KAISUN HOLDINGS LIMITED
凱順控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8203)

A Belt & Road Participant

ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Kaisun Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022. This announcement, containing the full text of the 2022 annual report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of annual results.

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

Hong Kong, 31 March 2023

* *for identification purpose only*

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

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

This announcement, 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 announcement 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 announcement misleading.

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

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 report misleading.

Contents

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Corporate Information

Board of Directors

Executive Directors

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

Independent Non-Executive Directors

Mr. Liew Swee Yean
Dr. Wong Yun Kuen
Mr. Wu Zheng

Joint Chief Executive Officers

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

Company Secretary

Mr. Pang Yick Him

Audit Committee

Mr. Liew Swee Yean *(Committee Chairman)*
Dr. Wong Yun Kuen
Mr. Wu Zheng

Remuneration Committee

Dr. Wong Yun Kuen *(Committee Chairman)*
Mr. Chan Nap Kee, Joseph
Mr. Wu Zheng

Nomination and Corporate Governance Committee

Mr. Wu Zheng *(Committee Chairman)*
Mr. Liew Swee Yean
Mr. Chan Nap Kee, Joseph

Authorised Representatives

Mr. Chan Nap Kee, Joseph
Mr. Pang Yick Him

Compliance Officer

Mr. Yang Yongcheng

Auditor

RSM Hong Kong

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

Room 1304, 13/F., Car Po Commercial Building,
18–20 Lyndhurst Terrace, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

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

Website

www.kaisun.hk

Stock Code

8203

Financial Summary

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

RESULTS

	Year ended 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**266,685**	156,576	35,958	138,566	146,100
(Loss)/profit before tax	**(23,410)**	(68,586)	(69,705)	(339,491)	7,159
Income tax credit/(expense)	**3,526**	(2,697)	5,438	14,430	1,890
Less: Loss from discontinued operations	**—**	—	—	(3,408)	(4,071)
Less: Loss attributable to non-controlling interests	**4,651**	5,105	3,972	10,339	5,532
(Loss)/profit attributable to owners of the Company	**(15,233)**	(66,178)	(60,295)	(318,130)	10,510

ASSETS AND LIABILITIES

	As at 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**531,731**	368,389	353,790	340,886	665,872
Total liabilities	**(532,572)**	(337,630)	(255,690)	(181,709)	(166,475)
Owners' funds	**(16,968)**	11,789	75,151	125,312	454,026

Chairman's Statement

The reopening of the border after 3 brutal years made the market to see some lights in the economy and we are all delighted to see that as well. Our shareholders are expecting to see the management and the company to perform in an improved market environment.

The core of our hard assets is our coal mine in Turpan in XinJiang, an inland city in a sensitive Autonomous Region where national security is primary to the livelihood of the region, which is understandable as a Chinese national but not all appreciated by stakeholders and to many extent Hong Kong regulators. The recent mining tragedy in the far away Inner Mongolia Autonomous Region on 2nd February caused serious death and casualties, which put a halt to most mining activities across the country and further rubbed salt into our already embattled wound.

The last three years of nationwide lock down and the 6 months' social unrest in Hong Kong prior to the COVID-19 pandemic made Hong Kong business entities' life extremely difficult. Frequent departures of professionals for different reasons amid the emigration wave has a negative impact on our daily operations.

The long lockdown of some of our staff get stuck to the tune of 120 days consecutively was no laughing matter. It is not somebody who sits in air-conditioned office could appreciate so my hats off to our mainland colleagues.

The COVID-19 pandemic mercilessly dismantled our hard built business entities overseas which formed part of our carefully planned Belt and Road strategy, including our Eurasia focus asset management company in the once Belt and Road Friendly City of London. Our coking coal mining operations in mountainous Tajikistan all suffered with old and young colleagues contracted the once lethal pandemic and passed away and there was nothing we could do to help. The first time I ever experienced in my close to 40 years of working career. May God bless them in their next journey.

We intend to rebuild our Belt and Road business in line with President Xi's strategy and wish our government and community leaders would put in efforts to enable Hong Kong businesses big or small to find a foothold in this new era.

I need to thank all my business counterparts to tolerate our delay in business settlements during these three odd years and we now know who are our business partners. I urge our other business counterparts on the other side of the balance sheet to appreciate our tolerance and expedite their payment owed to us once cash flow allows. I also need to thank my colleagues that have decided to stay with the company to battle this crisis and I will not forget the goodness of your loyal services to the company and to our stakeholders.

Former Chinese Premier Li Keqiang recently announced the lowest GDP target seen in decades, indicating the government is aware of the tough risk ahead of delivering economic recovery. Irrespective of all the gloomy outlook of the world economy and not to mention our own life must go on under this listed company regime and be answerable to our shareholders and the public, we have been studying the prospect of traditional energy providers in which carbon emissions have been on our priority list. We would be telling lies if we tell the world that we would dump coal mining and switch to hydrogen or wind energy for saving the world as well as making money. Hence we will not stop looking into green energy but simultaneously improve our clean mining in Turpan to make a living.

Chairman's Statement

With the full reopening of the border on January 8, 2023, recovering consumer spending in mainland China and a rebound in travel is expected to help the local economy, this year could be a turnaround for our event management and eSports businesses. This March will see Hong Kong finance hub hosts the biggest series of international events ever since the 2019 violent protests shutting down almost the entire special administrative region.

However, we will not get carried away by the reopening of border and the global ease off of covid travel restrictions to believe the global economy will fast turnaround given the geopolitical tensions globally. We will move ahead cautiously given the current capital markets sentiment and regulatory regime are not friendly to small cap companies either. I call for those decision makes of the city to put more effort to create a fair play business environment to make Hong Kong a better capital market without which the like of Saudi Arabia will only look elsewhere and not here.

Last, but by no means least, I want to extend my heartfelt thanks to all the shareholders of the Group who supported us through this hard journey and the journey continues with the lesson learned.

Management Discussion and Analysis

Global economic activity is experiencing a broad-based and shaper-than-expected slow down, with inflation higher than seen in several decades. Lingering effects of the pandemic, the ongoing war in Ukraine, elevated inflation and weak growth characterizes the economic situation globally, the uncertainty and volatility is here to stay. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023.

According to the World Bank, China's real GDP is expected to slow to 2.7 percent in 2022 before recovering to 4.3 percent in 2023 as the country made its decision to lift COVID restrictions and forge a way toward economic growth at the end of 2022. There is no doubt that 2022 has been a challenging yet pivotal year for China 's economy. The swelling outbreaks show the strain the COVID Zero strategy is facing, with even harsh lockdowns and constant mass testing failing to quickly get them under control while the cost of the policy is climbing.

For Hong Kong, the city has downgraded its full-year economic forecast from between 0.5 percent growth and 0.5 percent contraction to a 3.2 percent drop amid an ongoing recession. Hong Kong's economy has been hobbled by more than two years of COVID-related border restrictions, which have fueled a talent exodus from the city and strained trade, especially with mainland China.

The Group's business was under great pressure in the past few years. Our operation in mainland China suspended for months in 2022 as many parts of the country were placed under strict lockdown meanwhile our businesses in Hong Kong were struggling to stay afloat and living with the virus is anything but easy. It was truly an unexpected blow to our businesses no matter how well we were prepared. The good news is the year 2022 ended on a positive note. For the first time in three years, Hong Kong and the mainland resumed quarantine-free travel on January 8. Economists are upgrading their forecast for Hong Kong this year and the management of the Group believes that this year could be a turnaround for our operations inside and outside China, especially for our coal exploitation business in XinJiang and event management services in Hong Kong.

2023 marks the 10th anniversary of the Belt and Road initiative, over the past decade the Group has left business footprints in many countries and regions along the Belt and Road, such as Tajikistan, Mongolia, Vietnam and XinJiang, Inner Mongolia Autonomous Region in China etc. Our experience in Central Asia and mainland China has not always been excellent, we've seen ups and downs, but working through business difficulties and the pandemic has taught us the importance to diversify our business portfolio and the strategy applied has proved to be resilient to different types of risk and helped us to survive in times of crisis.

All we have been through reminds us the strong ties between Hong Kong and mainland China. Taking into account that China's economy will follow a generally upward growth trajectory in 2023, the Group believes we can benefit from new opportunities arising in the upcoming three to five years. Our sincere thanks to all the shareholders and investors of the Group who supported us through this journey. In 2023, management of the Group will strive to steadily improve our performance and hopes to bring value to our investors.

KAISUN ENERGY GROUP

Mining, Manufacturing of Machinery & Supply

i. Shandong — Mining and Metallurgical Machinery Production

Tengzhou Kaiyuan Industrial Co., Ltd. ("Tengzhou Kaiyuan"), a joint venture of a subsidiary company of the Group, specializes in mining and metallurgical machinery production and owns 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 energy shortages and rising gas and oil prices, the central government introduced a series of coal supply and price stabilisation measures in 2022 to protect people's livelihood and other electricity needs, and achieved phased results. Guided by domestic coal supply and price protection policies, domestic coal production continued to grow while imported energy fell relatively. 4.50 billion tonnes of raw coal were produced in 2022, up 9.0% year-on-year. Imported coal was 290 million tonnes, down 9.2% year-on-year.

With the relaxation of COVID-19 restrictions and the accelerated pace of economic recovery in the Mainland, the Group believes that the demand for coal and electricity would rise, which can help drive domestic demand for mining machineries as well as the growth for Tengzhou Kaiyuan.

(Data from: https://coal.in-en.com/html/coal-2623978.shtml)

Tengzhou Kaiyuan Highlights for 2022

- In the first quarter, Tengzhou Kaiyuan actively improved its supply system to ensure timely delivery of goods, keep track of stock levels and reduce warehouse inventory. In the second quarter, Tengzhou Kaiyuan conducted an customer demand assessment to determine order frequency and order quantity, which helped maintain operational efficiency while successfully reduce inventory costs. In the third quarter, Tengzhou Kaiyuan set up performance indicators (KPI) to measure the progress of the business, grasp full understanding of the actual conditions and make adjustments to improve operational efficiency. In the fourth quarter, various cost-saving management and sales strategies were developed with the aim of increasing yields and improving operating profits.

- Tengzhou Kaiyuan was granted a rent refund in the 1st quarter under the government's favourable lease terms of a rent-free period of 2 years and a half-rent period of 3 years due to previous satisfactory tax payment record, which helps lower operation costs. In addition, paperwork for the rent refund of the second year of operations was submitted in the 3rd quarter and has obtained approval in the 4th quarter.

- Precise performance indicators and sales strategies successfully optimised the performance of Tengzhou Kaiyuan, bringing new customers to the Group, including 25 new companies such as Xinwen Mining and Shanxi Lanhua Group, which helped Tengzhou Kaiyuan record a cumulative sales revenue of approximately HK$21.17 million in 2022, a year-on-year increase of 55%.




Daily operations of Tengzhou Kaiyuan

ii. Shandong — Supply Chain Management Services

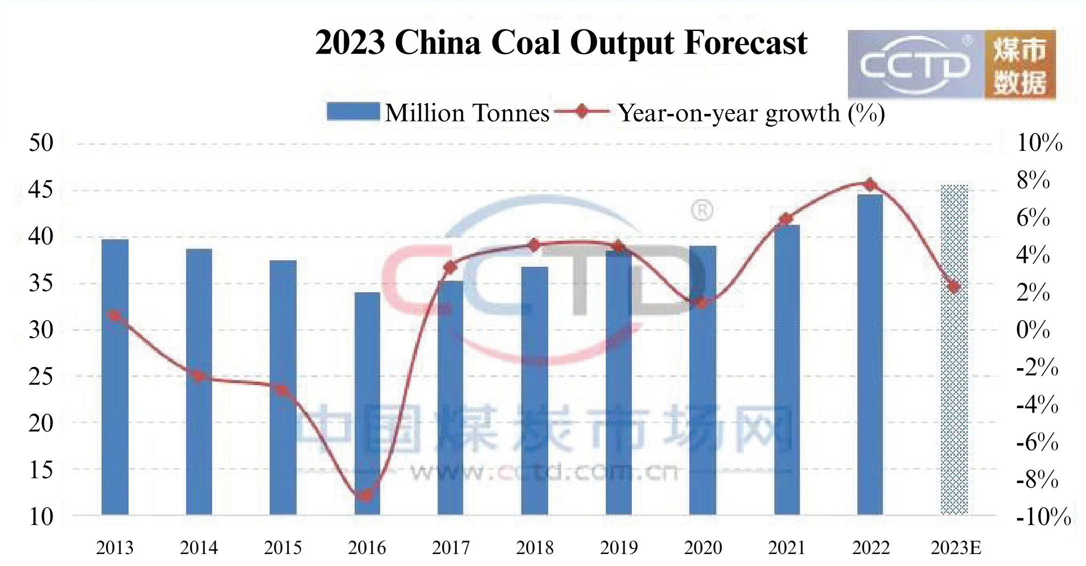
Shandong Kailai Energy Industrial Co., Limited ("Shandong Kailai") is a joint venture between a subsidiary of the Company and Shandong Bayi Coal Electrochemical Co., Ltd.

Shandong Kailai 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 2022

With a tight global energy market, continued tension in energy supply and significant price fluctuations, the China Railway Group stepped up efforts to increase coal transportation capacity, increase the outbound transportation of coal from major coal-producing areas, and continue to increase the supply of electric coal to cope with the rise in domestic coal production. In 2022, the China Railway Group completed the delivery of 3.9 billion tons of goods, an increase of 4.7% year-on-year. Among them, 1.49 billion tons of electric coal, up 13% year-on-year.

Thanks to the ease of COVID-19 restrictions, China's coal mine production capacity is expected to increase in 2023, with its annual coal output expected to reach 4.55 billion tonnes, a growth rate of 2.2%.



With China's constant optimisation of COVID-19 policies and continued effect of economic policies, the nation's economy is expected to stage a visible rebound. And, the Group expects the demand for coal will see a steady rise, which will inject impetus into Shandong Kailai's coal supply chain businesses.

(Data from: http://www.coalchina.org.cn/index.php?m=content&c=index&a=show&catid=24&id=145007)

(Data from: https://www.china5e.com/news/news-1146356-1.html)

Shandong Kailai for 2022

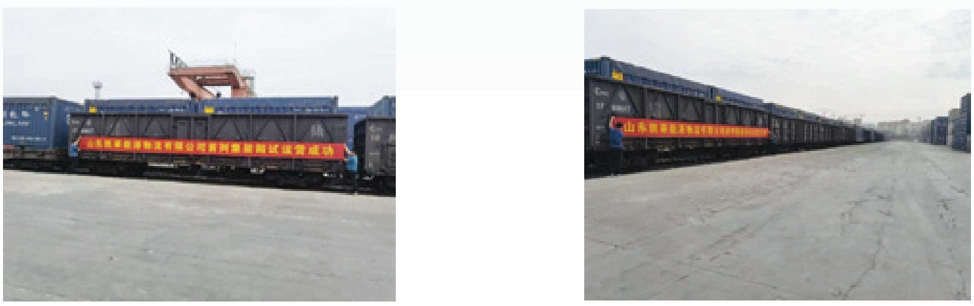
- In order to continue to expand the business segment, Shandong Kailai is constantly on the lookout for more partners to explore the local market and increase the loading and trading volume.

- Shandong Kailai had plans to increase environmentally-friendly facilities in the 1st quarter to cater future demands, and started the construction of its third environmentally-friendly shed in the 2nd and 3rd quarter as part of its efforts to increase its dust pollution control facilities and improve its working environment; the construction for the shed has been completed in the 4th quarter, which helps fulfil corporate social responsibility and thus enhance the image and competitiveness of the company.

- In addition to the traditional transportation methods, Shandong Kailai has been trying out the transport of coal in containers in the 3rd quarter, which not only reduces pollution but also provides newly-added business partners such as China Coal Energy Shandong Co. Ltd., Anhui Fengyao Environmental Protection Technology Co. Ltd., Jiangsu Xuzheng Energy Technology Co. Ltd., with more options to transport coal. In the 4th quarter Shandong Kailai laid out plans to construct additional loading platforms for containers to facilitate the use of containers in addition to conventional transportation.

- Through the company's one-stop coal supply, storage, transportation and marketing services, Shandong Kailai successfully increased its partners and enhanced the attractiveness of its business, bringing the Group a substantial turnover, with a cumulative sales revenue of approximately HK$207.29 million for the year, 59% higher than that of the previous year.

Construction of the third environmentally-friendly shed



Containers on trial for the transportation of coal

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 approved and started on the 3rd quarter of 2021, and a cooperation agreement has also been reached with the subcontractor. In addition, Xingliang Mine was granted a mining license of 1.2 million tons during the year.

Analysis of Xinjiang's coal industry in 2022

Due to uncertainties arising from COVID-19 in 2022, extreme weather and geopolitical tensions, the ripple effects of the global energy supply shortage have spread to China.

As a major energy province with coal reserves accounting for 40% of the country's total, Xinjiang plays an important role in the nation's energy supply. Xinjiang's raw coal production has seen rapid growth in recent years, with further emphasis on the transportation of coal to other provinces to ensure a stable domestic energy supply. In 2022, Xinjiang produced 400 million tonnes of raw coal, a year-on-year increase of 25%; the railway transportation of coal nearly doubled last year, with 80 million tonnes of coal transported.

As COVID-19 wanes and work resumes, China's economy shows strong recovery, with Xinjiang's enterprises no longer have to deal with lockdowns and are seemingly getting back on track. Thanks to China's reopening, the Group expects the Mainland economy to rebound and the demand for Xinjiang's coal to rise, which will help secure Xingliang Mine a steady stream of revenue and bring profit for the Group.

