profit		6,940	3,745
Gain on disposal of financial assets at fair value through profit or loss (FVTPL)		351	1,719
Fair value loss on financial assets at FVTPL (Impairment loss)/reversal of impairment loss on trade and other receivable		(3,500)	(282)
Other income and gains		(5,478)	1,581
Administrative and other operating expenses		210	82
		(15,729)	(13,945)
Loss from operations		(17,206)	(7,100)
Finance costs	10	(1,681)	(1,290)
Loss before tax		(18,887)	(8,390)
Income tax credit	6	1,234	697
Loss for the period		(17,653)	(7,693)
Attributable to:			
Owners of the Company		(15,996)	(6,887)
Non-controlling interests		(1,657)	(806)
Loss for the period		(17,653)	(7,693)
Loss per share (HK cents)			
Basic	8	(2.77)	(1.19)

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

For the three months ended 31 March 2022

	Unaudited Three months ended 31 March	
<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Loss for the period	(17,653)	(7,693)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>686</u>	<u>859</u>
Other comprehensive income for the period, net of tax	<u>686</u>	<u>859</u>
Total comprehensive income for the period	<u>(16,967)</u>	<u>(6,834)</u>
Attributable to:		
Owners of the Company	<u>(15,542)</u>	(6,009)
Non-controlling interest	<u>(1,425)</u>	<u>(825)</u>
	<u>(16,967)</u>	<u>(6,834)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Unaudited								
	Attributable to owners of the Company								
	Share capital	Share premium	Share held for share award scheme	Foreign currency translation reserve	Financial assets at fair value through other comprehensive income ("FVOCI") reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	57,657	1,361,095	(3,371)	5,246	700	(1,409,538)	11,789	18,970	30,759
Capital injection by non-controlling interest in a subsidiary	-	-	-	-	-	-	-	3,025	3,025
Total comprehensive income for the period	-	-	-	454	-	(15,996)	(15,542)	(1,425)	(16,967)
Changes in equity for the period	-	-	-	454	-	(15,996)	(15,542)	1,600	(13,942)
At 31 March 2022	57,657	1,361,095	(3,371)	5,700	700	(1,425,534)	(3,753)	20,570	16,817
At 1 January 2021 (audited)	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	-	-	-	878	-	(6,887)	(6,009)	(825)	(6,834)
Changes in equity for the period	-	-	-	878	-	(6,887)	(6,009)	(825)	(6,834)
At 31 March 2021	57,657	1,361,095	(3,371)	1,598	2,400	(1,350,237)	69,142	22,124	91,266

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 Room 1304,13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, 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. The Group is principally engaged in coal mining business, consulting and media services business and corporate and investment business.

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 2021 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 2021.

The Group incurred a loss of approximately HK\$17,653,000 during the three months ended 31 March 2022 and, as disclosed in the annual result announcement of the Company dated 13 May 2022, the Group had net current liabilities of approximately HK\$182,157,000 as at 31 December 2021. These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors has given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering the next twelve months from 31 March 2022 prepared by the management of the Company, and after taking into consideration the following:

- (i) having regard to the gradual resumption of normal business activities of the Group following the ease of COVID-19 Pandemic, the directors believe that the Group is able to continue to generate sufficient cash flows from operations;
- (ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts; and
- (iii) consideration of future fund raising activities of the Company in the open stock market.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the three months ended 31 March 2022, 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 2022. 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 three months ended 31 March 2022 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. REVENUE

Disaggregation of revenue

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

	Unaudited	
	Three months ended	
	31 March	
	2022	2021
	HK\$'000	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 business	42,495	11,316
— Mining and metallurgical machineries products	9,254	5,735
— Coal fire extinguishment project	32,026	—
Provision of services:		
— Logistics services for mineral business	1,945	1,394
— Corporate services business	132	105
— Media services	—	65
— Trust and trustee services	588	732
— Event management services	392	2,272
	86,832	21,619