(Data from: http://xj.people.com.cn/n2/2023/0110/c186332-40261037.html)

Xingliang Mine for 2022

- In the second quarter, road repair works have been carried out in Xingliang Mine to level the roads, with eco-friendly trucks watering the roads to ensure that the site meets safety standards.

- In the third and fourth quarter, Xingliang Mine's construction team carried out fire extinguishment works, including excavation and separation works to differentiate coal among earth and rocks, which brought HK$53.82 million of income to the Group. The Hong Kong management team also arrived on site in Xingliang Mine to follow up on the progress of the fire extinguishment works and maintained communication with the construction team to improve the efficiency of the project.

- In the fourth quarter, Xingliang Mine applied for an extension of the fire extinguishment project due to its expiry in September 2022. However, the recurrent outbreaks of COVID-19 in Turpan have led to lockdowns and work suspensions in Gaochang District, which caused delay to the resumption of work, but it is expected to return to normal by early 2023.

- Xingliang Mine completed the payment of resource tax this year and has been granted a mining license of 1.2 million tons.

Excavation and separation works by the construction team

Newly constructed asphalt road

Eco-friendly watering truck

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 in 2022

In 2022, Mongolia seized the opportunity to increase coal production and make a positive contribution to energy stability within the region amidst tight global energy supplies. Statistics from the Mongolian Customs General Administration show that Mongolia's coal exports rose 101.72% year-on-year to 31.69 million in 2022, with exports to China accounting for 94% of the total exports at 29.77 million tonnes, a year on year increase of 104.5%. In addition, the Mongolian government has invested heavily to strengthen its infrastructure, including its coal railway network, which is expected to allow Mongolia to export up to 70 million tonnes of coal per year by 2025.

Despite energy market uncertainty arising from geopolitical tensions, the Group believes that it has minimal impact on Mongolia. Instead, Mongolia has capitalized on its geographical advantage with China to strengthen its coal supply chain and lay a solid foundation for the future, which would in turn benefit the business development of Choir Logistics Centre in the long run.

(Data from: http://www.sxcoal.com/news/4670429/info)

(Data from: https://www.rfi.fr/tw/%E4%BA%9E%E6%B4%B2/20221111-%E8%92%99%E5%8F%A4%E5%B8%8C%E6%9C%9B%E5%90%91%E4%B8%AD%E5%9C%8B%E5%87%BA%E5%8F%A3%E6%9B%B4%E5%A4%9A%E7%85%A4%E7%82%AD)

Choir Project for 2022

- Due to the COVID-19 situation in Mongolia and stringent border restrictions from the Eren border to the Zamyn Uud border, the management team was unable to oversee the project on site. The Group is joined by Sainsaikhan Consulting Services LLC as partner and also as the construction, operation and strategic contractor for the Choir project. In the 1st quarter, the Group worked smoothly with our partner to resolve the pre-existing contract terms issue, obtained and renewed the right of use and permits for the railway and kickstarted the remaining project. In the second quarter, our partner commenced the construction of electrical towers and carried out hydraulic works to improve station facilities and commenced trial runs. In the third quarter, the new platform was granted a working permit and officially commenced operations on 28 September, which brought the Group a share of revenue in the fourth quarter.

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 2022

- Due to the severity of COVID-19 and strict quarantine measures, the transportation time for vegetables increased, which affected their freshness and taste, resulting in unsatisfactory sales of Cheung Lee's vegetables. However, Cheung Lee is still committed to developing its vegetable business, and is looking to revamp its agriculture base in Gansu.

- Cheung Lee main focus is on its tea segment this year, with the development of e-commerce channels to increase sales, which solidify its development.

FIRST QUARTER 2023 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 1st quarter are as follows:

Shandong — Mining and Metallurgical Machinery Production

- Tengzhou Kaiyuan plans to conduct an annual performance review in the 1st quarter to facilitate continued development and ensure growth for its profitability and sustainability.

Shandong — Supply Chain Management Services

- The third environmentally-friendly shed is expected to commence operations in the 1st quarter, in an effort to reduce the environmental impact while increasing business development, customer base and building stronger customer relationships.

- Shandong Kailai plans to modify its station so that the station tracks can be used for both traditional transport as well as containerized transport, which will smoothen the process of coal transportation from Xingliang Mine of Xinjiang to Shandong. The plan can help the company develop a one-stop business mode that combines production, transportation and sales.

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 local demand for industrial coal with most of the coal produced by Xingliang Mine.

- Xingliang Mine is still in process of applying for extensions for the coal fire extinguishment project, and expects to obtain approval in the 1st quarter of 2023, which will see the project resume gradually.

Mongolia — Supply Chain Management Business

- Our Mongolian subsidiary will maintain close contact with its partners and closely monitor the progress of the operations to ensure the project can bring revenue to the Group.

Agricultural Investment and Development

- Cheung Lee is committed to developing its tea segment by improving its brand value, improving revenue and generating profits.

KAISUN BUSINESS SOLUTION

Event Management & Consulting Services

In 2022, our event management subsidiary People's Communication and Consultancy Company Limited ("PCCC") team continued to press forward in spite of all the difficulties. For the first half of 2022, the fifth wave of COVID-19 in Hong Kong has brought the city's public health system to its knees and the government has imposed the strictest social distancing measures to date. For the local MICE (Meetings, incentives, conferences & exhibitions) industry the pressure has been building since the outbreak of the pandemic. President Xi JinPing's visit and his speech on the occasion of the 25th anniversary of Hong Kong's return to China on July 1st rarely brought new vitality to the city. Relying on its strong position in political public relations and video conference service sector, the team was able to survive in the first half of the year by providing the above-mentioned services to the long-term customers. Entering the second half of the year, Hong Kong gradually eased pandemic control measures. Encouragingly, the team obtained the wholly owned subsidiary of China's state-owned enterprise as new event management client.

With the full reopening of the border between Hong Kong and mainland China on January 8, 2023, the team believes that in 2023, the team has full opportunity to turn things around and will strive to expand its client base for winning more market share.

Esports Business

The eSports subsidiary's signature IP — GIRLGAMER World Tour has officially resumed in 2022. At the time of writing, regional qualifiers in South Africa, Romania, South Korea, Spain and Brazil have been successfully held. The new season's GirlGamer World Tour obtained sponsorship from world renowned brands including Logitech G.

The finals will still be held in the UAE in February this year. Since the establishment of the IP, GIRLGAMER Esports Festival has been committed to promoting gender equality by bringing spotlight to the female community on the eSports stage, which shares the same vision with the UAE's effort made in recent years to empower women for fulfilling its sustainable development goals. Therefore, the team sees special significance in moving the final stage to the UAE. Looking ahead to 2023, the team will continue its GIRLGAMER world tour for further increasing the brand influence.

Kaisun Trust

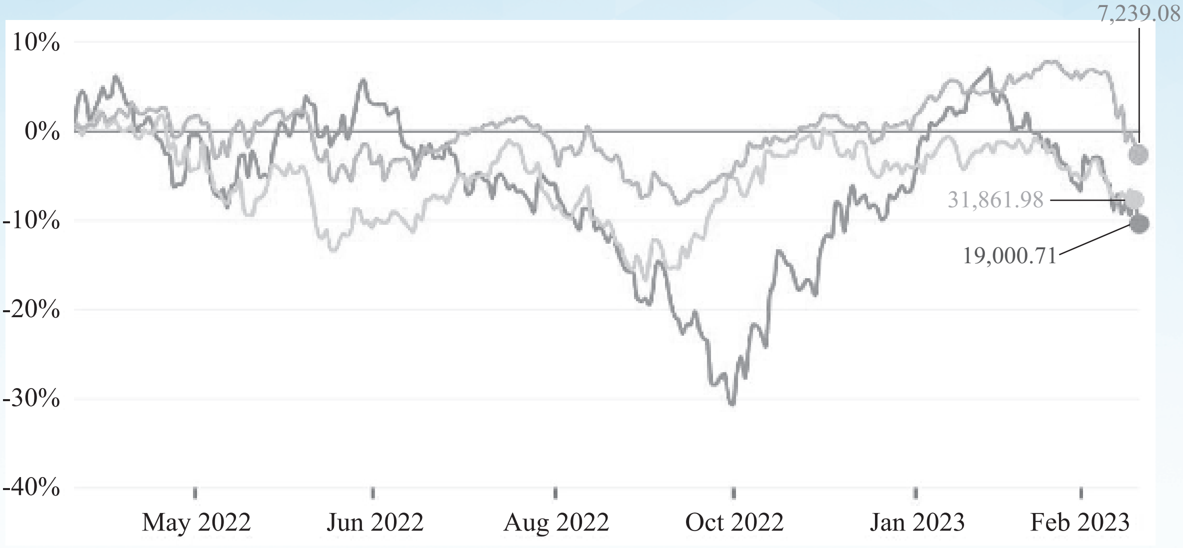
Have steady clients, Kaisun Trust's total size of assets under management was USD170 million by the end of this year. However, Hong Kong's COVID-19 outbreak has made the city's talent pool drained further and just like other local recruiters, the team has been struggling to hire talent in the past 12 months than any other point in the last three years. As the team is currently understaffed, which has negatively affected its daily operations and business expansion, therefore, the team is making every effort to find suitable candidates.

The family office business has flourished in recent years. As a premier international financial center, Hong Kong has taken the lead in attracting ultra-high net worth (UHNW) individuals in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") for setting up their family offices. The team intends to capitalize on the vast opportunities in the GBA, and is considering to establish family office business in the region. In 2023, the team will strive to achieve steady growth in the total size of assets under administration by expanding its client base, also bringing stable cash flow for the Group.

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. Looking back on 2022, after three years' scourge of COVID-19 pandemic, the economic order in most parts of the world began to return to normal at the beginning of the year. However, the Russia-Ukraine war triggered a massive shock to the global economy, especially to European countries. Later on, the energy crisis contributed to historically high inflation, and then many countries imposed economic sanctions against Russia, which have sent dollar soaring and further led to out of control inflation around the globe. Here in Hong Kong, the city still struggled with COVID, coupled with travel restrictions with mainland China and the stringent pandemic-control measures have derailed Hong Kong from the world. The local economy remained mired in recession and Hong Kong's status as a premier financial center has been clouded. Fortunately, Hong Kong lifted all social distancing measures in December 2022, meanwhile the border with the mainland reopened in January 2023, which has a positive impact on Hong Kong's economy and stock market. The group's shares will also benefit from the above-mentioned.

1 Year HSI, FTSE 100 & Dow Jones Comparison (As of 20 Mar 2023)



Hang Seng Index	-2,220.63	↓10.46%
Dow Jones Industrial Index	-2,691.01	↓ 7.79%
FTSE 100 Index	-202.59	↓ 2.72%

As at 31 December 2022, the fair value of listed investment was HK$14,361,591. The cost of listed investment was HK$33,372,295.

In 2022, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK$7,473,540. Dividend received from listed securities by the Group comprised of i) HK$120,805 of cash dividend; and ii) 166 bonus shares of JD.com (HKEx: 9618).

The Investment Committee believes that although Hong Kong's economy will definitely improve this year and the government will also issue a new round of consumption vouchers to stimulate the economy, yet the external environment is still full of challenges and uncertainties, and the economic recovery will take time, so will the stock market. Therefore, the investment committee decided to sit tight and will continue to invest in blue chip stocks and stocks that pay dividend to lower the risk of new economy stocks, meanwhile is considering selling long-term stocks that already gave return.

FINANCIAL REVIEW

Revenue of the Group for the year ended 31 December 2022 amounted to approximately HK$266.7 million, represented an increase of approximately 70.3% when compared with the same period in 2021 (2021: HK$156.6 million). The increase in revenue was mainly attributable to resumption of the operations for provision of supply chain management services for mineral business during 2022.

The Group's gross profit for the year ended 31 December 2022 increased approximately 58.6% to approximately HK$11.1 million when compared with the same period in 2021 (2021: HK$7.0 million). The increase in gross profit was due to increase in revenue caused by the reason mentioned in previous paragraph.

For the year ended 31 December 2022, the Group recognized investment and other income of approximately HK$30.1 million (2021: approximately HK$0.6 million), the significant increase in investment and other income was mainly attributable to the recognition of service income for coal fire extinguishment works, which were commenced during 2022.

For the year ended 31 December 2022, the Group's other gains amounted to approximately HK$26.2 million (2021: approximately HK$7.1 million), the significant increase in other gains was mainly attributable to the reversal of impairment loss on trade and other receivables recognised as a result of a deed of novation entered between the bondholder and the Company during 2022.

Exploration expenses for the year ended 31 December 2022 of approximately HK$3.5 million represented exploration expenditures recognised which were considered no future economic benefit (2021: HK$18.2 million).

Administrative and other operating expenses were approximately HK$63.7 million (2021: HK$58.8 million), the increase in administrative and other operating expenses was in line with the increase in operating activities as reflected by the increase of revenue.

Finance costs for the year ended 31 December 2022 amounted to approximately HK$23.6 million (2021: approximately HK$6.3 million), the significant increase of finance costs was attributable by the recognition of imputed interest expenses on payables for mining rights during 2022.

Combining the effects of the abovementioned items, the Group recorded a loss for the year of approximately HK$19.9 million (2021: HK$71.3 million).

The total comprehensive loss attributable to owners of the Company for the year 2022 amounted to approximately HK$28.6 million (2021: HK$63.2 million).

As at 31 December 2022, the Group held financial assets at FVTPL of approximately HK$14.4 million, wholly comprised of listed investment in securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market in 2022, the loss on disposal of financial assets at FVTPL amounted to approximately HK$0.2 million (2021 gain on disposal: HK$3.6 million), whilst the fair value loss on financial assets at FVTPL was approximately HK$7.5 million for the year ended 2022 (2021: fair value loss HK$5.5 million). The details of financial assets at FVTPL are set out as follow:

Company Name	Number of shares held as at 31 December 2022	% of share-holding as at 31 December 2022	Unrealized gain/(loss) on fair value change for the year ended 31 December 2022 HK$	Fair value as at 31 December 2022 HK$	Fair value as at 31 December 2021 HK$	% of the Group's total assets as at 31 December 2022	Investment cost HK$	Reasons for fair value loss
Hong Kong Listed Securities								
Baidu, Inc.(9888) *(Note 1)*	1,100	0.00004%	(36,190)	122,870	159,060	0.02%	182,700	Drop in share price
Bilibili Inc. (9626) *(Note 2)*	660	0.0002%	(113,388)	123,288	236,676	0.02%	391,610	Drop in share price
ENN Energy Holdings Limited (2688) *(Note 3)*	10,000	0.0009%	124,505	1,096,000	—	0.21%	971,495	—
Hong Kong Exchanges and Clearing Limited (0388) *(Note 4)*	5,000	0.0004%	(113,000)	1,686,000	—	0.32%	1,799,000	Drop in share price
HSBC Holdings plc (0005) *(Note 5)*	30,000	0.0001%	(12,000)	1,456,500	938,000	0.27%	1,468,500	Drop in share price
JD.com Inc. (9618) *(Note 6)*	166	0.00001%	36,553	36,553	—	0.01%	—	—
Tencent Holdings Limited (0700) *(Note 7)*	3,500	0.00004%	(429,800)	1,169,000	1,598,800	0.22%	1,994,750	Drop in share price
Tracker Fund of Hong Kong (2800) *(Note 8)*	80,000	0.0013%	(27,200)	1,593,600	—	0.30%	1,620,800	Drop in share price
Wealthking Investments Limited (1140) *(Note 9)*	17,476,000	0.1815%	(6,903,020)	7,077,780	13,980,800	1.33%	24,943,440	Drop in share price
BOC Hong Kong (Holdings) Limited (2388) *(Note 10)*	—	—	—	—	894,250	—	—	—
Tesson Holdings Limited (1201) *(Note 11)*	—	—	—	—	1,397,310	—	—	—
Total			(7,473,540)	14,361,591	19,204,896	2.70%	33,372,295	

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. 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.

4. 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.

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. 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.

7. Tencent Holdings Limited (HKEx: 0700) — Tencent Holdings Limited is principally engaged in the provision of VAS, FinTech and Business Services and Online Advertising services.

8. 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.

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

10. 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.

11. 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.

As at 31 December 2022, the Group held financial assets at fair value through other comprehensive income ("FVTOCI") with carrying amount of approximately HK$10.4 million, 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:

		Investment cost		Carrying amount		
Company Name	**% of shareholding as at 31 December 2022**	**as at 31 December 2022** *HK$*	as at 31 December 2021 *HK$*	**as at 31 December 2022** *HK$*	as at 31 December 2021 *HK$*	**% of carrying amount to the Group's total assets as at 31 December 2022**
Financial assets at FVTOCI						
Cheung Lee Farming Corporation *(Note 1)*	8.7%	**8,700,000**	8,700,000	**900,000**	8,300,000	0.17%
Xin Ying Holdings Limited *(Note 2)*	N/A	**8,000,000**	8,000,000	**9,500,000**	9,100,000	1.79%
		16,700,990	16,700,990	**10,400,000**	17,400,000	

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. 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 December 2022, the Group held 8,000,000 redeemable preference shares of Xin Ying.

OUTLOOK

We do not have to tell any of our stakeholders how we have survived COVID-19 in the last three years as our results speak for itself. Followed by the reopening of the Mainland and Hong Kong borders respectively in February confidence level regained, corporates have resumed business activities and travelling freely is the first step that everyone is doing while Kaisun is no exception.

The geopolitical conflicts in Europe have been bothering the rest of the world in particular the energy prices created huge inflation globally. The financial crisis starting from the US spread to Europe melting the banking sector and we believe this will sequentially tighten the credit supply to corporate and startups will be most hard hit. However life has to go on and the management of Kaisun is doing just that.

Service business

Our consulting and event management business is picking up though we cannot say flourishing given average bill size reduced due to tightened budget of our clients. Our esports events have been resuming from virtual to physical and we expect our "Girlgamer" brand to gain presence globally again. Our trust and trustee business has always been steady and our only problem is the shortage of qualified manpower. This temporarily limited our growth and until such time we can hire the right staffing we will not expand the cross-border servicing.

Coal mining and related supply Chain business

Covid disrupted the rhythm of our Xinjiang coal mining activities for three years. We envy our peers in Inner Mongolia in this period given their fire extinguish programs in their coal mines provided a window to clear the ruins and extract coal from it for sale. The restriction of import of coal from overseas making it a seller's market.

Despite the declaration of the end of covid this year, the coal mining disaster in Inner Mongolia in February has put the whole industry in further jeopardy. All mining activities across the nation slowed down and many came to a standstill for safety measure and the revisit of mining protocol. Xinjiang is no exception. We hope that we can again overcome this standstill quickly which also has raised the awareness of our safety measure paving way for our preparing of mining under renewed mining license. We expect to resume our full mining activities after the Ching Ming Festival.

The recent Two Sessions provided a clearer picture of our state's support of private enterprises clearing the cloud of the misconception of the states favoring state owned enterprises. Our value chain business in Shandong is also seeing lights and we hope the local government in Tengzhou would resume support to the livelihood of businesses.

ESG and CG

The board is also learning how to interpret the latest regulatory development on the listing rules in particular the ESG and CG code concerning how the company can take the initiative to maximize shareholders' value.

We are a small listed company and we foresee the cost of running such to continue to surge substantially given Hong Kong in general lacks qualified persons and the over reliance on third parties opinions to cover each professional risk erode small companies' profitability and is making Hong Kong less competitive to the other major financial markets. Nevertheless we are putting our best effort to comply with the everchanging regulatory regime.

To conclude we believe we shall see improvement in 2023 and a turnaround in 2024 after a full year of recovery over covid. We are driving to achieve dividend payout to reward our long supportive shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group has bank and cash balances of approximately HK$7.8 million (2021: HK$8.3 million).

The net current liabilities of the Group as at 31 December 2022 amounted to approximately HK$196.1 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 0.09 as at 31 December 2022 (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, and Tajikistan Somoni. As at 31 December 2022, the Group had no other significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

INCOME TAX

Details of the Group's income tax credit for the year 2022 are set out in note 12 to the consolidated financial statements.

HUMAN RESOURCES

As at 31 December 2022, the Group had 108 (2021: 116) 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 year 2022, 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$24.6 million (2021: HK$25.7 million) for the year 2022.

SEGMENT REPORT

The detailed segmental analysis are provided in note 47 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2022.

LITIGATION

As at 31 December 2022, the Group had no significant pending litigation.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Saved as disclosed in this annual report, there is no significant investment nor material acquisition and disposal undertaken by the Group during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2022 and up to the date of this announcement.

OTHER INFORMATION

At the request to the Stock Exchange, the Board would like to provide the following information:

Discloseable Transactions — Acquisition of Listed Securities of EJE (Hong Kong) Holdings Limited

The Board announces that the Group has acquired 9,800,000 shares in EJE (Hong Kong) Holdings Limited ("EJE") (HKEx Stock Code: 8101) for an aggregate consideration of approximately HK$14 million in a series of trade executed on the open market during the period from 5 December 2019 to 14 January 2020. The average purchase price of each share in EJE was approximately HK$0.143. The purchase price paid by the Group for each transaction was the market price of EJE and was financed by internal resources of the Group. The 9,800,000 shares in EJE acquired by the Group represented approximately 2.82% of the issued share capital of EJE as at the date of this annual report.

As the 9,800,000 shares of EJE acquired by the Group were acquired through the open market, the Directors were not aware of the identities of the sellers of the 9,800,000 shares of EJE. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the sellers and, if applicable, its ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Information of EJE

EJE is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the GEM of the Stock Exchange (stock code: 8101). EJE and its subsidiaries are principally engaged in (i) manufacture of custom made furniture; (ii) the design, manufacture and sale of mattress and soft bed products; (iii) property investment; (iv) securities investment; and (v) money lending.

The following financial information is extracted from the published unaudited management accounts and the annual report of EJE:

	Year ended 31 March		
	2021	2020	2019
	HK$'000	HK$'000	HK$'000
	(unaudited)	(audited)	(audited)
(For continuing operations)			
Revenue	**84,796**	140,464	130,308
(Loss)/profit before taxation	**(18,201)**	62,791	(7,430)
(Loss)/profit after taxation	**(20,435)**	61,879	(613)
Total assets	**923,459**	915,216	628,877
Net asset value	**426,330**	393,374	313,090

Reasons for and benefits of the acquisitions

The Company considered that based on the EJE's stable development of business and the recent downside of shares of EJE, the acquisitions of shares of EJE represented an investment opportunity of the Group.

As the acquisitions were made at market price, the Directors were of the view that the terms of the acquisitions were fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

As at the date of this annual report, the Group beneficially owns 9,800,000 shares of EJE. The investment in EJE is accounted for as financial assets at FVTPL and EJE's financial results have not been consolidated in the accounts of the Group. EJE was delisted on 21 December 2022.

Listing Rules Implications

As one or more of the application percentage ratios for the acquisitions of the shares of EJE, when aggregated, exceeded 5% but all of them were less than 25% under Chapter 19 of the GEM Listing Rules, the acquisitions together constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Discloseable Transactions — Acquisition of Listed Securities of Tesson Holdings Limited

The Board announces that the Group has acquired 13,215,000 shares in Tesson Holdings Limited ("Tesson") (HKEx Stock Code: 1201) for an aggregate consideration of approximately HK$6.2 million in a series of trade executed on the open market on 9 September 2020. The average purchase price of each share in Tesson was approximately HK$0.469. The purchase price paid by the Group for each transaction was the market price of Tesson and was financed by internal resources of the Group. The 13,215,000 shares in Tesson acquired by the Group represented approximately 1.07% of the issued share capital of EJE as at the date of this annual report.

As the 13,215,000 shares of Tesson acquired by the Group were acquired through the open market, the Directors were not aware of the identities of the sellers of the 13,215,000 shares of Tesson. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the sellers and, if applicable, its ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Information of Tesson

Tesson is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 1201). Tesson and its subsidiaries are principally engaged in (i) the manufacturing and sale of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sale of relevant equipment, investment holding and import and export trading; and (ii) the property development business, as well as the cultural industry related business, including large-scale event production and themed museums, and architectural design and engineering.

The following financial information is extracted from the published unaudited management accounts and the annual report of Tesson:

	Year ended 31 December		
	2021	2020	2019
	HK$'000	HK$'000	HK$'000
	(unaudited)	(audited)	(audited)
Revenue	**171,294**	762,891	912,346
(Loss)/profit before taxation	**(455,936)**	112,974	(93,761)
(Loss)/profit after taxation	**(434,886)**	39,482	(125,762)
Total assets	**2,672,914**	2,993,795	3,175,512
Net asset value	**865,444**	1,240,390	1,105,276

Reasons for and benefits of the acquisitions

The Company considered that the acquisitions of shares of Tesson represented an investment opportunity of the Group as it is optimistic on the future development of Tesson.

As the acquisitions were made at market price, the Directors were of the view that the terms of the acquisitions were fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

The investment in Tesson is accounted for as financial assets at FVTPL and Tesson's financial results have not been consolidated in the accounts of the Group. During the year ended 31 December 2022, the shares of Tesson held by the Group were disposed.

Listing Rules Implications

As one or more of the application percentage ratios for the acquisitions of the shares of Tesson, when aggregated, exceeded 5% but all of them were less than 25% under Chapter 19 of the GEM Listing Rules, the acquisitions together constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Omissions of the Company to Disclose the Discloseable Transactions

The omissions by the Company to comply with the GEM Listing Rules requirements to make timely disclosure for the acquisitions of shares of EJE and Tesson was due to inadvertent mistake from the Company having believed that the acquisitions of shares of EJE and Tesson were of a revenue nature and in the ordinary and usual course of business of certain members of the Group and they would therefore be exempt from the requirements under Chapter 19 of the GEM Listing Rules pursuant to Rule 19.04(1)(g) of the GEM Listing Rules.

The Company wishes to apologise for the above non-compliances and hereby provide details of the acquisitions of shares of EJE and Tesson.

To avoid any similar delay in notification in the future and to fine tune the Group's internal control procedures, the Company will (i) continuously review and oversee the legal and regulatory compliance procedures and internal controls of the Group to ensure that all existing and further transactions of the Company fully comply with the Listing Rules; (ii) provide written guideline on the procedures for similar transactions to all Directors, senior management and relevant personnel of the Company, which would include requiring written calculation of the relevant size tests as to whether public disclosure is required before entering into similar transactions and closely monitoring the transactions entered into from time to time; and (iii) provide further training to the Directors, the senior management and the relevant personnel of the Company to help them better understand any new requirements of the GEM Listing Rules and identify any potential notifiable transactions of the Group on a timely basis.

At the request of the Stock Exchange, the Board would like to further provide the following information:

Loans to Up Energy Development Group Limited and Advance of Restructuring Cost

Background

As at 31 December 2014, Up Energy (Fukang) Coal Washing Ltd., a subsidiary of Up Energy Development Group Limited ("Up Energy", former HKEx Stock Code: 307, together with its subsidiaries, "Up Energy Group"), was a trade debtor of the Group with an outstanding amount of approximately HK$9.6 million payable to the Group.

As disclosed in the annual report for the year ended 31 March 2015 of Up Energy, the Up Energy Group had a net current liabilities status and there was a significant doubt on the Group's ability to continue as a going concern.

The Loans

During the period from 22 September 2015 to 11 December 2015, the Company (as lender) entered into a series of loan agreements with Up Energy (as borrower) to lend an aggregate amount of HK$15,000,000 to Up Energy with loan period of one year and interest rate of 17% respectively.

The Advance on Restructuring Cost

On 19 September 2016, the Supreme Court of Bermuda ruled that joint provisional liquidators will be appointed by the Bermudan court order on a soft touch basis to supervise the restructuring of Up Energy, and thereafter the debt restructuring process of Up Energy commenced.

During the debt restructuring process, due to the Group's knowledge and experience in the coal mining business, Kaisun Consulting Limited, a wholly-owned subsidiary of the Company, was engaged as coordinator for certain creditors of Up Energy and introducer of financing of Up Energy. The engagement was an engagement under the Group's corporate services business segment, subject to certain conditions, the Group's service fee under the engagement was ranged from HK$5 million to HK$50 million.

In order to facilitate the debt restructuring process of Up Energy, during the period from October 2016 to December 2019, the Group advanced restructuring cost of approximately HK$24.3 million, which in the management's view was incidental to the engagement.

Reasons for and benefits of the loans to Up Energy and the advance on restructuring costs

As disclosed in the annual report for the year ended 31 March 2015 of Up Energy, as at 31 March 2015, Up Energy Group had total assets amounted to approximately HK$20 billion and net assets amount to approximately HK$10 billion. Given the vast amount of assets owned by the Up Energy Group, the management of the relevant times were of the view that the financial difficulties faced by Up Energy were temporary and there was a very high chance that the restructuring would be successful.

The loans to Up Energy and the advance on restructuring costs would facilitate and speed up the debt restructuring process, which in turn would facilitate and speed up the recovery of outstanding amount payable to the Group by Up Energy.

It was the management's view that the risks associated with the loans to Up Energy and the advance on restructuring costs was low as the amount of loans and advance were insignificant when compared to the assets owned by the Up Energy Group.

Current Status

On 5 January 2022, the shares of Up Energy were delisted from the Stock Exchange. Despite the severe impact of the COVID-19 preventive measures, the liquidation of Up Energy is still in progress. It is expected that the recent increase in coal price will lead to an increase of the asset value of Up Energy Group and, despite being fully impaired, the management of the Group is still optimistic on the recovery of the outstanding balances of trade receivables, loans to Up Energy and the advanced restructuring cost (together "amounts due from Up Energy"). Upon recovery of amounts due from Up Energy with related interest receivables, following the completion of the liquidation procedures, it is expected that the liquidity of the Group will be improved. Further updates will be provided as and when appropriate.

On the other hand, the Group actively entered into negotiations with the Group's creditors. During the year ended 31 December 2022, the Group entered into a deed of novation with certain creditors of the Group, for which the Group assigned receivables of approximately HK$29,978,000 of amounts due from Up Energy to certain creditors of the Group to set off the same amount of debts due to the creditors, resulted in a reversal of impairment loss on trade and other receivables of approximately HK$29,978,000 and a reduction in other payables, interest payable and bonds payable of approximately HK$10,000,000, HK$16,778,000 and HK$3,200,000 respectively.

Biography of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Chan Nap Kee, Joseph, aged 62, is the chairman, member of Remuneration Committee and Nomination and Corporate Governance Committee of the Group. He was appointed as an executive director in September 2008. He received his master degree majoring in international marketing from the University of Strathclyde and a diploma in China Investment and Trade from Peking University.

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

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

Mr. Yang Yongcheng, aged 53, was appointed as an executive director in February 2009, and compliance officer with effect from 31 December 2016. He graduated from the Yikezhao League School of Finance (伊盟財經學校) in Inner Mongolia of the PRC and the China Central Radio & TV University, majoring in financial accounting. He holds an EMBA from the Zhongnan University of Economics and Law.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liew Swee Yean, aged 59, is chairman of audit committee and member of Nomination and Corporate Governance Committee, and has over 20 years of experience in finance and general management, and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Liew holds a Master of Business Administration (Executive) Degree from the City University of Hong Kong. He is also an independent non-executive director of China Supply Chain Holdings Limited (HKEx: 3708) since October 2022, and an independent non-executive director of Victory City International Holdings Limited (HKEx: 0539) from April 2021 to October 2021.

Dr. Wong Yun Kuen, aged 65 is the chairman of Remuneration Committee and member of audit committee. He received two B.S. degrees in Geology and Mathematics from University of Wyoming, and Master and Ph.D. degree in Geophysics from Harvard University, and was "Distinguished Visiting Scholar" in finance at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of Hong Kong Securities Institute and a life member of American Geophysical Union.

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

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

Mr. Wu Zheng, aged 53, is chairman of Nomination and Corporate Governance Committee, member of audit committee and remuneration committee since 31 October 2021.

Mr. Wu holds a Master Degree of Science in Engineering from the School of Management of Xi'an Jiaotong University. Mr. Wu has over 20 years of experience in corporate finance, mergers and acquisitions, business consultancy, and investment management. From 2001 to 2019, Mr. Wu worked as key management personnel of various companies in the finance sectors including deputy general manager of Jinghua Shanyi Information Consulting (Shenzhen) Co., Ltd. (京華山一信息諮詢(深圳)有限公司), executive director of Dongying Investment Consulting (Shenzhen) Co., Ltd (東英投資顧問(深圳)有限公司) and the China region general manager of OP Investment Management Limited. From 2019 onwards, Mr. Wu is the beneficial owner and key management personnel of SHANGHAISIYANTOUZIGUANLI CO., LTD (上海思延投資管理有限公司).

SENIOR MANAGEMENT

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

Directors' Report

The board ("Board") of directors ("Directors") of the Company is pleased to submit its report together with the audited consolidated financial statements ("Financial Statements") of the Company and its subsidiaries (collectively as "the Group") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 42 to the Consolidated Financial Statements.

An analysis of the Group's performance for the year ended 31 December 2022 by segments is set out in note 47 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss on page 69.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022.

BUSINESS REVIEW

A review of the business of the Group for the year 2022 and a discussion on the Group's future business development and the principal risks and uncertainties facing the Group are provided in the Chairman's Statement, Management Discussion and Analysis from pages 5 to 31. In addition, the financial risk management objectives and policies of the Group can be found in note 6 of the Consolidated Financial Statements. An analysis of the Group's performance during the year 2022 using financial key performance indicators is provided in the Financial Summary on page 4.

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

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

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

RESERVES

Movements in the reserves of the Group during the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity of the Group.

DONATIONS

Charitable and other donations made by the Group during the year ended 31 December 2022 amounted to HK$Nil (2021: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the Consolidated Financial Statements.

SHARE CAPITAL

Particulars of the share capital of the Company are set out in note 38 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2022 amounted to HK$nil (2021: HK$nil). Under Section 34 of the Companies Law of the Cayman Islands, the reserves are available for distribution to shareholders subject to the provisions of the articles of association of the Company (the "Articles") and no distribution shall be paid to shareholders of the Company ("Shareholders") out of the reserves unless the Company shall be able to pay its debts as they fall due in the ordinary course of business of the Group.

DIVIDEND POLICY

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

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

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

— capital expenditure and future development requirements,

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

— other factors it may deem relevant at such time.

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

FIVE YEARS FINANCIAL SUMMARY

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

PERMITTED INDEMNITY PROVISION

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

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

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities.

PENSION SCHEME

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

SHARED-BASED COMPENSATION SCHEME

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

Share Award Scheme 2016

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

No shares were purchased by the trustee of the Share Award Scheme 2016 for years ended 31 December 2022 and 2021. During the year ended 31 December 2019, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 12,440,000 shares for total consideration of approximately HK$2,976,000. During the year ended 31 December 2018, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, purchased on the Stock Exchange a total of 1,170,000 shares for total consideration of approximately HK$395,000. Hence, the total no. of shares in the Share Award Scheme as at 31 December 2022 was 13,610,000, represented approximately 2.36% of the issued capital of the Group.