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

For the three months ended	Mining and																		2021
	Provision of supply chain management		metallurgical machineries		Coal fire extinguish project		Logistics services for mineral business		Corporate services business		Media services		Trust and trustee services		Event management services		Total		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		2022	
HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000		
Revenue by primary geographical markets																			
— Hong Kong	—	—	—	—	—	—	—	—	—	—	—	65	—	—	392	2,022	392	2,067	
— PRC except Hong Kong	42,495	11,316	9,254	5,735	32,026	—	1,945	1,394	132	—	—	—	—	—	—	—	85,852	18,445	
— Others	—	—	—	—	—	—	—	—	—	105	—	—	588	732	—	250	588	1,067	
Revenue from external customers	42,495	11,316	9,254	5,735	32,026	—	1,945	1,394	132	105	—	65	588	732	392	2,272	86,832	21,619	
Timing of revenue recognition																			
Products transferred at a point in time	42,495	11,316	9,254	5,735	32,026	—	1,945	1,394	—	—	—	—	—	—	—	—	85,720	18,445	
Products and services transferred over time	—	—	—	—	—	—	—	—	132	105	—	65	588	732	392	2,272	1,112	3,174	
Total	42,495	11,316	9,254	5,735	32,026	—	1,945	1,394	132	105	—	65	588	732	392	2,272	86,832	21,619	

5. SEGMENT INFORMATION

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

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

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.

Information about operating segment profit or loss:

	Coal mining business segment HK\$'000	Consulting and media services business segment HK\$'000	Corporate and investment business segment HK\$'000	Total HK\$'000
For three months ended 31 March 2022 (unaudited)				
Revenue from external customers	85,720	992	120	86,832
Segment loss	(10,708)	(589)	(6,356)	(17,653)
Interest revenue	1	—	—	1
Interest expenses	426	5	1,250	1,681
Depreciation and amortisation	4,267	1	2	4,270
Income tax credit	657	—	577	1,234
Other material items of income and expenses:				
Staff cost	3,077	687	2,081	5,845
Other material non-cash items:				
Impairment loss on/(reversal of impairment loss on) trade and other receivables	5,483	36	(41)	5,478

	Coal mining business segment HK\$'000	Consulting and media services business segment HK\$'000	Corporate and investment business segment HK\$'000	Total HK\$'000
For three months ended				
31 March 2021 (unaudited)				
Revenue from external customers	18,445	3,174	—	21,619
Segment loss	(4,583)	(530)	(2,580)	(7,693)
Interest revenue	3	—	—	3
Interest expenses	28	—	1,262	1,290
Depreciation and amortisation	4,351	—	131	4,482
Income tax credit	650	—	47	697
Other material items of income and expenses:				
Staff cost	1,940	957	2,453	5,350
Other material non-cash items:				
Impairment loss on/(reversal of impairment loss on) trade and other receivables	(1,583)	2	—	(1,581)

Unaudited
Three months ended
31 March

	2022 HK\$'000	2021 HK\$'000
Reconciliations of segment profit or loss		
Total loss of reportable segments	(17,653)	(7,693)
Other profit or loss	—	—
Consolidated loss for the period	(17,653)	(7,693)

6. INCOME TAX CREDIT

	Unaudited	
	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
Current tax — Hong Kong & China		
Income tax expenses/(credit)	39	28
Deferred tax expenses/(credit)	(1,273)	(725)
	(1,234)	(697)

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% (2021: 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.

No provision for the Hong Kong Profit Tax is required since the Group has no assessable profit for the year.

7. DIVIDEND

No dividend has been declared by the Company for the three months ended 31 March 2022 (three months ended 31 March 2021: HK\$Nil).

8. LOSS PER SHARE

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

	Unaudited	
	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
Loss for the purpose of calculating basic loss per share	(15,996)	(6,887)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	576,566,055	576,566,055

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the quarter ended 31 March 2022 and 2021.

9. SHARE CAPITAL

	Unaudited as at 31 March 2022 HK\$'000	Audited as at 31 December 2021 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\$0.10 each	<u>57,657</u>	<u>57,657</u>

10. FINANCE COSTS

	Unaudited Three months ended 31 March 2022 HK\$'000	2021 HK\$'000
Interest on bonds payables	<u>1,250</u>	1,250
Interest component of lease liabilities	<u>24</u>	40
Others	<u>407</u>	—
	<u>1,681</u>	<u>1,290</u>

MANAGEMENT DISCUSSION & ANALYSIS

CHAIRMAN'S STATEMENT

The war broke out in Ukraine in the first quarter this year sets back the global recovery from the pandemic, hammering the financial markets and leaving oil and food prices rising rapidly. As for the first quarter, the Dow (-4.6%), Nasdaq (-9.1%) and S&P 500 (-5.0%) all finished solidly in the red, marking their worst quarter since Q1 2020. The Hong Kong economy also faced immense pressure in the first quarter. Real GDP contracted by 4.0% in the first quarter from a year earlier as a result of the local fifth coronavirus wave and the outbreak in mainland China. Earlier in March, the Hang Seng Index plunged more than 20% from where it started 2022, hitting a six-year low.