Details of grantees in the Share Award Scheme 2016 are set out below:

Grantee	Date of Award	Number of Awarded Shares	Vesting Date	Closing price of shares on the grant date
17 Selected Employees	2 June 2017	11,305,200	On or before 26 June 2017	HK$0.42
Mr. Chan Nap Kee, Joseph (Executive Director)	22 March 2018	3,081,000	22 March 2018	HK$0.325
Mr. Yang Yongcheng (Executive Director)	22 March 2018	1,000,000	22 March 2018	HK$0.325

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

As at the date of this report, the Share Award Scheme 2016 is expired. It is planned that a new Share Award Scheme using the shares currently held by the trustee of Share Award Scheme 2016 as the pool of shares to be awarded will be adopted. Further announcements will be made by the Company as and when appropriate.

DIRECTORS

The Directors during the year 2022 were:

Executive Directors:

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

Independent Non-Executive Directors:

Mr. Liew Swee Yean
Dr. Wong Yun Kuen
Mr. Wu Zheng

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

In accordance with Article 87 of the Articles, Mr. Chan Nap Kee, Joseph will retire from offices by rotation at the forthcoming AGM, and being eligible, offer himself for re-election at the forthcoming AGM.

According to Code provisions B.2.3 of Appendix 15 Corporate Governance Code and Corporate Governance Report of the Rules Governing the Listing of Securities on the GEM of Stock Exchange (the "GEM Listing Rules"), if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.

As Mr. Liew Swee Yean and Dr. Wong Yun Kuen served for more than 9 years in year 2022, accordingly, their further appointments in 2023 should be subject to separate resolutions to be approved by shareholders, which were attained by way of re-election at the AGM. Mr. Liew Swee Yean and Dr. Wong Yun Kuen offered themselves for re-election at the AGM.

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

DIRECTORS' SERVICE CONTRACTS

The term of office for each of Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Wu Zheng, being the independent non-executive directors, is for a term of one year and may be extended for such period as agreed in writing by the directors concerned and the Company. Currently, Mr. Liew Swee Yean has been appointed as an independent non-executive director up to 7 November 2023, Dr. Wong Yun Kuen has been appointed as an independent non-executive director up to 29 September 2023, Mr. Wu Zheng has been appointed as an independent non-executive director up to 30 October 2023.

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

Details of the directors' emoluments are set out in note 15 to the Consolidated Financial Statements.

DIRECTORS' REMUNERATION

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

DIRECTORS' INTEREST IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS

There were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a director or an entity connected with him had a material interest, whether directly or indirectly, subsisting as at the end of the year or at any time during the year 2022 under review.

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

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

Name of Directors	Capacity	Number of shares as at 31 December 2022	Approximate percentage of the total issued Shares as at 31 December 2022
Chan Nap Kee, Joseph	Beneficial owner	167,263,298 *(Note 1)*	29.01%
Yang Yongcheng	Beneficial owner	1,675,000 *(Note 2)*	0.29%
Wong Yun Kuen	Beneficial owner	525,000 *(Note 3)*	0.09%
Liew Swee Yean	Beneficial owner	204,000 *(Note 3)*	0.04%
Chen Chun Long	Beneficial owner	6,147,000 *(Note 4)*	1.07%
Ching Ho Tung, Philip	Beneficial owner	220,000 *(Note 4)*	0.04%

Save as disclosed above, as at 31 December 2022, none of the directors or chief executive of the Company had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors.

Notes:

1. After allotment of rights shares on 16 January 2017 and share consolidation of 10 shares into 1 share became effective on 16 February 2017, the total number of shares beneficially owned by Mr. Chan Nap Kee, Joseph ("Mr. Chan") was 159,132,298. Of these, 2,004,000 shares were shares awarded to Mr. Chan as Director on 30 December 2015 under the Share Award Scheme adopted since 10 May 2013. In addition, 2,750,000 shares were purchased by Mr. Chan Nap Kee, Joseph on the market from 29 March to 31 December 2017. Hence total number of shares owned by Mr. Chan was 161,882,298 as at 31 December 2017.

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

   During the year ended 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263,298 as at 31 December 2022.

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng ("Mr. Yang") as Director on 30 December 2015 under the Share Award Scheme 2013. On 22 March 2018, 1,000,000 shares were shares awarded to Mr. Yang as Director under the Share Award Scheme 2016. In addition, 60,000 shares were purchased by Mr. Yang on the market from 12 November 2018 to 31 December 2018.

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.

INTEREST OF SUBSTANTIAL SHAREHOLDERS IN SHARES OF THE COMPANY

As at 31 December 2022, so far as is known to the Directors of the Company, the persons who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in shares and underlying shares:

Name of Shareholders	Capacity and nature of interest	Number of shares as at 31 December 2022	Approximate percentage of the total issued shares as at 31 December 2022
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	29.01%
Ms. Yeung Po Yee, Bonita	Interest of spouse *(Note 1)*	167,263,298	29.01%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.21%
Ms. Wu Mingqin	Interest of spouse *(Note 2)*	81,950,000	14.21%

Notes:

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

2. These were total number of Shares that Mr. Zhang Xiongfeng ("Mr. Zhang") beneficially owned. As the spouse of Mr. Zhang, Ms. Wu Mingqin, was taken to be interested in the Shares in which Mr. Zhang was interested by virtue of the SFO.

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 31 December 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year 2022 under review.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of cost of sales and sales for the year 2022 attributable to the Group's major suppliers and customers are as follows:

Cost of sales		
—	the largest supplier	39%
—	five largest suppliers combined	76%
Sales		
—	the largest customer	39%
—	five largest customers combined	73%

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with most of the code provisions as set out in the Code of Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2022. Details of compliance and deviation are set out in the Corporate Governance Report on pages 43 to 64.

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.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 December 2022 are set out in Note 48 to the financial statements. To the best knowledge of the Directors, none of these related party transactions constituted connected transactions that need to be disclosed under GEM Listing Rules.

PRE-EMPTIVE RIGHTS

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 42 to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2022 and up to the date of this report.

AUDITOR

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

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

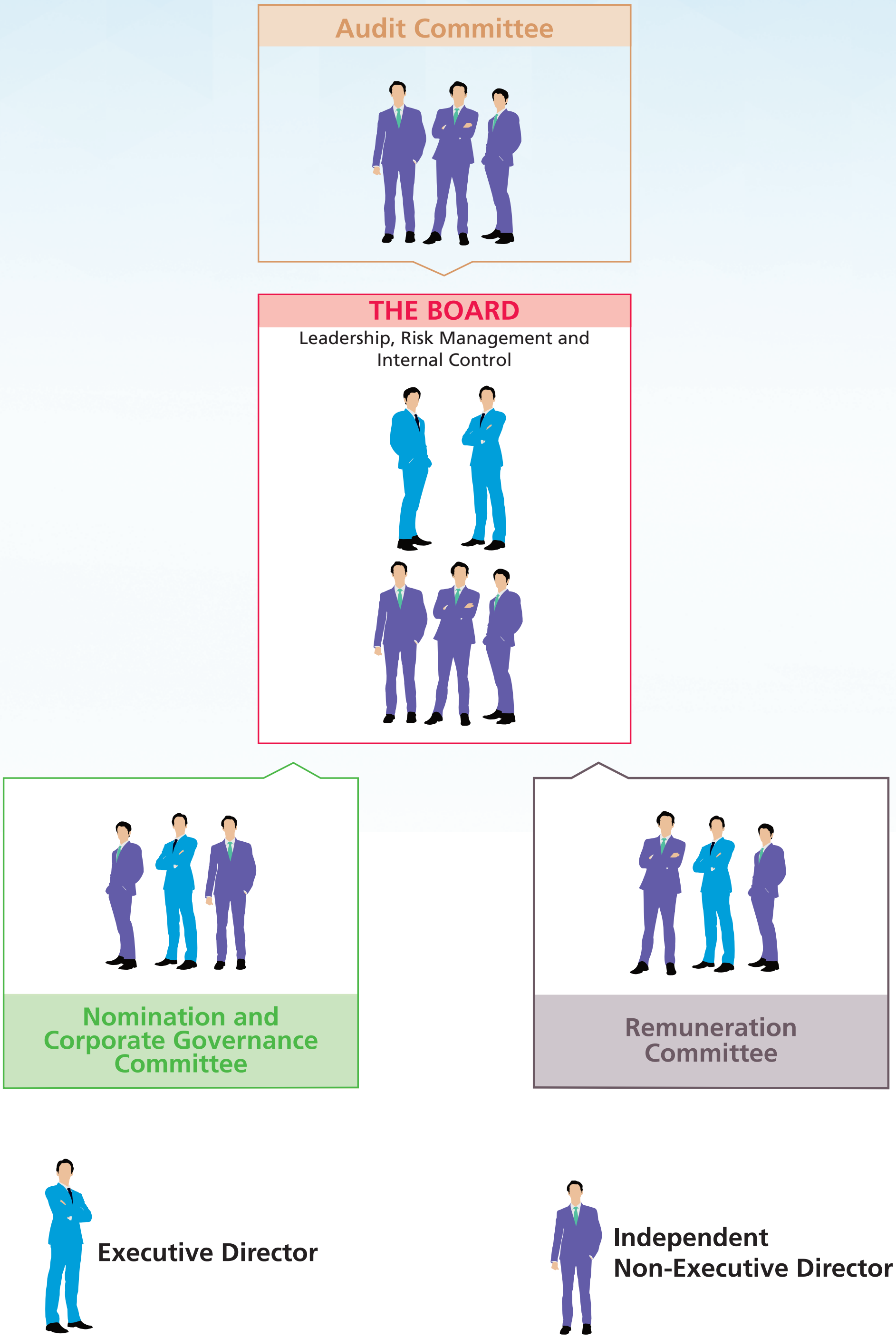
For and on behalf of the Board

Chan Nap Kee, Joseph
Chairman

Hong Kong, 31 March 2023

OUR GOVERNANCE FRAMEWORK

Kaisun operates with a clear and effective governance structure



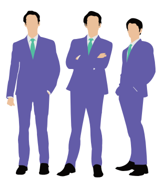
THE BOARD

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

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

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

Audit Committee



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

Nomination and Corporate Governance Committee

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

Remuneration Committee

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

Remuneration Committee Report Page 50 to Page 51

Nomination and Corporate Governance Committee Page 51 to Page 55

Audit Committee Report Page 56 to Page 58

Risk Management and Internal Control Report Page 58

Further information

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

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

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

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

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

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

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

Appointment of Joint chief executive officers (CEOs)

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

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

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

Role and Function of the Board

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

Independent Non-Executive Directors with a diverse background

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

In 2022, three Independent Non-executive Directors drawn from diverse and complementary backgrounds spanning mining, accounting and corporate finance. They bring valuable experience and insight in the following areas of experience and expertise, driving the corporate strategy and growth of the Group:

EXPERTISE/EXPERIENCE		NAME OF DIRECTORS
EXPERTISE AND EXPERIENCE IN MINING FIELD	Expertise as a geological expert	**Dr. Wong Yun Kuen**
MACRO-ENVIRONMENT AFFECTING THE GROUP	Expertise in the economic, political social environment affecting the Group and its operation	**Dr. Wong Yun Kuen**
AUDIT COMMITTEE ACCOUNTING EXPERTISE	Expertise on "Audit Committee Accounting Expertise" under the Listing Rules	**Mr. Liew Swee Yean**
CORPORATE FINANCE EXPERTISE	Corporate finance expertise for advising capital management of the Group	**Mr. Wu Zheng**

Note: Director's full biography are set out from pages 32 to 33

HOW THE BOARD, JOINT CEOs AND MANAGEMENT WORKS TOGETHER

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

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

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

PURPOSE, VALUES AND STRATEGY

The Company has the purpose of exceling its two business units, namely Kaisun Energy Group and Kaisun Business Solutions. The Company strategically expands its business in Mainland China and hopefully along Belt and Road countries. The core value of the Company is to provide the best products and services to its customers and to enhancing shareholder value.

To achieve the above, the Board promotes a dedicated culture in the Group's daily operations, and cultivated a competent and committed team.

THE BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2022, the Board comprised five directors, including two executive directors, namely Mr. Chan Nap Kee, Joseph and Mr. Yang Yongcheng and three independent non-executive directors, namely Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Wu Zheng. Mr. Chan Nap Kee, Joseph is the Chairman of the Board. Mr. Yang Yongcheng is the Compliance Officer.

One of the independent non-executive directors has appropriate professional qualification, or accounting qualifications and related financial management expertise. Biographical details of the directors are set out on pages 32 to 33 of this annual report.

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

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

Independent Non-Executive Directors

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

Chairman and Joint Chief Executive Officers

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

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

Board Meetings

8 Board meetings were held during the year ended 31 December 2022. The Board meetings involved the active participation of the directors either in person or by telephone or through other electronic means of communication.

Attendance of each of the directors at Board meetings during the year ended 31 December 2022 is set out as follows:

Number of Board Meetings	**8**	
Executive Directors:		
Mr. Chan Nap Kee, Joseph *(Chairman)*	8/8	100%
Mr. Yang Yongcheng	8/8	100%
Independent Non-Executive Directors:		
Mr. Liew Swee Yean	8/8	100%
Dr. Wong Yun Kuen	8/8	100%
Mr. Wu Zheng	8/8	100%
Average attendance rate	100%	

Annual General Meeting

All Directors attended the Annual General Meeting held on 30 June 2022.

Company Secretary

All Directors have access to the advice and services from the Company Secretary, Mr. Pang Yick Him confirmed that he has taken no less than 15 hours of the relevant professional training for the year ended 31 December 2022 in compliance with Rule 5.15 of the GEM Listing Rules.

BOARD COMMITTEES

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

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

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

REMUNERATION COMMITTEE REPORT

Composition of the Remuneration Committee

Committee Chairman	Dr. Wong Yun Kuen*
Members	Mr. Wu Zheng* Mr. Chan Nap Kee, Joseph◆

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

Role and Function of the Remuneration Committee

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

Remuneration Policy

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

Remuneration Committee Meetings

The Remuneration Committee held one meetings during the year ended 31 December 2022. During the meeting, the Remuneration Committee had reviewed and approved, if any, the increment in salary, bonus payment and share award for the executive directors and the senior management by way of resolutions passed by all committee members. However, the executive directors did not participate in determining their own remuneration.

Attendance of each of the directors at the Remuneration Committee meetings for the year ended 31 December 2022 is set out as follows:

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

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

Composition of the Nomination and Corporate Governance Committee (“NC”)

Committee Chairman	Mr. Wu Zheng*
Members	Mr. Liew Swee Yean*
	Mr. Chan Nap Kee, Joseph◆

* *Independent Non-executive Director*

◆ *Executive Director*

Role and Function of NC

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

NOMINATION POLICY

The Board adopted a nomination policy that the Nomination Committee will evaluate, select and recommend candidate(s) for directorship(s) to the Board by giving due consideration to the criteria, including but not limited to Board diversity, qualifications, experience, independence, reputation for integrity and potential contributions that the individual(s) can bring to the Board before making recommendation to the Board. The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm, and may evaluate the suitability of the candidate(s) by interviews, background checks etc.

BOARD DIVERSITY

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

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

DESIGNATION

ETHNICITY

Based on the latest review, the Nomination Committee considers the Board to be diverse in respect of the aforesaid evaluation criteria though the current Board consists of members with single gender. The NC will continue to ensure that diversity is taken into consideration when assessing Board composition.

As at the date of this report, the Board comprises five Directors. Three of the Directors are independent non-executive Directors and independent of management, thereby promoting critical review and control of the management process. Although the Board currently consists of male members only, the Company appreciates the importance of gender diversity and believes that gender diversity will be a representing manifestation of Board diversity among all other measurable objectives. The Board targets to appoint at least one female members by the end of 2023 to achieve gender diversity at Board level. The nomination policy of the Company can then ensure that there will be a pipeline of potential successors to the Board which continues the gender diversity in the Board.

As at 31 December 2022, the gender ratio of the Group's workforce was approximately 73% male to 27% female due to coal mining industry traditionally has less female participants. The Company's hiring is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce.

GENDER

AGE GROUP

With regard to the Directors' skills, regional and industry experience as well as background, please refer to their biographical details set out in the Biography of Directors and Senior Management section on pages 32 to 33.

LENGTH OF SERVICE ON BOARD

DIRECTORSHIP WITH OTHER PUBLIC LISTED COMPANIES (NO. OF COMPANIES)

The Nomination and Corporate Governance Committee also responsible for overseeing the corporate governance functions, which include, but are not limited to:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;

- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2022, the Nomination and Corporate Governance Committee has reviewed and performed the above corporate governance functions.

Attendance of each of the directors at the Nomination and Corporate Governance meetings for the year ended 31 December 2022 is set out as follows:

Number of Nomination and Corporate Governance Committee Meeting	**1**	
Mr. Wu Zheng *(Committee Chairman)*	1/1	100%
Mr. Liew Swee Yean	1/1	100%
Mr. Chan Nap Kee, Joseph	1/1	100%
Average attendance rate	100%	

MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively.

The mechanism is disclosed below:

(i) Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board Committees as required under the GEM Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination and Corporate Governance Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

(iii) Board Decision Making

The Directors (including independent non-executive Directors), upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than a written resolution.

A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

(iv) Board Evaluation

The Board assesses and reviews the time contributed by every independent non-executive Director and their attendance to meetings of the Board and the board committees so as to ensure that every independent non-executive Director has devoted sufficient time to the Board to discharge his/her responsibilities as a Director of the Company.

AUDITORS' REMUNERATION

For the year ended 31 December 2022, the fee paid or payable to external auditors in respect of audit services amounted to HK$2.9 million. No fee was paid or payable to external auditors in respect of non-audit services during the year.

PREPARATION OF ACCOUNTS

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year 2022 under review. In preparing the accounts for the year ended 31 December 2022, the directors have approved adoption of all the applicable standards and interpretations of International Financial Reporting Standards ("IFRSs").

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

AUDIT COMMITTEE REPORT

Composition of the Audit Committee ("AC")

Committee Chairman	Mr. Liew Swee Yean*
Members	Dr. Wong Yun Kuen* Mr. Wu Zheng*

* *Independent Non-executive Director*

Role and Function of the AC

The primary duties of the AC are to review and supervise the financial reporting process and internal control system (including environmental, social and governance ("ESG") risks) of the Group and build an important bridge between the Board and the Company's auditors on those matters within the scope of the Group's audit. It also reviews the effectiveness of the external and internal audit and conducts risk evaluation.

The AC is provided with sufficient resources to discharge its responsibilities and is supported by the Finance Department of the Company. The AC is accountable to the Board.

Audit Committee Meetings

During the year ended 31 December 2022, the AC had held four meetings to review and supervise the financial reporting process and the AC had reviewed the quarterly, interim and annual results, internal controls and risk management systems. The AC was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The AC also carried out and discharged its other duties as set out in the CG Code.

Attendance of each of the independent non-executive directors at the AC meetings during the year ended 31 December 2022 was set out as follows:

Number of Audit Committee Meetings	**5**	
Mr. Liew Swee Yean *(Committee Chairman)*	5/5	100%
Dr. Wong Yun Kuen	5/5	100%
Mr. Wu Zheng	5/5	100%
Average attendance rate	100%	

During the year 2022, the AC had undertaken the following duties:

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

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

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

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

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

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

During the year 2022, the Board, through the AC, reviewed the effectiveness of the Group's system of internal control over financial, operational and compliance issues, broad-based risk management processes, and physical and information systems security. To formalize the annual review of internal control system, the AC made reference to the globally recognised framework with modifications to include some controls which are specific to the Group's operation. The AC concluded that, in general, the Group has set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance.

The Board, through the review of the AC, was satisfied that the Group had complied with the Code Provisions on internal controls as set forth in the CG Code for the year 2022.

The Group's financial statements for the year ended 31 December 2022 has been reviewed by the AC, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

CONSTITUTIONAL DOCUMENTS

Throughout the year 2022, there was no amendment to the Company's constitutional documents.

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 contained in Appendix 15 to the GEM Listing Rules throughout the year 2022 under review.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year 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 directors.

RISK MANAGEMENT AND INTERNAL CONTROL REPORT

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

The Company has an Internal Audit Function, and Risk Management and Internal Control System (including ESG risks) are reviewed throughout the year 2022 and any findings in this regard will be reported to the Audit Committee.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

The Board had conducted an annual review of the effectiveness of the Group's risk management and internal control systems (including ESG risks) for the year ended 31 December 2022, covering the material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems (including ESG risks) are effective and adequate. The Audit Committee had also annually reviewed the adequacy of resources, qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff and because most of our accounting staff have professional qualifications with audit and financial experience as well, the Audit Committee considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities.

WHISTLE-BLOWING POLICY

The Company has put in place whistleblowing policy which applies to all the directors and employees of the Group and any parties who deal with the Group. The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas.

Whistle-blowers are able to contact the Board directly through the contact method provided on the Company's website. The identity of the whistle-blower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Audit Committee, which is responsible for oversight and monitoring of the whistle-blowing policy and mechanism, will make decisions on further actions (if needed).

The Company is also committed to ensuring the protection of the whistle-blower against detrimental or unfair treatment.

ANTI-CORRUPTION POLICY

The Group does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. As such, it has formulated an anti-corruption policy (the "Anti-Corruption Policy") which prohibits all forms of corruption practice by making reference to the relevant laws and regulations. The Anti-Corruption Policy forms an integral part of the Group's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Anti-Corruption Policy is reviewed and updated on a regular basis to align with the applicable laws and regulations as well as the industry best practices. All the employees are informed and expected to act with integrity, impartiality and honesty.

COMMUNICATION WITH THE SHAREHOLDERS

The Board has adopted a shareholder communication policy which is subject to annual review to ensure its implementation and effectiveness. Such policy aims at ensuring shareholders can have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company.

A summary of the Company's shareholder communication policy is as follows:

Information will be communicated to the Shareholders through the Company's financial reports, circulars and announcements, AGMs and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange for publication.

As a channel to further promote effective communication, the Company maintains a website at as a communication platform with Shareholders, where Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

Shareholders' meeting is one of the channels for shareholders to communicate their views on various matters affecting the Company. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. Shareholders may make enquiries to the Company directly by raising questions at general meetings. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditor will use all reasonable efforts to attend annual general meetings and to answer Shareholders' questions.

Furthermore, Shareholders are given sufficient notice of Shareholders' meetings, detailed procedures for conducting a poll was stated in circular to Shareholders accompanying the notice of the annual general meeting.

In order for the Company to solicit and understand the views of Shareholders, Shareholders may make enquiries to the Company through the contact method provided by the Company's website.

The Company reviewed the implementation and effectiveness of the shareholder communication policy has been properly implemented and during the year and considered that the policy is effective.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provided an opportunity for communication between Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

RIGHT TO CONVENE EGM AND PROCEDURES

Pursuant to Article 58 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. Anyone or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition.

Such requisition shall be made in writing to the Board or the Company Secretary at the following:

Principal place of business and headquarters in Hong Kong

Address:	Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong
Email:	admin@kaisun.hk
Attention:	Company Secretary

Registered office of the Company

Address:	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111
Attention:	Company Secretary

If within 21 days of such deposit, the Board fails to proceed duly to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

For matters in relation to the Board, Shareholders can contact the Company at the following: by post to principal place of business of the Company in Hong Kong at Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong or by email to admin@kaisun.hk.

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemental from time to time. However, pursuant to the Articles of Association, Shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.

INVESTOR RELATIONS

The Board recognises the importance of maintaining on-going communication with Shareholders. The Company has adopted a Shareholders' communication policy and promotes communications with Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and quarterly, interim and annual reports as prescribed under the GEM Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from Shareholders.

Shareholders are encouraged to attend all general meetings of the Company. The notices of the extraordinary general meetings and annual general meeting of the Company were circulated to all Shareholders in accordance with the requirements of the GEM Listing Rules and the Articles of Association. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the GEM website and the Company's website after the meetings.

Any comments and suggestions to the Board can be addressed to the Hong Kong office or the Company Secretary by mail to Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong or email at admin@kaisun.hk.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS, SENIOR MANAGEMENT AND STAFF

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

The current Directors received the following trainings during the year ended 31 December 2022:

	Attending seminar(s)/ programme(s)/conference(s) and/or reading materials relevant to the business or directors' duties
Mr. Chan Nap Kee, Joseph *(Chairman)*	✓
Mr. Yang Yongcheng	✓
Mr. Liew Swee Yean	✓
Dr. Wong Yun Kuen	✓
Mr. Wu Zheng	✓

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The statement by the Auditors of the Company about their reporting responsibilities is set out on page 68 of this report.

AUDIT MODIFICATION

As described under the section headed "Basis for Disclaimer of Opinion" of the "Independent Auditor's Report", the Group had defaulted in repayment of its bonds payable with a principal amount of HK$46,800,000 and the accrued interest of approximately HK$1,950,000 as at 31 December 2022 and incurred a loss of approximately HK$19,884,000 during the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$196,149,000 and HK$841,000 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

As described under the section headed "Other Matters" of "Independent Auditor's Report", had the Auditors not disclaimed their opinion in respect of the matters described in the "Basis for Disclaimer of Opinion" section, the Auditor would otherwise have modified their opinion in respect of the scope limitations on their audit relating to (a) Discontinued operations in the production and exploitation of coal business in Tajikistan; and (b) Opening balances and corresponding figures.

For further details of the abovementioned disclaimer of opinion and other modifications, please refer to the "Independent Auditor's Report" set out on page 65 to page 68 of this annual report.

MANAGEMENT'S VIEW ON THE DISCLAIMER OF OPINION AND OTHER MATTERS

The management of the Company given careful consideration to the Disclaimer of Opinion (the "Disclaimer") and Other Matters and has had ongoing discussion with RSM Hong Kong when preparing the Group's consolidated financial statements.

The Disclaimer

In respect of the Disclaimer, management of the Company plans to undertake a number of measures (for details please refer to the below section "Action Plan of the Group to Address the Audit Modification") to improve the Group's future operating results, cash flows, liquidity and financial position to enable the Group to meet its liabilities as and when they fall due for the foreseeable future. The management of the Company is of the view that after taking consideration of the Group's financial forecast and measures to be taken, the Group will have sufficient working capital to operate as a going concern for at least 12 months from the end of reporting period, therefore the Group's consolidated financial statements are prepared on a going concern basis.

However, the Company's auditor is of the view that they were unable to obtain sufficient appropriate audit evidence as to the validity of the going concern basis, as the validity of the going concern basis depends the outcome of measures to be taken, which is subject multiple uncertainties due to future conditions and circumstances, including (i) whether the improvement of future operating results and cash flows would be realised; and (ii) whether the agreements with the Group's creditors on the extension of repayment of debts would be reached.

The Disclaimer was due to the absence of sufficient appropriate audit evidence on outcome of future events, there are no difference in view between the management of the Company and the auditor.

Other Matters

The Other Matters on discontinued operations in the production in the production and exploitation of coal business in Tajikistan were due to the absence of relevant financial information of a subsidiary of the Company in Tajikistan. The issues in relation to this matter were brought forward from 2021 and remained unresolved in 2022. The absence of the relevant financial information was caused by the COVID-19 pandemic as well as political unstability in Tajikistan which seriously impacted the assess of information by the Group.

The Other Matters on discontinued operations in the production in the production and exploitation of coal business in Tajikistan was due to the absence of relevant financial information, there are no difference in view between the management of the Company and the auditor.

The Other Matters on opening balances and corresponding figures represented the brought forward effect of the Other Matters on the consolidated financial statements from prior years.

Based on the current draft opinion legal opinion obtained by the Company in relation to the abandonment of operations in the production and exploitation of coal business in Tajikistan, the Board is of the view that the relevant Other Matters will not have future significant impacts on the Group's financial position in the future.

The management of the Company acknowledged and agreed with the disclaimer of opinion and other matters RSM Hong Kong issued based on their professional and independent assessment.

ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT MODIFICATION AND REMOVAL OF AUDIT MODIFICATION

The Disclaimer

The directors of the Company have given 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 December 2022 prepared by the management of the Company; and after taking into consideration the following:

(i) having regard to the gradual resumption of the normal business activities of the Group following the easing of the COVID-19 Pandemic, the directors believe that the Group will be able to generate sufficient cash flows from operations; and

(ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the matured bond payables of HK$46,800,000 and the accrued interest of approximately HK$1,950,000 as disclosed in note 33 to the consolidated financial statements.

The management considered that the proposed measures mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Disclaimer. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2022 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Disclaimer can be removed in the next financial year purely based on the Company's measures above.

Other Matters

In respect of discontinued operations in the production and exploitation of coal business in Tajikistan, the Group obtained a draft legal opinion to confirm the abandonment has been completed so that the audit issue can be resolved. Up to the date of this report, the Company is still liaising with the lawyer to address the above issues for the draft legal opinion with an aim to remove the audit modification. Based on the information currently available, site visits may be needed to facilitate the write up of a comprehensive legal opinion that confirms the completion of the abandonment. As it is very difficult to arrange a safe trip to an unstable place like Tajikistan, it is expected that the other matter can only be resolved by the end of 2023.

The modification on opening balances and corresponding figures is expected to be removed when other matter are removed.

AUDIT COMMITTEE'S VIEW ON THE AUDIT MODIFICATIONS

The audit committee of the Company confirmed that it had independently reviewed and agreed with (i) the management's position and basis concerning the Disclaimer and Other Matters as set out above; and (ii) the action plan of the Group to address the Disclaimer and Other Matters as set out above.

PRIOR PERIOD ERRORS IN RELATION TO INTERIM REPORT 2018 OF THE COMPANY

The Interim Report 2018 of the Group contained certain errors in respect of adoption of IFRS 9 in relation to (i) classification and measurement of certain investments held by the Group disclosed as "Available-For-Sale Financial Assets", and (ii) estimation of expected credit losses for impairment assessment in respect of trade and other receivables of the Group. The management of the Company is still in the process of assessing the impact of the abovementioned errors, and will provide further information in relation to the errors in the future financial statements of the Company if necessary.

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TO THE SHAREHOLDERS OF KAISUN HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Kaisun Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 160, which comprise the consolidated statement of financial position as at 31 December 2022, and consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern

As detailed in note 2 to the consolidated financial statements of the Group, the Group had defaulted in repayment of its bonds payable with a principal amount of HK$46,800,000 and the accrued interest of approximately HK$1,950,000 as at 31 December 2022 and incurred a loss of approximately HK$19,884,000 during the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$196,149,000 and HK$841,000 respectively. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Material uncertainties relating to going concern *(Continued)*

The management of the Company is planning to undertake a number of measures to improve the Group's future operating results, cash flows, liquidity and financial position to enable the Group to meet its liabilities as and when they fall due for the foreseeable future which are set out in note 2 to the consolidated financial statements of the Group. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) the successful improvement of future operating results and cash flows; and (ii) the positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the defaulted bonds payable with a principal amount of HK$46,800,000 and the accrued interest of approximately HK$1,950,000 mentioned above. However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that (i) the improvement of future operating results and cash flows would be realised; and (ii) the agreements with the Group's creditors on the extension of repayment of debts would be reached, including the default bonds payable mentioned above.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying 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 non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements of the Group.

In view of the significance of and the potential interaction of the multiple uncertainties described above and their possible cumulative effects on the consolidated financial statements, we disclaim our opinion in respect of the consolidated financial statements of the Group for the year ended 31 December 2022.

OTHER MATTERS

Had we not disclaimed our opinion in respect of the matters described in the Basis of Disclaimer of Opinion section above, we would otherwise have modified our opinion in respect of the scope limitations on our audit relating to the matters detailed below.

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

As set out in note 17 to the consolidated financial statements of the Group, the Group dissolved the wholly owned subsidiary, Better Business International Limited ("Better Business") and shut down the production and exploitation of coal business in Tajikistan during the year ended 31 December 2019. As detailed in our auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2021 and note 17 to the consolidated financial statements of the Group for the year ended 31 December 2022, because the complete set of books and records together with the supporting documents of a subsidiary of Better Business — Sangghat LLC, which mainly operated the production and exploitation of coal business in Tajikistan, were not available to the directors of the Company, accordingly we were unable to obtain sufficient appropriate audit evidence to ascertain that the abandonment of the coal business in Tajikistan had been completed during the year ended 31 December 2019. The limitations on our audit of work remained unresolved during our audit of the Group's consolidated financial statements for the year ended 31 December 2022. In addition, we were unable to obtain sufficient appropriate audit evidence regarding the cash and bank balance of approximately HK$14,000, other payables and accruals of approximately HK$4,569,000 and current tax liabilities of approximately HK$479,000 included in the Group's consolidated statement of financial position as at 31 December 2021 and 2022 and the relevant disclosures in the consolidated financial statements in respect of the discontinued operations.

OTHER MATTERS *(Continued)*

(b) Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 issued on 13 May 2022 (the "2021 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, included the limitations on our scope of work described in paragraph (a) above on the 2021 Financial Statements in respect of discontinued operations in the production and exploitation of coal business in Tajikistan. Any adjustments that might be found necessary as a result of the matter described in paragraph (a) above might have a consequential effect on the Group's results and cash flows for the year ended 31 December 2021 and the financial position of the Group as at 31 December 2021 and the related disclosures in the 2021 Financial Statements.