Back to the beginning of the year, we were ready to resume our entire business both in Mainland China and Hong Kong. However, the fifth wave of COVID infections again caught all by surprise, with lock down of many cities in China. Hence, our sales revenue halt again despite a promising start in January 2022. Our business in Hong Kong also had a false start and grounded to a standstill.

Moreover, travelling in China is strictly limited at the moment and the length of quarantine could be as much as 2 months if travelling to different provinces or cities with quarantine policies varying from province to province and changing abruptly. Till now, three of our colleagues that started travelling in March are still in between their journey. If such strict COVID controls continue, this year could be extremely challenge for businesses like us. Looking into the future, we will leverage on our experience and keep our focus on our business in the region, despite current difficulties.

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 50 sets of safety certificates for mining products. Its major products are overhead manned cableway devices 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 2022

Due to factors such as the Russia-Ukraine war and the halt of coal exports from Indonesia, the mainland imported a total of 51.81 million tons of coal in the first quarter, down 24.2% year-on-year. Despite decline in imports, domestic coal production remained high. Data released by the National Bureau of Statistics in April showed that raw coal production in the first quarter was 1.08 billion tons, up 10.3% year-on-year. In March, raw coal production was 396 million tons, up 10.3% year-on-year, and average daily production increased further by 360,000 tons from the record high in December of the previous year to 12.77 million tons.

The Group believes that due to the uncertainties in the international coal market, the central government will continue to pump the supply of coal with supporting policies such as approved capacity increase, production expansion and new mine production, so as to avoid a repeat of last year's power restriction crisis. The domestic demand for mining machineries and equipment is expected to increase, which will drive Tengzhou Kaiyuan's business growth.

(Data from: <http://www.eeo.com.cn/2022/0420/531115.shtml>)

Tengzhou Kaiyuan Highlights for the 1st quarter

- Tengzhou Kaiyuan actively improved its supply system to ensure timely delivery of goods, keep track of inventory levels and reduce warehouse stock.
- Tengzhou Kaiyuan was granted a rent refund in the first quarter to help reduce operating expenses, as it was proven through its previous tax payment records that it was eligible for the government's 2 exemptions and 3 reductions in rent incentives.
- In order to implement product diversification, Tengzhou Kaiyuan launched a brand new hydraulic apparatus product, resulting in higher sales in the first quarter, with cumulative sales revenue of approximately HK\$9.26 million, up 61.32% compared to the same period last year.



Daily operations of Tengzhou Kaiyuan

ii. Shandong – Supply Chain Management Services

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

Shandong Kailai specializes in coal supply chain management, warehouse and logistics management as well as loading and unloading service. It has the right to use a section of railway permitted by China’s Jinan Railway Bureau. Shandong Kailai’s logistics centre 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 2022

Due to fluctuations in the global energy market, the State Council has reaffirmed the key role that coal plays within its energy supply network, and has added 300 million tons of new production capacity this year, guiding coal prices to run in a reasonable range. The railway sector also continues to implement policies to secure electric coal supply and ensure stable energy supply by scientifically deploying resources and proactively meeting firms demands.

State Railway Group announced that in the first quarter of 2022, the national railroad cargo delivery volume completed 948 million tons, an increase of 25.87 million tons and 2.7% year-on-year; 350 million tons of coal was sent, an increase of 21.54 million tons and 6.2% year-on-year, and the coal stock of 363 railroad direct supply power plants nationwide was maintained at more than 21.7 days.

Under the current complex domestic and international circumstances as well as its subsequent energy challenges, the Group believes that the Central government is proactively trying to increase domestic coal supply and improve its supporting facilities, including introducing targeted measures that support coal transportation, which would bring a positive impact to Shandong Kailai's coal supply chain business.