The matter giving rise to the abovementioned limitations on our audit of work was not resolved in our audit of the consolidated financial statements of the Group for the year ended 31 December 2022 as detailed in paragraph (a) above.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

RSM Hong Kong
Certified Public Accountants

31 March 2023

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Revenue	8	**266,685**	156,576
Cost of goods sold and services		**(255,559)**	(149,591)
Gross profit		**11,126**	6,985
Investment and other income	9	**30,086**	649
Other gains and losses	10	**26,173**	7,111
Exploration expenses		**(3,480)**	(18,228)
Administrative and other operating expenses		**(63,718)**	(58,755)
Profit/(loss) from operations		**187**	(62,238)
Finance costs	11	**(23,597)**	(6,348)
Loss before tax		**(23,410)**	(68,586)
Income tax credit/(expense)	12	**3,526**	(2,697)
Loss for the year	13	**(19,884)**	(71,283)
Attributable to:			
Owners of the Company		**(15,233)**	(66,178)
Non-controlling interests		**(4,651)**	(5,105)
		(19,884)	(71,283)
Loss per share (cents)			
Basic	18	**(2.64)**	(11.48)
Diluted	18	**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
Loss for the year	**(19,884)**	(71,283)
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")	**(7,000)**	(1,700)
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(7,468)**	5,590
Other comprehensive income for the year, net of tax	**(14,468)**	3,890
Total comprehensive income for the year	**(34,352)**	(67,393)
Attributable to:		
Owners of the Company	**(28,632)**	(63,177)
Non-controlling interests	**(5,720)**	(4,216)
	(34,352)	(67,393)

Consolidated Statement of Financial Position

At 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	19	**38,302**	34,780
Right-of-use assets	20	**12,093**	14,379
Intangible assets	21	**278,566**	128,035
Exploration and evaluation assets	22	**—**	53,906
Financial assets at FVTOCI	23	**10,400**	17,400
Deferred tax assets	37	**8,311**	7,078
		347,672	255,578
Current assets			
Inventories	25	**3,908**	8,416
Financial assets at FVTPL	24	**14,362**	19,205
Trade and bills receivables	26	**50,506**	23,894
Deposits, prepayments and other receivables	27	**81,294**	24,134
Deposits in a licensed corporation		**26,166**	28,883
Bank and cash balances	28	**7,823**	8,279
		184,059	112,811
Current liabilities			
Trade payables	29	**22,965**	4,150
Other payables and accruals	30	**248,077**	164,945
Contract liabilities	31	**44,117**	40,982
Borrowings	32	**81**	—
Bonds payable	33	**46,800**	50,000
Other financial liabilities	34	**14,603**	29,681
Lease liabilities	35	**734**	1,012
Redeemable convertible preference shares	36	**—**	541
Current tax liabilities		**2,831**	3,657
		380,208	294,968
Net current liabilities		**(196,149)**	(182,157)
Total assets less current liabilities		**151,523**	73,421

Consolidated Statement of Financial Position

At 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Other financial liabilities	34	**20,991**	11,457
Other payables and accruals	30	**105,367**	—
Lease liabilities	35	**48**	826
Deferred tax liabilities	37	**25,958**	30,379
		152,364	42,662
(NET LIABILITIES)/NET ASSETS		**(841)**	30,759
Capital and reserves			
Share capital	38	**57,657**	57,657
Reserves	40	**(74,625)**	(45,868)
Equity attributable to owners of the Company		**(16,968)**	11,789
Non-controlling interests		**16,127**	18,970
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(841)**	30,759

Approved by the Board of Directors on 31 March 2023 and are signed on its behalf by:

CHAN Nap Kee, Joseph

YANG Yongcheng

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company								
	Share capital	Shares held under share award scheme *(note 41)*	Share premium *(note 40(b)(i))*	Foreign currency translation reserve *(note 40(b)(ii))*	Financial assets at FVTOCI reserve *(note 40(b)(iii))*	Accumulated losses	Total	Non-controlling interests	Total equity/ (capital deficiency)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	57,657	(3,371)	1,361,095	720	2,400	(1,343,350)	75,151	22,949	98,100
Total comprehensive income for the year	—	—	—	4,701	(1,700)	(66,178)	(63,177)	(4,216)	(67,393)
Capital contribution by non-controlling interest	—	—	—	—	—	—	—	52	52
Dilution of the Company's interest in a subsidiary upon capital injection *(note 43(a))*	—	—	—	—	—	(185)	(185)	185	—
Changes in equity for the year	—	—	—	4,701	(1,700)	(66,363)	(63,362)	(3,979)	(67,341)
At 31 December 2021 and 1 January 2022	57,657	(3,371)	1,361,095	5,421	700	(1,409,713)	11,789	18,970	30,759
Total comprehensive income for the year	—	—	—	(6,399)	(7,000)	(15,233)	(28,632)	(5,720)	(34,352)
Capital contribution by non-controlling interest	—	—	—	—	—	—	—	2,752	2,752
Dilution of the Company's interest in a subsidiary upon capital injection *(note 43(a))*	—	—	—	—	—	(125)	(125)	125	—
Changes in equity for the year	—	—	—	(6,399)	(7,000)	(15,358)	(28,757)	(2,843)	(31,600)
At 31 December 2022	57,657	(3,371)	1,361,095	(978)	(6,300)	(1,425,071)	(16,968)	16,127	(841)

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(23,410)**	(68,586)
Adjustments for:			
Depreciation on property, plant and equipment		**1,636**	846
Depreciation on right-of-use assets		**1,200**	1,724
Amortisation of intangible assets		**10,689**	10,936
Loss on disposal of property, plant and equipment		**13**	—
Loss/(gain) on disposal of financial assets at FVTPL		**224**	(3,590)
Fair value loss on financial assets at FVTPL		**7,474**	5,485
Fair value (gain)/loss on financial liabilities at FVTPL		**(5,544)**	4,474
(Reversal of impairment loss)/impairment loss on trade and other receivables		**(28,340)**	3,372
Exploration expenses		**3,480**	12,189
Reversal of impairment loss on intangible assets		**—**	(24,714)
Impairment loss on property, plant and equipment		**—**	7,814
Impairment loss on right-of-use assets		**—**	308
Property, plant and equipment written off		**—**	81
Gain on disposals of associates		**—**	(293)
Gain on disposal of a subsidiary		**—**	(48)
Finance costs		**23,597**	6,348
Investment income		**(158)**	(77)
Operating loss before working capital changes		**(9,139)**	(43,731)
Decrease/(increase) in inventories		**3,968**	(1,169)
(Increase)/decrease in trade and bills receivables		**(30,635)**	7,802
Increase in deposits, prepayments and other receivables		**(61,149)**	(11,366)
Decrease/(increase) in deposits in a licensed corporation		**2,717**	(14,904)
Increase/(decrease) in trade payables		**19,744**	(1,314)
Increase in other payables and accruals		**109,642**	18,735
Increase in contract liabilities		**3,135**	40,982
Cash generated from/(used in) operations		**38,283**	(4,965)
Purchases of financial assets at FVTPL		**(5,893)**	(3,945)
Net proceeds from disposal of financial assets at FVTPL		**3,038**	19,137
Income tax paid		**(617)**	(647)
Interest on borrowings	43(b)	**(45)**	—
Interest on lease liabilities	43(b)	**(90)**	(133)
Net cash generated from operating activities		**34,676**	9,447

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**37**	13
Dividend income from equity investments		**121**	64
Purchases of property, plant and equipment		**(6,322)**	(459)
Proceeds from disposals of property, plant and equipment		**2**	—
Proceeds from disposals of associates		**—**	293
Additions of intangible assets		**(31,090)**	(8,281)
Net cash used in investing activities		**(37,252)**	(8,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments	43(c)	**(955)**	(1,288)
Bank loan raised	43(b)	**452**	—
Repayment of bank loan	43(b)	**(428)**	—
Net cash used in financing activities		**(931)**	(1,288)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,507)**	(211)
Effect of foreign exchange rate changes		**3,051**	(1,863)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**8,279**	10,353
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**7,823**	8,279
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**7,823**	8,279

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, Central, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern basis

The Group incurred a loss of approximately HK$19,884,000 during the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$196,149,000 and HK$841,000 respectively.

As disclosed in note 33 to the consolidated financial statements, the Group had defaulted in repayment of its bonds payable with a principal amount of HK$46,800,000 and the accrued interest of approximately HK$1,950,000 as at 31 December 2022.

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.

2. BASIS OF PREPARATION AND GOING CONCERN *(Continued)*

Going concern basis *(Continued)*

The directors of the Company have given 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 December 2022 prepared by the management of the Company; and after taking into consideration the following:

(i) having regard to the gradual resumption of the normal business activities of the Group following the easing of the COVID-19 Pandemic, the directors believe that the Group will be able to generate sufficient cash flows from operations; and

(ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts, including but not limited to the matured bond payables of HK$46,800,000 and the accrued interest of approximately HK$1,950,000 as disclosed in note 33 to the consolidated financial statements.

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

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16 (March 2021)	COVID-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to IFRS Standards 2018 — 2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

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

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

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

(a) Consolidation

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

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

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

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

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Associates *(Continued)*

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation

(i) Functional and presentation currency

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

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

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation *(Continued)*

(iii) Translation on consolidation *(Continued)*

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

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

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

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

(e) Property, plant and equipment

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment *(Continued)*

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

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

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

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

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

(f) Leases

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases *(Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases *(Continued)*

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

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

(g) Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

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

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

(h) Exploration and evaluation assets

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

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

— researching and analysing historical exploration data;

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

— exploratory drilling, trenching and sampling;

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

— surveying transportation and infrastructure requirements; and

— conducting market and finance studies.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Exploration and evaluation assets *(Continued)*

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. Exploration and evaluation expenditures, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

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

(i) Inventories

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

(j) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(cc) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to manufacture the mining and metallurgical machineries products under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15.

The Group becomes entitled to invoice customers for construction works based on achieving a series of performance-related milestones. When a particular milestone is reached the customer would confirm a relevant statement of work and an invoice would be issued for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Recognition and derecognition of financial instruments

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

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

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

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

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

(m) Financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Financial assets *(Continued)*

Debt investments

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

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

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

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

Equity investments

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

(n) Trade and other receivables

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Trade and other receivables *(Continued)*

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(o) Cash and cash equivalents

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

(p) Discontinued operations

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial liabilities and equity instruments

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

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

(s) Redeemable convertible preference shares

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

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

(t) Trade and other payables

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Equity instruments

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

(v) Revenue and other income

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

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

Revenue from sales of manufactured mining and metallurgical machineries products is recognised based on the stage of completion of the contract. Payment for installation of machineries is not due from the customer until the installation services are complete and therefore a contract asset is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

Revenue from construction contracts is recognised in accordance with the policy set out in note 4(k) above.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

Revenue from operating of railway logistic platform logistics are recognised when the services are rendered.

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

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

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Service income for coal fire extinguishment works is recognised in profit or loss when the rights to receive payment is established.

(w) Employee benefits

(i) Employee leave entitlements

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Employee benefits *(Continued)*

(ii) Pension obligations

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

(iii) Termination benefits

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

(x) Share-based payments

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

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

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

(y) Borrowing costs

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

(z) Government grants

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(aa) Taxation

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(aa) Taxation *(Continued)*

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

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

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

(bb) Impairment of non-financial assets

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(cc) Impairment of financial assets and contracts assets

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

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

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

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

Significant increase in credit risk

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(cc) Impairment of financial assets and contracts assets *(Continued)*

Significant increase in credit risk *(Continued)*

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(cc) Impairment of financial assets and contracts assets *(Continued)*

Significant increase in credit risk *(Continued)*

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

Definition of default

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

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

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

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

Credit-impaired financial assets

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

— significant financial difficulty of the issuer or the counterparty;

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(cc) Impairment of financial assets and contracts assets *(Continued)*

Write-off policy

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

Measurement and recognition of ECL

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

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

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

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

(dd) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(dd) Provisions and contingent liabilities *(Continued)*

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

(ee) Events after the reporting period

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

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

(a) Going concern basis

The directors have prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the next twelve months from the reporting date, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 2 to the consolidated financial statements.

(b) Significant increase in credit risk

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

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

Key sources of estimation uncertainty

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

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

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

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2022 were approximately HK$38,302,000 (2021: HK$34,780,000) and HK$12,093,000 (2021: HK$14,379,000) respectively.

(b) Impairment of intangible assets and exploration and evaluation assets

The Group assesses whether there are any indicators of impairment for intangible assets and exploration and evaluation assets at the end of each reporting period. Intangible assets and exploration and evaluation assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the assets or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of intangible assets and exploration and evaluation assets at the end of the reporting period was approximately HK$278,566,000 (2021: HK$128,035,000) and HK$Nil (2021: HK$53,906,000). Details of the reversal of impairment losses of HK$Nil (2021: HK$24,714,000) recognised in the year ended 31 December 2022 are provided in note 21 to the consolidated financial statements.

(c) Impairment of trade receivables

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

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

Key sources of estimation uncertainty *(Continued)*

(c) *Impairment of trade receivables* *(Continued)*

As at 31 December 2022, the carrying amount of trade receivables was approximately HK$50,396,000 (net of allowance for doubtful debts of approximately HK$43,235,000) (2021: HK$22,996,000 (net of allowance for doubtful debts of HK$43,333,000)).

(d) *Allowance for slow-moving inventories*

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the year ended 31 December 2022 (2021: Nil).

(e) *Fair value of investments*

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

The carrying amount of the investments as at 31 December 2022 was approximately HK$10,400,000 (2021: HK$17,400,000).

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

At 31 December 2022, if the HK$ had strengthened/weakened 8 per cent (2021: 3 per cent) against RMB with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$13,110,000 (2021: HK$865,000) higher/lower, arising mainly as a result of the foreign exchange loss/gain on trade and other payables denominated in RMB.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Foreign currency risk *(Continued)*

The directors of the Company consider that the foreign currency exposure in respect of US$ and TJS for the years ended 31 December 2022 and 2021 are insignificant to the Group and therefore no sensitivity analysis is presented thereon.

(b) Price risk

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

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

If equity prices had been 10% (2021: 10%) higher/lower consolidated loss after tax for the year ended 31 December 2022 would decrease/increase by approximately HK$1,436,000 (2021: HK$1,920,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

(c) Credit risk

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

Trade receivables

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

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix on individual segment. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk for accounts receivables arising from different segments of the Group as at 31 December 2022 and 2021.

	2022		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Coal mining business segment			
Current (not past due)	2.78%	4,285	119
0-30 days past due	2.77%	23,715	658
31-60 days past due	4.13%	13,133	542
61-90 days past due	5.45%	312	17
91 days – 1 year past due	17.87%	8,773	1,568
1-2 years past due	37.77%	4,676	1,766
2-3 years past due	100%	1,551	1,551
Over 3 years past due	100%	36,698	36,698
Consulting and media service business segment			
0-30 days past due	7.74%	155	12
31-60 days past due	16.67%	24	4
61-90 days past due	25.00%	4	1
91 days – 1 year past due	90.63%	32	29
1-2 years past due	100%	9	9
Corporate and investment business segment			
91 days – 1 year past due	88.00%	25	22
1-2 years past due	100%	120	120
2-3 years past due	100%	119	119
		93,631	43,235

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

	2021		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Coal mining business segment			
Current (not past due)	1.95%	2,333	45
0-30 days past due	1.95%	5,299	103
31-60 days past due	3.46%	622	22
61-90 days past due	4.97%	3,501	174
91 days – 1 year past due	18.85%	7,870	1,483
1-2 years past due	38.57%	6,055	2,335
2-3 years past due	100.00%	27,916	27,916
Over 3 years past due	100.00%	11,002	11,002
Consulting and media service business segment			
0-30 days past due	0.19%	1,466	3
61-90 days past due	22.82%	5	1
91 days – 1 year past due	91.99%	6	6
Corporate and investment business segment			
91 days – 1 year past due	91.99%	135	124
1-2 years past due	100.00%	119	119
		66,329	43,333

Expected loss rates are based on actual loss experience over the past 7 years (2021: 6 years). These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Trade receivables *(Continued)*

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

	2022 HK$'000	2021 HK$'000
At 1 January	**43,333**	46,310
Net remeasurement of loss allowance	**1,353**	(3,613)
Exchange differences	**(1,451)**	636
At 31 December	**43,235**	43,333

During the year, the increase in loss allowance of approximately HK$1,353,000 is mainly attributed to the increase in gross amount of trade receivables past due within 60 days by approximately HK$32,879,000 and increase in expected loss rates for these trade receivables.

Financial assets at FVTOCI and amortised cost

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

Financial assets at amortised cost include deposits in a licensed corporation, trade deposits placed with suppliers, utilities and other deposits, transportation fee receivables and other receivables.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

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

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

	Deposits in a licensed corporation HK$'000	Trade deposits placed with suppliers HK$'000	Utilities and other deposits HK$'000	Transportation fee receivables HK$'000	Other receivables HK$'000	Total HK$'000
At 1 January 2021	—	61,470	6	17,940	113,077	192,493
Net remeasurement of loss allowance	349	—	(2)	—	6,638	6,985
Exchange difference	—	1,601	—	593	1,830	4,024
At 31 December 2021 and 1 January 2022	**349**	**63,071**	**4**	**18,533**	**121,545**	**203,502**
Net remeasurement of loss allowance	**4**	**—**	**—**	**—**	**(29,697)**	**(29,693)**
Exchange difference	**—**	**(3,923)**	**—**	**(1,453)**	**(4,520)**	**(9,896)**
At 31 December 2022	**353**	**59,148**	**4**	**17,080**	**87,328**	**163,913**

(d) Liquidity risk

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

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

	Carrying amount HK$'000	Total contractual undiscounted cash outflow HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2022						
Trade payables	**22,965**	**22,965**	**22,965**	**—**	**—**	**—**
Other payables and accruals	**353,444**	**471,350**	**262,123**	**16,090**	**48,270**	**144,867**
Bonds payable	**46,800**	**46,800**	**46,800**	**—**	**—**	**—**
Lease liabilities	**782**	**835**	**765**	**17**	**49**	**4**
Borrowings	**81**	**83**	**83**	**—**	**—**	**—**
At 31 December 2021						
Trade payables	4,150	4,150	4,150	—	—	—
Other payables and accruals	164,945	164,945	164,945	—	—	—
Bonds payable	50,000	50,000	50,000	—	—	—
Lease liabilities	1,838	1,992	1,106	802	59	25
Redeemable convertible preference shares	541	545	545	—	—	—

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Interest rate risk

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

At 31 December 2022, if interest rates had been 50 basis points higher/lower, with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$25,000 (2021: HK$29,000) lower/higher, arising mainly as a result of higher/lower interest income on bank deposits.

(f) Categories of financial instruments at 31 December

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets measured at FVTOCI:		
Equity instruments	10,400	17,400
Financial assets at FVTPL:		
Mandatorily measured at FVTPL		
Held for trading	14,362	19,205
Financial assets measured at amortised cost	131,681	82,035
Financial liabilities		
Financial liabilities at amortised cost	423,290	219,636
Financial liabilities at FVTPL	35,594	41,138

(g) Fair values

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

7. FAIR VALUE MEASUREMENTS

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

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

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

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

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

7. FAIR VALUE MEASUREMENTS *(Continued)*

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

Description	Fair value measurements using: Level 1 HK$'000	Level 3 HK$'000	Total 2022 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed equity securities	14,362	—	14,362
Financial assets at FVTOCI			
Unlisted equity securities	—	10,400	10,400
Total	14,362	10,400	24,762
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	—	35,594	35,594

Description	Fair value measurements using: Level 1 HK$'000	Level 3 HK$'000	Total 2021 HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Listed equity securities	19,205	—	19,205
Financial assets at FVTOCI			
Unlisted equity securities	—	17,400	17,400
Total	19,205	17,400	36,605
Recurring fair value measurements:			
Financial liabilities			
Financial liabilities at FVTPL	—	41,138	41,138

7. FAIR VALUE MEASUREMENTS *(Continued)*

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

Description	Financial assets at FVTOCI — unlisted equity securities HK$'000	Financial liabilities at FVTPL HK$'000	2022 Total HK$'000
At 1 January 2022	17,400	41,138	58,538
Total gains or losses recognised			
in profit or loss (#)	—	(5,544)	(5,544)
in other comprehensive income	(7,000)	—	(7,000)
At 31 December 2022	10,400	35,594	45,994

(#) Include in other gains and losses

Description	Financial assets at FVTOCI — unlisted equity securities HK$'000	Financial liabilities at FVTPL HK$'000	2021 Total HK$'000
At 1 January 2021	19,100	36,664	55,764
Total gains or losses recognised			
in profit or loss (#)	—	4,474	4,474
in other comprehensive income	(1,700)	—	(1,700)
At 31 December 2021	17,400	41,138	58,538

(#) Include in other gains and losses

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

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other gains and losses in the consolidated statement of profit or loss.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2022:

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.

7. FAIR VALUE MEASUREMENTS *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2022: *(Continued)*

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2022 HK$'000 Assets/ (Liabilities)	Fair value 2021 HK$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	20% (2021: 15%)	Decrease	**900**	8,300
		Long-term revenue growth rate	2% (2021: 5%)	Increase		
		Long-term pre-tax operating margin	0.13% (2021: 9.73%)	Increase		
		Discount for lack of marketability	20.6% (2021: 20.6%)	Decrease		
Redeemable preference shares of private entity classified as financial assets at FVTOCI	Discounted cash flows	Discount rate	17.07% (2021: 14.48%)	Decrease	**9,500**	9,100
Financial liabilities at FVTPL	Binomial option pricing model and black-scholes option pricing model	Risk- free rate	1.87%–3.25% (2021: 0.16%–0.33%)	Decrease	**(35,594)**	(41,138)
		Dividend yield	0% (2021: 0%)	Increase		
		Volatility	51.06%–59.12% (2021: 50%–55%)	Decrease		

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

8. REVENUE

Disaggregation of revenue

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

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sales of goods:		
— Provision of supply chain management services for mineral business	227,991	123,540
— Mining and metallurgical machineries products	21,167	13,685
	249,158	137,225
Provision of services:		
— Logistics services for mineral business	9,432	7,068
— Organising eSports events	557	390
— Corporate services business	495	1,347
— Media services	376	296
— Trust and trustee services	2,426	2,732
— Event management services	3,469	7,518
— Operating of railway logistic platform	772	—
	266,685	156,576

8. REVENUE *(Continued)*

Disaggregation of revenue *(Continued)*

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

For the year ended 31 December	Provision of supply chain management services for mineral business		Mining and metallurgical machineries products		Logistics services for mineral business		Organising eSports event		Corporate services business		Media services		Trust and trustee services		Event management services		Operating of railway logistic platform		Total	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Primary geographical markets																				
— Hong Kong	–	–	–	–	–	–	–	–	495	1,347	376	296	2,426	2,732	3,469	7,518	–	–	6,766	11,893
— PRC except Hong Kong	227,991	123,540	19,608	13,183	9,432	7,068	–	–	–	–	–	–	–	–	–	–	–	–	257,031	143,791
— Vietnam	–	–	1,559	502	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,559	502
— Others	–	–	–	–	–	–	557	390	–	–	–	–	–	–	–	–	772	–	1,329	390
Revenue from external customers	227,991	123,540	21,167	13,685	9,432	7,068	557	390	495	1,347	376	296	2,426	2,732	3,469	7,518	772	–	266,685	156,576
Timing of revenue recognition																				
Products transferred at a point in time	227,991	123,540	4,441	3,437	9,432	6,610	–	–	112	529	228	296	2,062	2,098	515	2,426	–	–	244,781	138,936
Products and services transferred over time	–	–	16,726	10,248	–	458	557	390	383	818	148	–	364	634	2,954	5,092	772	–	21,904	17,640
Total	227,991	123,540	21,167	13,685	9,432	7,068	557	390	495	1,347	376	296	2,426	2,732	3,469	7,518	772	–	266,685	156,576

9. INVESTMENT AND OTHER INCOME

	2022 HK$'000	2021 HK$'000
Interest income on bank deposits	**37**	13
Dividend income from equity investments	**121**	64
Government grants *(note a)*	**1,372**	134
Rental income	**1,073**	—
Service income for coal fire extinguishment works	**23,685**	—
Recovery income from other receivables previously written off	**500**	—
Sundry income	**1,737**	438
Waiver of value-added tax payable	**1,561**	—
	30,086	649

Note a: During the year, the Group received government grants of approximately HK$596,000 (2021: HK$ Nil) in respect of COVID-19 related subsidies provided by the Hong Kong government under Employment Support Scheme and various subsidies received from the PRC government amounted to HK$776,000 (equivalent to approximately RMB665,000) (2021: HK$134,000 (equivalent to approximately RMB110,000)) respectively.

10. OTHER GAINS AND LOSSES

	2022 HK$'000	2021 HK$'000
(Loss)/gain on disposal of financial assets at fair value through profit or loss ("FVTPL")	**(224)**	3,590
Fair value loss on financial assets at FVTPL	**(7,474)**	(5,485)
Fair value gain/(loss) on financial liabilities at FVTPL	**5,544**	(4,474)
Gain on disposals of associates	**—**	293
Gain on disposal of a subsidiary	**—**	48
Reversal of impairment loss/(impairment loss) on trade and other receivables	**28,340**	(3,372)
Reversal of impairment loss on intangible assets	**—**	24,714
Impairment loss on property, plant and equipment	**—**	(7,814)
Impairment loss on right-of-use assets	**—**	(308)
Property, plant and equipment written off	**—**	(81)
Loss on disposals of property, plant and equipment	**(13)**	—
	26,173	7,111

11. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interests on bonds payable	**7,707**	5,000
Interest expenses on lease liabilities *(note 20)*	**90**	133
Imputed interest expenses on redeemable convertible preference shares	**5**	15
Interests on bank and other borrowings	**1,702**	1,200
Imputed interest expenses on payables for mining rights	**14,093**	—
	23,597	6,348

12. INCOME TAX (CREDIT)/EXPENSE

	2022 HK$'000	2021 HK$'000
Current tax — Hong Kong		
Provision for the year	**3**	—
Current tax — PRC		
Provision for the year	**76**	—
(Over)/under-provision in prior years	**(269)**	158
	(190)	158
Deferred tax *(note 37)*	**(3,336)**	2,539
	(3,526)	2,697

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%.

No provision for the Hong Kong Tax is required since the Group has no assessable profit for the year ended 31 December 2021.

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.

12. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

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

	2022 HK$'000	2021 HK$'000
Loss before tax	(23,410)	(68,586)
Tax at the domestic income tax rate of 16.5% (2021:16.5%)	(3,863)	(11,317)
Tax effect of income that is not taxable	(6,470)	(12,589)
Tax effect of expenses that are not deductible	10,143	11,592
Tax effect of tax loss not recognised	4,270	9,260
Tax effect of utilisation of tax losses not previously recognised	(2,190)	(253)
Tax effect of temporary differences not recognised	(2,868)	8,001
(Over)/under-provision in prior years	(269)	158
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,279)	(2,155)
Income tax (credit)/expense	(3,526)	2,697

13. LOSS FOR THE YEAR

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

	2022 HK$'000	2021 HK$'000
Auditor's remuneration		
Current	**2,900**	2,800
Over-provision in prior years	**(1,800)**	—
	1,100	2,800
Cost of inventories sold of coal mining business	**251,448**	137,114
Depreciation on property, plant and equipment	**1,636**	846
Depreciation on right-of-use assets	**1,200**	1,724
Amortisation of intangible assets (included in administrative and other operating expenses)	**10,689**	10,936
Loss on disposal of property, plant and equipment	**13**	—
Loss/(gain) on disposal of financial assets at FVTPL	**224**	(3,590)
Gain on disposals of associates	**—**	(293)
Fair value loss on financial assets at FVTPL	**7,474**	5,485
Fair value (gain)/loss on financial liabilities at FVTPL	**(5,544)**	4,474
(Reversal of impairment loss)/impairment loss on trade and other receivables	**(28,340)**	3,372
Reversal of impairment loss on intangible assets	**—**	(24,714)
Impairment loss on property, plant and equipment	**—**	7,814
Impairment loss on right-of-use assets	**—**	308
Property, plant and equipment written off	**—**	81
Net exchange loss	**984**	1

14. EMPLOYEE BENEFITS EXPENSE

	2022 HK$'000	2021 HK$'000
Employee benefits expense:		
— Salaries, bonuses and allowances	**24,266**	25,217
— Retirement benefit scheme contributions	**354**	451
	24,620	25,668

14. EMPLOYEE BENEFITS EXPENSE *(Continued)*

Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2021: three) directors and chief executive officers whom emoluments are reflected in the analysis presented in note 15(a). The emoluments of the remaining two (2021: two) individuals are set out below:

	2022 **HK$'000**	2021 HK$'000
Basic salaries, bonuses, allowances and benefits in kind	**1,508**	1,649
Retirement benefits scheme contributions	**36**	36
	1,544	1,685

The emoluments fell within the following bands:

	2022	2021
HK$Nil to HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2021: HK$Nil).

15. BENEFITS AND INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Directors' and senior management's emoluments

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

	Emoluments paid or receivable in respect of a person's services as a director and chief executive officer, whether of the Company or its subsidiary undertaking				
	Fees HK$'000	**Salaries** HK$'000	**Discretionary bonus** HK$'000	**Employer's contribution to a retirement benefit scheme** HK$'000	**Total** HK$'000
For the year ended 31 December 2022					
Executive directors:					
CHAN Nap Kee, Joseph	—	3,000	—	18	3,018
YANG Yongcheng	—	731	—	—	731
Independent non-executive directors:					
LIEW Swee Yean	151	—	—	—	151
Dr. WONG Yun Kuen	151	—	—	—	151
Wu Zheng	151	—	—	—	151
Chief Executive Officers:					
Chen Chun Long	—	1,080	90	18	1,188
Ching Ho Tung Philips	—	600	50	18	668
	453	5,411	140	54	6,058
For the year ended 31 December 2021					
Executive directors:					
CHAN Nap Kee, Joseph	—	3,000	—	18	3,018
YANG Yongcheng	—	731	—	—	731
Independent non-executive directors:					
LIEW Swee Yean	151	—	—	—	151
Dr. WONG Yun Kuen	151	—	—	—	151
ANDERSON Brian Ralph (retired on 1 August 2021)	88	—	—	—	88
Wu Zheng (appointed on 31 October 2021)	26	—	—	—	26
Chief Executive Officers:					
Chen Chun Long	—	1,080	90	18	1,188
Ching Ho Tung Philips	—	600	50	18	668
	416	5,411	140	54	6,021

Neither the chief executive nor any of the directors waived any emoluments during the year (2021: HK$Nil).

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

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

16. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2022 and 2021.

17. DISCONTINUED OPERATIONS

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

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

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

During the year ended 31 December 2022 and 2021, there were no business activities in the discontinued operations and no income, expenses or cash flow were incurred.

18. LOSS PER SHARE

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

	2022 **HK$'000**	2021 HK$'000
Loss for the purpose of calculating basic loss per share	**(15,233)**	(66,178)

	2022 **HK$'000**	2021 HK$'000
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 is presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2021 and 2022.

19. PROPERTY, PLANT AND EQUIPMENT

	Railway logistic platform HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost									
At 1 January 2021	—	7,206	8,123	7,173	1,093	104	2,088	—	25,787
Additions	30,003	—	204	92	119	12	32	—	30,462
Written off	—	—	(913)	—	—	—	—	—	(913)
Exchange differences	—	238	241	239	27	2	70	—	817
At 31 December 2021 and 1 January 2022	30,003	7,444	7,655	7,504	1,239	118	2,190	—	56,153
Additions	—	—	334	13	163	2	2,894	2,916	6,322
Disposals	—	—	—	—	—	—	(31)	—	(31)
Exchange differences	—	(584)	(608)	(589)	(76)	(5)	(259)	(89)	(2,210)
At 31 December 2022	30,003	6,860	7,381	6,928	1,326	115	4,794	2,827	60,234
Accumulated depreciation and impairment losses									
At 1 January 2021	—	6,224	1,719	3,263	929	90	912	—	13,137
Charges for the year	—	134	296	238	43	11	124	—	846
Impairment	7,814	—	—	—	—	—	—	—	7,814
Written off	—	—	(832)	—	—	—	—	—	(832)
Exchange differences	—	209	33	111	21	2	32	—	408
At 31 December 2021 and 1 January 2022	7,814	6,567	1,216	3,612	993	103	1,068	—	21,373
Charges for the year	555	130	377	230	74	9	261	—	1,636
Disposals	—	—	—	—	—	—	(14)	—	(14)
Exchange differences	—	(519)	(105)	(290)	(54)	(4)	(91)	—	(1,063)
At 31 December 2022	8,369	6,178	1,488	3,552	1,013	108	1,224	—	21,932
Carrying amount									
At 31 December 2022	21,634	682	5,893	3,376	313	7	3,570	2,827	38,302
At 31 December 2021	22,189	877	6,439	3,892	246	15	1,122	—	34,780

The directors carried out reviews of the recoverable amount of its railway logistic platform for the year ended 31 December 2021. These assets are used in the Group's coal mining business segment. The review led to the recognition of impairment loss of approximately HK$7,814,000 for railway logistic platform that have been recognised in profit or loss. The recoverable amount of approximately HK$22,189,000 for the relevant assets has been determined on the basis of their value in use using discounted cash flow method. The discount rate used was 22.4%.

19. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Affected by the repeated outbreak of the COVID-19 epidemic and the frequent mutation of virus strains, Mongolia's coal output and exports declined significantly. The relevant coal transportation market in Mongolia continued to be sluggish and the recovery was slow. Consequently, the railway logistic platform was impaired for the year ended 31 December 2021.

20. RIGHT-OF-USE ASSETS

	Leasehold lands	**Leased properties**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2021	12,940	2,550	15,490
Additions	83	362	445
Depreciation	(541)	(1,183)	(1,724)
Impairment	(22)	(286)	(308)
Exchange differences	417	59	476
At 31 December 2021 and 1 January 2022	12,877	1,502	14,379
Depreciation	(532)	(668)	(1,200)
Exchange differences	(989)	(97)	(1,086)
At 31 December 2022	11,356	737	12,093

Lease liabilities of approximately HK$782,000 (2021: HK$1,838,000) are recognised with related right-of-use assets of HK$12,093,000 as at 31 December 2022 (2021: HK$14,379,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used a security for borrowings purposes.

20. RIGHT-OF-USE ASSETS *(Continued)*

	2022 HK$'000	2021 HK$'000
Depreciation expenses on right-of-use assets	**1,200**	1,724
Interest expense on lease liabilities (included in finance costs)	**90**	133
Expenses relating to short-term lease (included in cost of goods sold and administrative expenses)	**4,932**	3,519

Details of total cash outflow for leases are set out in note 43(c).

For both years, the Group leases various offices and factories for its operations. Lease contracts are entered into for fixed term of 2 to 13 years (2021: 2 to 13 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

21. INTANGIBLE ASSETS

	Mining rights HK$'000
Cost	
At 1 January 2021	176,630
Exchange differences	5,839
At 31 December 2021 and 1 January 2022	182,469
Additions	128,556
Transfer from exploration and evaluation assets	47,766
Exchange differences	(19,696)
At 31 December 2022	339,095
Accumulated amortisation and impairment losses	
At 1 January 2021	66,261
Amortisation for the year	10,936
Reversal of impairment loss	(24,714)
Exchange differences	1,951
At 31 December 2021 and 1 January 2022	54,434
Amortisation for the year	10,689
Exchange differences	(4,594)
At 31 December 2022	60,529
Carrying amount	
At 31 December 2022	278,566
At 31 December 2021	128,035

21. INTANGIBLE ASSETS *(Continued)*

At 31 December 2022, 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 long-flame coal. The mining rights are stated at cost less accumulated amortisation and impairment losses over the estimated useful lives of mining rights.

In 2018, the Group entered into an agreement with Turpan Gaochang District Government for the consolidation of nearby small-scale mines with the Group's coal mine in Xingliang (the "Consolidation Project").

During the year ended 31 December 2022, the Consolidation Project was completed and the Group received a new mining right license for the enlarged mining area of the coal mine in Xingliang (the "Enlarged Xingliang Mine"). Pursuant to the new mining rights, the mining area of the Group's mining operation was increased from 1.0822 square kilometers to 8.864 square kilometers with increased coal reserves. The new mining rights of the Enlarged Xinliang Mine are 32 years from 2022 to 2054.