(Data from: <https://finance.sina.com.cn/stock/hkstock/hkstocknews/2022-04-05/doc-imcwipii2437865.shtml>)

(Data from: <https://hk.news.yahoo.com/%E5%9C%8B%E5%8B%99%E9%99%A2%E5%B8%B8%E5%8B%99%E6%9C%83%E8%AD%B0%E6%8F%90%E5%87%BA%E4%BB%8A%E5%B9%B4%E6%96%B0%E5%A2%9E%E7%85%A4%E7%82%AD%E7%94%A2%E8%83%BD3%E5%84%84%E5%99%B8-124055121.html>)

Shandong Kailai for the 1st quarter

- The cooperation program between Shandong Kalai and its partners successfully increased the trading volume and sales revenue, and also successfully increased the revenue from loading and unloading business, which recorded a cumulative total of approximately HK\$44.43 million in the first quarter, 2.5 times higher than the same quarter of the previous year.
- In order to continue to expand the business segment, Shandong Kailai is looking for more potential partners to explore the local market and increase the loading and unloading and trading volume.
- Shandong Kailai also plans to increase its environmental protection facilities to cope with future demand.



Daily operations of Shandong Kailai

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 was granted a prospecting license of 1.2 million tons on 11 August 2020. In addition, Xingliang Mine’s application for the coal fire extinguishment work has been submitted this year, and a cooperation agreement has been reached with the subcontractor for the project to kickstart the project.

Analysis of Xinjiang’s coal industry in 2022

The policy of increasing coal production and supply continues to gain momentum, and major coal-producing provinces and regions are fully implementing the policy of increasing production and supply. According to Xinjiang Bureau of Statistics, in the first quarter of 2022, Xinjiang produced 92,491,000 tons of raw coal, up 29.4% year-on-year, the highest rate of increase in the country. Xinjiang railroad transported 11.2727 million tons of coal, up 30.7% year-on-year. In addition, Xinjiang sent out 10.424 billion kilowatt hours of electricity in March, up 9% year-on-year, the first month this year to break 10 billion, all data reflecting that Xinjiang has become an important piece of the national energy system puzzle.

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 and sufficient coal demands from within and outside the region. Under the nation’s macro-policy support and the rise in demands for coal and electricity within the region, Xingliang Mine will generate a steady stream of revenue and profit for the Group.

(Data from: <https://data.gotohui.com/list/172566.html>)

Xingliang Mine for the 1st quarter

- The construction team of Xingliang Mine continues to undergo the coal fire extinguishment project, which includes excavation and separation works to differentiate coal among other materials, and recorded sales revenue of approximately HK\$3,203 million. The management team in Hong Kong has always arrived on site to follow up on the progress of the work and communicate with the construction team to improve the efficiency of the project.
- Xingliang Mine has been preparing the applications and various supporting documents for the mining license of 1.2 million tons, and expects to obtain approval by mid-2022. Hong Kong representatives from the Group and the local team have been discussing with the government to ensure a smoother application process for the mining permit.





Excavation and separation works by the construction team

iv. Mongolia – Supply Chain Management Business

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

Analysis of Mongolia's mining industry amid COVID-19 pandemic in 2022

Due to the pandemic, Mongolia's coal supply was disrupted and the border crossing between China and Mongolia had been in a closed state. Mongolia's National Bureau of Statistics data show that in the first quarter of 2022, Mongolia's coal production was 5.1 million tons, 58.3% less than the same period last year; coal exports were 2.25 million tons, down 62.8% year-on-year.

Recently, Mongolia's COVID-19 situation is gradually under control, with the number of cases remaining in double digits or below. As a result, the central government has relaxed some border controls and gradually boosted Mongolian coal imports, causing Mongolia's coal exports to rebound for the second consecutive month.

The Group believes that the Mongolian coal industry will gradually get back on track as a result of the slowdown of COVID-19. With the energy market uncertainty arises from the Ukraine-Russia tensions, the Group expects that the central government will increase domestic coal supply as well as coal imports, and capitalise on its geographical advantage to increase coal imports from Mongolia, which would increase bilateral ties and benefit the business development of Choir Logistics Centre in the long run.

(Data from: <https://www.163.com/dy/article/H3S225C50514BFOK.html>)

Choir Project for the 1st quarter

- Due to the severe epidemic situation in Mongolia and the severe restrictions on border entry from the Eren border to Zamin-Ude by closure control, the management team was unable to physically reach the site to manage the project, the Group partnered with Sainsaikhan Consulting Services LLC to have Sainsaikha as the construction, operation and strategic contractor for the Choir project. During the quarter, the Group worked smoothly with the partner to settle the pre-performance terms, obtain and renew the rights of use and permits for the railroad, etc., and commence the remaining infrastructure works to improve the station facilities. Due to the extremely cold and prolonged winter in Mongolia, the railroad platform will be out of service until the weather returns and the Group does not expect to commence operations until the third quarter of the year.

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 1st quarter

- Cheung Lee continued to develop e-commerce channels to increase sales and stabilize the development of the tea segment.
- Cheung Lee successfully reorganized the agricultural base and searched for a new vegetable planting base in Gansu to expand the business of the vegetable segment.

SECOND QUARTER 2022 DEVELOPMENT GOALS

The Group will continue to build on existing business, maintain steady growth, solidify business network and accelerate business expansion. The Group's business goals in the 2nd quarter are as follows:

Shandong – Mining and Metallurgical Machinery Production

- Tengzhou Kaiyuan will continue to improve its supply chain to reduce costs and increase efficiency by reducing waste and excess, and enhance Kaiyuan's competitiveness.
- Tengzhou Kaiyuan will continue to implement diversification strategy to capture and develop more markets, expand customer base and increase operating income.

Shandong – Supply Chain Management Services

- Shandong Kailai plans to increase the annual coal storage and distribution volume and increase the coal trading volume.
- Shandong Kailai will increase environmental protection equipment and facilities to promote energy saving and clean production to realize the concept of sustainable development.

Xinjiang – Coal Exploitation Business

- Xingliang Mine is in close vicinity to an industrial area, with power plants and chemical plants as potential customers, including Xinjiang Huadian Turpan Power Plant, Xinjiang Guanghui Coal Cleaning Chemical Company Limited and Shenhong Industrial Park. As there is excess demand in the local area, Xingliang Mine will continue to initiate talks with potential customers with the aim to satisfy the local industrial coal demand with the majority of coal produced by Xingliang Mine.

- 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.

Mongolia – Supply Chain Management Business

- The construction of the railroad logistics center is expected to be completed in the second quarter, and the partner Sainsaikhan will start operation in the third quarter.
- Representatives from our Mongolian subsidiary will be dispatched to the site on a regular basis to follow up on the progress of the partner’s project and maintain close contact to improve operational efficiency.

Agricultural Investment and Development

- Cheung Lee will continue to study development trends and conduct marketing in order to increase market share.
- Cheung Lee aims to improve the quality and taste of vegetables and grow more varieties to enhance brand awareness and increase customer loyalty.

EVENT MANAGEMENT & CONSULTING BUSINESS

In the first quarter, Hong Kong faced the fifth and worst wave of the epidemic, which dealt another heavy blow to the MICE (Meetings, Incentives, Conventions and Exhibitions) industry. In view of the unprecedented hardship, the team has been fully focusing on providing press advertising for the clients, while offering hybrid events and video conferencing services. In light of the decreasing infections of Covid-19 and HK’s 25th return anniversary, the city is expected to witness the increasing business demand for the advocacy advertising in the second quarter. Due to the time frame for border reopening with mainland remains uncertain, the team will continue to give full play to its advantages and constantly adapt to the dynamic market for a better chance of surviving.

ESPORTS BUSINESS

Esports Unit's own brand Girlgamer Esports Festival World Tour will resume its journey in 2022. In the first quarter, the team engaged in intense preparation to ensure a smooth implementation of the project. The offline tournaments are scheduled to be held in countries and regions includes South Africa, Romania, Argentina, Spain, US, Middle Asia and etc. covering Africa, Europe, America and Asia.

The first stop of the journey will be Africa in June, and the event will be broadcasted on multiple platforms via multi-language. The team hopes to inject new lift into the brand, also explore new eSports opportunities in the post pandemic era through this world tour.

KAISUN TRUST & TRUSTEE

Having steady clients, Kaisun Trust remained stable and its total size of assets under administration increased steadily in the first quarter. Marketing wise, the team maintains good relationships with fund managers and is under discussion with existing clients for deeper cooperation. In the second quarter, the team will strive to further expand its client base and the team believes it will continue to witness steady growth in the total size of assets under administration.

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 and meetings regularly held to review and evaluate the risks of the portfolio. In the past three months, the Ukraine-Russia conflict has become deciding factor for the market and with no breakthrough in the peace talks, the repercussions of this conflict were hammering the financial markets, sending stocks falling and commodity prices soaring. In Hong Kong, the spread of Omicron took another heavy toll on the local economy, moreover, as time frame for border reopening with mainland remains unknown, the Hang Seng Index has once dropped to a six-year low.

Even the COVID-19 infections are decreasing and the Government has suitably relaxed the social distancing measures and will ease border controls and Covid flight ban policy. Still, the investment committee believes these measures may not be able to boost the market sentiment timely, taking into account the Covid-19 outbreak in mainland and lockdown of several cities. As our investment strategy, the investment committee will use the current averaging down in Hong Kong to buy in blue chip stocks and stocks that pay dividend steadily to lower the risk of new economy stocks.

As at 31 March 2022, the fair value of listed investment was HK\$19,732,488. The cost of listed investment was HK\$48,790,209.

In 2022, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK\$3,499,953. 166 shares of JD.com (HKEx: 9618) as dividend was received with a cash value of HK\$38,844 (as of 31 March 2022).

FINANCIAL REVIEW

Revenue of the Group for three months ended 31 March 2022 amounted to approximately HK\$86.8 million, represented an increase of approximately 302% when compared with the same period in 2021 (three months ended 31 March 2021: HK\$21.6 million). The increase in revenue was mainly attributable to resumption of the operations for provision of supply chain management services and commencement of coal fire extinguishment project following the ease of COVID-19 pandemic during the first quarter in 2022 when compared with the first quarter in 2021.

The Group gross profit for three months ended 31 March 2022 increased by approximately 86.5% to approximately HK\$6.9 million when compared with the same period in 2021 (three months ended 31 March 2021: HK\$3.7 million). The increase in gross profit was due to increase in revenue of the Group during the first quarter 2022.

For three months ended 31 March 2022, the total administrative and other operating expenses was approximately HK\$15.7 million, (three months ended 31 March 2021: HK\$13.9 million), the increase in the administrative and other expenses was in line with the increase in business activity associated with the increase in revenue.

For three months ended 31 March 2022, the loss from operations was approximately HK\$17.2 million (three months ended 31 March 2021 loss: HK\$7.1 million). Despite the increase in gross profit, the loss from operation was increased primarily due to the recognition of fair value loss on financial asset at FVTPL of approximately HK\$3.5 million and an impairment loss on trade and other receivable of approximately HK\$5.5 million.

The Group recorded loss for three months ended 31 March 2022 of approximately HK\$17.7 million, represented an increase of approximately 1.3 times when compared with the same period in 2021 (loss for three months ended 31 March 2021: HK\$7.7 million).

The total comprehensive loss attributable to owners of the Company for three months ended 31 March 2022 amounted to approximately HK\$15.5 million (The total comprehensive loss attributable to owners of the Company for three months ended 31 March 2021: HK\$6.0 million).

As at 31 March 2022, the Group held financial assets at FVTPL of approximately HK\$19.7 million, wholly comprised of securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market as at 31 March 2022, the gain on disposal of financial assets at FVTPL amounted to approximately HK\$0.4 million (as at 31 March 2021 gain: HK\$1.7 million), whilst the fair value loss on financial assets at FVTPL was approximately HK\$3.5 million for three months ended 31 March 2022 (fair value loss for three months ended 31 March 2021: HK\$0.3 million). The details of financial assets at fair value through profit or loss are set out as follow:

Company Name	Number of shares held as at 31 March 2022	% of shareholding as at 31 March 2022	Unrealized gain/(loss) on fair value % of change for the year ended 31 March 2022	Fair value as at		% of the Group's net assets as at 31 March 2022	Investment cost	Reasons for fair value loss
				31 March 2022	31 December 2021			
				HK\$	HK\$			
Hong Kong Listed Securities								
Baidu, Inc. (9888) (Note 1)	1,100	0.00004%	(3,410)	155,650	159,060	0.93%	182,700	Drop in share price
Billibili Inc. (9626) (Note 2)	660	0.0002%	(93,852)	142,824	236,676	0.85%	391,610	Drop in share price
EJE (Hong Kong) Holdings Limited (8101) (Note 3)	9,800,000	2.8239%	—	—	—	0.00%	14,020,604	Suspension of trading
ENN Energy Holdings Limited (2688) (Note 4)	10,000	0.0009%	203,505	1,175,000	—	6.99%	971,495	—
Hong Kong Exchanges and Clearing Limited (0388) (Note 5)	5,000	0.0004%	58,000	1,857,000	—	11.04%	1,799,000	—
HSBC Holdings plc (0005) (Note 6)	30,000	0.0001%	157,500	1,626,000	938,000	9.67%	1,468,500	—
JD.com Inc. (9618) (Note 7)	166	0.00001%	38,844	38,844	—	0.23%	—	—
Tencent Holdings Limited (0700) (Note 8)	3,500	0.00004%	(289,100)	1,309,700	1,598,800	7.79%	1,994,750	Drop in share price
Tesson Holdings Limited (1201) (Note 9)	2,973,000	0.2404%	(237,840)	1,159,470	1,397,310	6.90%	1,397,310	Drop in share price
TRACKER FUND (2800) (Note 10)	80,000	0.0018%	161,600	1,782,400	—	10.60%	1,620,800	—
Wealthking Investments Limited (1140) (Note 11)	17,476,000	0.4303%	(3,495,200)	10,485,600	13,980,800	62.35%	24,943,440	Drop in share price
BOC Hong Kong (Holdings) Limited (2388) (Note 12)	—	0.00%	—	—	894,250	0.00%	—	—
Total			<u>(3,499,953)</u>	<u>19,732,488</u>	<u>19,204,896</u>		<u>48,790,209</u>	

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. EJE (Hong Kong) Holdings Limited (HKEx: 8101) — The principal activity of EJE (Hong Kong) Holdings Limited is investment holding. The principal activities of the EJE (Hong Kong) Holdings Limited's subsidiaries are: (i) The design, manufacture and sales of mattress and soft bed products; (ii) property investment; (iii) securities investment; and (iv) the provision of property management and property agency services.
4. ENN Energy Holdings Limited (HKEx: 2688) — The principal businesses of ENN Energy Holdings Limited are gas connection, sales of piped gas, construction and operation of vehicle gas refuelling stations, wholesale of gas, distribution of bottled liquefied petroleum gas ("LPG") and sales of gas appliances and materials.
5. Hong Kong Exchanges and Clearing Limited (HKEx: 0388) — Hong Kong Exchanges and Clearing Limited is Own and operate the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, trading of base metals forward and options contracts operating in the UK.
6. 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").
7. JD.com Inc (HKEx: 9618) — JD.com Inc is a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider.
8. Tencent Holdings Limited (HKEx: 0700) — Tencent Holdings Limited is principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services.
9. 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.
10. Tracker Fund of Hong Kong (HKEx: 2800) — Tracker Fund of Hong Kong is a unit trust which is governed by its Trust Deed dated 23rd October 1999, as amended, supplemented or restated from time to time. The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance.

11. 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.
12. 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.

As at 31 March 2022, the Group held financial assets at fair value through other comprehensive income (“FVTOCI”) with carrying amount of approximately HK\$17.4 million wholly comprised of unlisted equity securities in Hong Kong and British Virgin Islands and redeemable preference shares. The details of financial assets at FVTOCI are set out as follow:

Company Name	% of shareholding as at 31 March 2022	Investment cost		Carrying amount		% of carrying amount to the Group's total assets as at 31 March 2022
		as at 31 March 2022	as at 31 December 2021	as at 31 March 2022	as at 31 December 2021	
		HK\$	HK\$	HK\$	HK\$	
Financial assets at FVTOCI						
Cheung Lee Farming Corporation (Note 1)	8.7%	8,700,000	8,700,000	8,300,000	8,300,000	2.3%
Connect-Me Technologies Limited (Note 2)	9.9%	990	990	—	—	N/A
Xin Ying Holdings Limited (Note 3)	N/A	8,000,000	8,000,000	9,100,000	9,100,000	2.5%
		<u>16,700,990</u>	<u>16,700,990</u>	<u>17,400,000</u>	<u>17,400,000</u>	

Notes:

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

2. Connect-Me Technologies Limited under the laws of the Hong Kong SAR with limited liability. They engaged in sale of electronic consumer products, key products including tablet PCs, smartphones, smartwatches, smart crutches, VR, electric self-balancing scooters, etc.
3. The principal activity of Xin Ying Holdings Limited ("Xin Ying") is investment holding. Xin Ying's subsidiaries combine the development of financial globalization and internet information technology innovation mean to provide innovative and efficient financing, assessment, consulting management, interconnection, financial e-commerce and more professional financial services for domestic enterprises and individual customers in PRC. Xin Ying's subsidiaries hold two types of credit license — 融資性擔保機構經營許可證 and 深圳市小額貸款業務資格. As at 31 March 2022, the Group held 8,000,000 redeemable preference shares of Xin Ying.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group has bank and cash balances and deposits in a licensed corporation of approximately HK\$6.6 million (as at 31 December 2021: HK\$8.3 million) and HK\$25.5 million (as at 31 December 2021: HK\$28.9 million) respectively.

The net current liabilities of the Group as at 31 December 2021 amounted to approximately HK\$182.2 million. The net current liabilities status of the Group revealed potential going concern issues of the Group, to address the going concern issue, the management of the Group will if necessary, liaise with creditors on the maturity dates and repayment schedule of debts so that the Group can continue as a going concern; and consider fund-raising activities in the future. The Company will issue further announcements as of when appropriate in this regard.

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.14 as at 31 March 2022 (as at 31 December 2021: 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, Tajikistan Somoni and Mongolian Tugrik. As at 31 March 2022, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

OTHER INFORMATION

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

The interests of Directors and chief executives of the Company (the “Chief Executives”) in the shares of the Company (the “Shares”) were as follow:

Name of Directors and Chief Executives	Capacity	Number of Shares as at 31 March 2022	Approximate percentage of the total issued Shares as at 31 March 2022
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%
Chen Chun Long	Beneficial owner	6,147,000 <i>(Note 4)</i>	1.07%
Ching Ho Tung, Philip	Beneficial owner	220,000 <i>(Note 4)</i>	0.04%

Save as disclosed above, as at 31 March 2022, none of the Directors or Chief Executives 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) 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 the Directors.

Notes:

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

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

During the period from 1 January 2019 to 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263,298 as at 31 March 2022.

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 and Dr. Wong Yun Kuen as Director on 30 December 2015 under the Share Award Scheme 2013.
4. These were shares held by Mr. Chen Chun Long and Mr. Ching Ho Tung as at 19 June 2019 when they were appointed as joint Chief Executive Officers of the Company.

2. Interests of Substantial Shareholders in Shares of the Company

As at 31 March 2022, 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 31 March 2022
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	29.01%
Ms. Yeung Po Yee, Bonita	Interest of spouse (<i>Note 1</i>)	167,263,298	29.01%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.21%
Ms. Wu Mingqin	Interest of spouse (<i>Note 2</i>)	81,950,000	14.21%

Notes:

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

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 31 March 2022, 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 (defined below) for the purpose of assisting in recruiting, retaining and motivating key staff members. Eligible participants of the schemes include the Directors (including independent non- executive directors) and other employees of the Group.

Share Award Scheme 2016

The Company adopted the share award scheme 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 this scheme. The Board shall not make any further award of awarded shares which will result in the total number of issued shares awarded by the Board under Share Award Scheme 2016 exceeding 10% of the total number of issued shares from time to time.

During the three months ended 31 March 2022, 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 number of shares in the Share Award Scheme 2016 as at 31 March 2022 was 13,610,000.

No share was awarded to any director or employee of the Company under the Share Award Scheme 2016 during the period.

4. Directors' Interest in Competing Business

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

5. Purchase, Sale or Redemption of Listed Securities

During the three months ended 31 March 2022, 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 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 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 of the Company is chaired by an independent non-executive Director.

1. Audit Committee

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

The Audit Committee comprises three independent non-executive directors, namely Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Wu Zheng, and Mr. Liew Swee Yean is the chairman of the Audit Committee.

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

The Group’s financial statements for the three months ended 31 March 2022 have been reviewed by the Audit Committee, 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 on Corporate Governance Practices

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 CG Code throughout the three months ended 31 March 2022 under review.

3. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the three months ended 31 March 2022. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

4. Review of Risk Management and Internal Control Effectiveness

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the three months ended 31 March 2022, covering material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems are effective and adequate.

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

Hong Kong, 13 May 2022

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 Mr. CHAN Nap Kee Joseph, Mr. YANG Yongcheng and three independent non-executive Directors Mr. LIEW Swee Yean, Dr. WONG Yun Kuen and Mr. WU Zheng.

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