The directors carried out reviews of the recoverable amount of its mining rights for the year ended 31 December 2021. These assets are used in the Group's coal mining business segment. The review led to the recognition of a reversal of impairment loss of approximately HK$24,714,000 for mining rights that have been recognised in profit or loss. The recoverable amount of approximately HK$128,035,000 for the relevant assets has been determined on the basis of their value in use using discounted cash flow method. The discount rate used was 29.2%. The reason for such reversal of impairment loss was mainly attributable to (i) the effect of change of estimated long-flame coal prices due to the significant increase of the prices during the year as compared to previous year; and (ii) the demand of long-flame coal continued to be high in the year. These caused in favorable coal market condition. All these reasons have had significant impact on the value in use assessment for the year with an increase in cash flows expected to be received.

22. EXPLORATION AND EVALUATION ASSETS

	HK$'000
At 1 January 2021	56,029
Additions	8,281
Exploration expenses recognised	(12,189)
Exchange differences	1,785
At 31 December 2021 and 1 January 2022	53,906
Exploration expenses recognised	(3,480)
Transfer to intangible assets	(47,766)
Exchange differences	(2,660)
At 31 December 2022	—

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.

For the year ended 31 December 2020, the Group obtained a mineral exploration license with a mining area of 7.35 km^2 located in Xinjiang, PRC. The exploration license has a legal life of 5 years ending in August 2025. The mining area is under the exploration and evaluation stage as at 31 December 2021 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.

During the year ended 31 December 2022, the technical feasibility and commercial viability was determined on the mining area. The carrying value of the relevant exploration and evaluation assets was then reclassified as mining rights under the intangible assets.

23. FINANCIAL ASSETS AT FVTOCI

	2022 HK$'000	2021 HK$'000
Unlisted equity securities		
— in the British Virgin Islands	900	8,300
9% redeemable preference shares	9,500	9,100
	10,400	17,400

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

Equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

24. FINANCIAL ASSETS AT FVTPL

	2022 HK$'000	2021 HK$'000
Equity securities, at fair value		
Listed in Hong Kong	14,362	19,205

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

	2022 HK$'000	2021 HK$'000
Held for trading	14,362	19,205

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

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

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

25. INVENTORIES

	2022 HK$'000	2021 HK$'000
Raw materials, consumable goods and spare parts	**983**	429
Work in progress	**190**	1,001
Finished goods	**2,735**	6,986
	3,908	8,416

26. TRADE AND BILLS RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**93,631**	66,329
Allowance for doubtful debts	**(43,235)**	(43,333)
	50,396	22,996
Bills receivables	**110**	898
	50,506	23,894

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

26. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2022 HK$'000	2021 HK$'000
0–30 days	**33,944**	2,680
31–60 days	**11,923**	1,944
61–90 days	**265**	5,100
91–365 days	**4,824**	12,003
Over 1 year	**42,785**	45,500
	93,741	67,227

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

	2022 HK$'000	2021 HK$'000
HK$	**171**	1,479
RMB	**49,595**	22,415
US$	**740**	—
	50,506	23,894

27. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Utilities and other deposits	**885**	964
Prepayments	**34,108**	3,155
Other receivables	**46,301**	20,015
	81,294	24,134

The carrying amounts of the Group's deposits, prepayments and other receivables are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
HK$	**623**	557
RMB	**80,638**	23,548
US$	**28**	24
Others	**5**	5
	81,294	24,134

28. BANK AND CASH BALANCES

As at 31 December 2022, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK$4,218,000 (2021: HK$5,168,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

29. TRADE PAYABLES

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

	2022 HK$'000	2021 HK$'000
0–30 days	**9,554**	805
31–60 days	**11,060**	—
61–90 days	**457**	—
91–180 days	**1,213**	2,916
181 to 365 days	**250**	—
Over 365 days	**431**	429
	22,965	4,150

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

30. OTHER PAYABLES AND ACCRUALS

	2022 HK$'000	2021 HK$'000
Accruals	**16,602**	17,804
Other payables *(note (i))*	**184,199**	108,400
Due to directors *(note (ii))*	**44,497**	38,741
Payables for mining rights *(note (iii))*	**108,146**	—
	353,444	164,945

	2022 HK$'000	2021 HK$'000
Analysed as:		
Current liabilities	**248,077**	164,945
Non-current liabilities	**105,367**	—
	353,444	164,945

30. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes:

(i) Included in other payables, are balances due to a chief executive officer with principal amounts of HK$12,415,000 and HK$910,000 (equivalent to RMB10,980,000 and RMB805,000) (2021: HK$13,557,000 (equivalent to RMB11,000,000)), which are unsecured, bearing an interest rate of 12% per annum and 24% per annum and repayable on 30 June 2023 and 16 November 2023 respectively.

(ii) The amounts due to directors are unsecured, interest free and repayable on demand.

(iii) The payables for mining rights represent the unpaid balances of the considerations for purchasing mining rights. According to the relevant purchase agreement, considerations are paid by 15 instalments from 2022 to 2036. The carrying amount is determined based on the present value of the future cash flows stated in the relevant purchase agreement using the effective interest rate of 14.46% per annum.

31. CONTRACT LIABILITIES

	2022 **HK$'000**	2021 HK$'000
Billings in advance of performance obligations:		
Sales of goods		
— Provision of supply chain management services for mineral business	**909**	1,723
— Mining and metallurgical machineries products	**—**	302
— Sales of coal	**42,671**	38,647
Provision of services		
— Organising eSports services	**223**	—
— Corporate services business	**11**	7
— Trust and trustee services	**303**	303
	44,117	40,982

Contract liabilities represented the advance from customers for sales of goods and provision of services. The payment terms vary and depend on the terms of contracts. These advances are recognised as contract liabilities until the performance obligations are completed.

31. CONTRACT LIABILITIES *(Continued)*

The increase in contract liabilities as at 31 December 2022 was mainly due to the receipt of advance payment before the relevant performance obligations are fulfilled.

Movements in contract liabilities:

	2022 HK$'000	2021 HK$'000
Balance at beginning of year	40,982	—
Increase in contract liabilities as a result of billing in advance	1,507	—
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(2,237)	—
Increase in contract liabilities as a result of advance payment received from customers	23,449	40,982
Decrease in contract liabilities as a result of refund to customers	(16,395)	—
Exchange difference	(3,189)	—
Balance at end of year	44,117	40,982

32. BORROWINGS

	2022 HK$'000	2021 HK$'000
Bank loans, unsecured	81	—

The borrowings are repayable as follows:

	2022 HK$'000	2021 HK$'000
Within one year	81	—

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

The interest rate of the unsecured bank loans as at 31 December 2022 was 18% per annum (2021: Nil).

Bank loans are arranged at fixed interest rates, thus exposing the Group to fair value interest rate risk.

33. BONDS PAYABLE

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

During the year ended 31 December 2020, a supplementary agreement was entered by the Company and holder 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.

The Company failed to repay the Bonds and the accrued interest on maturity which led to an event of default for the Bonds by the Company. The Company commenced negotiations with the holders of the Bonds and a deed of novation (the "Deed") was entered on 29 June 2022 between the holder of the Bonds and the Company. Pursuant to the Deed, the holder of the Bonds agreed to waive the claim of principal of HK$3,200,000 and accrued interest of approximately HK$16,778,000 so as to exchange the right and title of debts of approximately HK$19,978,000 owed to the Company by a third party. Accordingly, the principal of the Bonds and accrued interest of HK$3,200,000 and HK$16,778,000 respectively were settled by offsetting the other receivables of the Group of HK$19,978,000 during the year ended 31 December 2022.

As at 31 December 2022, the Company still failed to repay the remaining principal of HK$46,800,000 and the accrued interest of approximately HK$1,950,000. The Company continued the negotiations with the holder of the Bonds to extend the repayment date of the Bonds and accrued interest and the negotiations have not yet been concluded as at 31 December 2022 and the date of this report.

34. OTHER FINANCIAL LIABILITIES

	2022 **HK$'000**	2021 HK$'000
Financial liabilities at FVTPL	**35,594**	41,138

	2022 **HK$'000**	2021 HK$'000
Analysed as:		
Current liabilities	**14,603**	29,681
Non-current liabilities	**20,991**	11,457
	35,594	41,138

34. OTHER FINANCIAL LIABILITIES *(Continued)*

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

During the year ended 31 December 2022, the Group entered into an extension agreement with the third party to extend the completion date of Shares A for two years to 18 April 2024. Other terms and condition as set out in the agreement of Shares A remain unchanged.

During the year ended 31 December 2021, an agreement was entered by the Group with the third party to extend the completion date of Share B for two years to 27 January 2023. Subsequent to the reporting period, an agreement was entered by the Group with the third party to further extend the completion date of Share B for two years to 27 January 2025. Other terms and conditions as set out in the agreement of Shares B remain unchanged.

35. LEASE LIABILITIES

	Minimum lease payments		**Present value of minimum lease payments**	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**765**	1,106	**734**	1,012
In the second to fifth years, inclusive	**66**	861	**44**	804
Over 5 years	**4**	25	**4**	22
	835	1,992	**782**	1,838
Less: Future finance charges	**(53)**	(154)	**N/A**	N/A
Present value of lease obligations	**782**	1,838	**782**	1,838
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(734)**	(1,012)
Amount due for settlement after 12 months			**48**	826

35. LEASE LIABILITIES *(Continued)*

The incremental borrowing rates applied to lease liabilities are ranging from 5.28% to 20.82% (2021: 5.28% to 20.82%).

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

	2022 HK$'000	2021 HK$'000
HK$	115	294
RMB	612	1,473
US$	55	71
	782	1,838

36. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

During the year ended 31 December 2019, Allied Global Limited ("Allied Global"), a wholly owned subsidiary of the Company, issued 6,420 redeemable convertible preference shares which have a par value of US$10 per share, carried a coupon rate of 3% per annum. The holder is entitled to convert the redeemable convertible preference shares into 2,496 ordinary shares of Allied Global at any time within two years from 1 May 2019 at a total amount of approximately HK$501,000 (equivalent to US$64,000). Unless the redeemable convertible preference shares are converted, Allied Global and the holder may at its sole and own discretion redeem the redeemable convertible preference shares at the subscription price, together with the accrued dividend at any time from 1 May 2020 to 30 April 2022.

The redemption rights of the redeemable convertible preference shares were lapsed during the year. There was no conversion or redemption of redeemable convertible preference shares during the year ended 31 December 2022 and 2021.

36. REDEEMABLE CONVERTIBLE PREFERENCE SHARES *(Continued)*

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

	2022 **HK$'000**	2021 HK$'000
Nominal value of redeemable convertible preference shares issued and liability component at date of issue	—	501
Interest charged	—	40
Liability component at 31 December	—	541

	2022 **HK$'000**	2021 HK$'000
Analysed as:		
Current liabilities	—	541

The interest charged for the year is calculated by applying an effective interest rate of 2.91% (2021: 2.91%) per annum to the liability component for the year.

37. DEFERRED TAX

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

	Fair value adjustment of mining rights	Financial assets at FVTPL	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2021	(26,013)	6,173	(19,840)
(Charge)/credit to profit or loss for the year *(note 12)*	(3,444)	905	(2,539)
Exchange differences	(922)	—	(922)
At 31 December 2021 and 1 January 2022	(30,379)	7,078	(23,301)
Credit to profit or loss for the year *(note 12)*	2,103	1,233	3,336
Exchange differences	2,318	—	2,318
At 31 December 2022	(25,958)	8,311	(17,647)

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2022	2021
	HK$'000	HK$'000
Deferred tax liabilities	**(25,958)**	(30,379)
Deferred tax assets	**8,311**	7,078
	(17,647)	(23,301)

At the end of the reporting period the Group has unused tax losses of approximately HK$307,130,000 (2021: HK$203,184,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$3,943,000, HK$14,012,000, HK$4,491,000, HK$22,428,000 and HK$5,966,000 that will expire in 2023, 2024, 2025, 2026 and 2027 (2021: HK$2,931,000, HK$4,278,000, HK$15,682,000, HK$5,709,000 and HK$24,336,000 that will expire in 2022, 2023, 2024, 2025 and 2026) respectively. Remaining tax losses may be carried forward indefinitely.

38. SHARE CAPITAL

	2022 HK$'000	2021 HK$'000
Authorised:		
5,000,000,000 Ordinary shares of HK$0.1 each	**500,000**	500,000
Issued and fully paid:		
576,566,055 Ordinary shares of HK$0.1 each	**57,657**	57,657

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

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

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

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

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2022, 56.8% (2021: 56.8%) of the shares were in public hands.

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

(a) Statement of financial position of the Company

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Investments in subsidiaries		1,000	1,000
Deferred tax assets		8,311	7,078
		9,311	8,078
Current assets			
Financial assets at FVTPL		14,362	19,205
Deposits, prepayments and other receivables		35	35
Deposits in a licensed corporation		26,166	28,883
Amounts due from subsidiaries		1,529	1,667
Bank and cash balances		396	120
		42,488	49,910
Current liabilities			
Other payables and accruals		11,132	22,697
Amounts due to subsidiaries		8,181	8,182
Amount due to a director		38,721	33,309
Bonds payable		46,800	50,000
Other financial liabilities		14,603	29,681
		119,437	143,869
Net current liabilities		(76,949)	(93,959)
Total assets less current liabilities		(67,638)	(85,881)
Non-current liabilities			
Other financial liabilities		20,991	11,457
		20,991	11,457
NET LIABILITIES		(88,629)	(97,338)
CAPITAL AND RESERVES			
Share capital		57,657	57,657
Reserves	39(b)	(146,286)	(154,995)
CAPITAL DEFICIENCY		(88,629)	(97,338)

Approved by the Board of Directors on 31 March 2023 and are signed on its behalf by:

CHAN Nap Kee, Joseph **YANG Yongcheng**

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

(b) Reserve movement of the Company

	Share premium *(note 40(b)(i))* HK$'000	Shares held under share award scheme *(note 41)* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2021	1,361,095	(3,371)	(1,487,777)	(130,053)
Loss for the year	—	—	(24,942)	(24,942)
At 31 December 2021 and 1 January 2022	1,361,095	(3,371)	(1,512,719)	(154,995)
Profit for the year	—	—	8,709	8,709
At 31 December 2022	1,361,095	(3,371)	(1,504,010)	(146,286)

40. RESERVES

(a) Group

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

(b) Nature and purpose of reserves

(i) Share premium

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

(ii) Foreign currency translation reserve

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

(iii) Financial assets at FVTOCI reserve

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

41. SHARE-BASED PAYMENTS

Share award scheme adopted on 14 June 2016

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

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

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

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

41. SHARE-BASED PAYMENTS *(Continued)*

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

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

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

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

There were approximately 13,610,000 (2021: 13,610,000) shares held under share award scheme amounting to approximately HK$3,371,000 (2021: HK$3,371,000) as at 31 December 2022. No shares (2021: Nil) was awarded under share award scheme during the year ended 31 December 2022.

42. SUBSIDIARIES

Particulars of subsidiaries as at 31 December 2022 are as follows:

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
Kaisun Energy Group Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	100%	—	Investment holding
Kaisun Collateral Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
Kaisun Business Solutions Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	100%	—	Investment holding
Kaisun Energy Management Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	100%	—	Investment holding
KEG Corporate Services Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	100%	—	Provision of corporate services
Allied Global Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
West Channel Investments Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
Asia Coast International Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
Gold Victoria Investments Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	100%	—	Investment holding
Kaisun Business Solution (HK) Limited	Hong Kong, limited liability company	HK$100 Ordinary	100%	—	100%	Provision of consulting services
Kaisun Energy Managers Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Corporation	Anguilla, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
World Dynasty Holdings Limited	British Virgin Islands, limited liability company	US$10,000 Ordinary	100%	—	100%	Investment holding
Pineapple Media Limited	British Virgin Islands, limited liability company	1,220,522 Ordinary shares of US$1 each	100%	—	100%	Investment holding
Anway Enterprises Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding

42. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Goodstar Development Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
Wealth Platinum Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
Kaisun Esports Limited	British Virgin Islands, limited liability company	US$1 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Managers (Cayman Islands) Limited	Cayman Islands, limited liability company	US$1 Ordinary	100%	—	100%	Not yet commenced business
新疆凱運國際貿易有限公司	PRC, limited liability company	Registered and paid up capital RMB10,000,000	100%	—	100%	Provision of supply chain management services
深圳凱順鴻欣貿易有限公司	PRC, limited liability company	Registered and paid up capital RMB500,000	100%	—	100%	Provision of supply chain management services
滕州凱源實業有限公司	PRC, limited liability company	Registered capital HK$100,000,000 Paid up capital HK$32,098,768 (2021: HK$31,209,775)	88.62% (2021: 88.83%)	—	100%	Manufacturing of coal mining related equipment
山東凱萊能源物流有限公司	PRC, limited liability company	Registered capital HK$200,000,000 Paid up capital HK$116,288,530 (2021: HK$115,878,530)	79.82% (2021: 79.75%)	—	79.82% (2021: 79.75%)	Provision of supply chain management services
新疆吐魯番星亮礦業有限公司	PRC, limited liability company	Registered capital RMB100,000,000 (2021: RMB50,000,000) Paid up capital RMB42,350,000	79.82% (2021: 79.75%)	—	100%	Production and exploitation of coal and coal processing
山東順江能源貿易有限公司	PRC, limited liability company	Registered capital RMB50,000,000 Paid up capital RMB5,336,000 (2021: RMB71,000)	42.42% (2021: 40.43%)	—	53.15% (2021: 50.7%)	Not yet commenced business

42. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation/form of legal entity	Issued and fully paid share capital/ registration capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by subsidiaries	
VOV Studio Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	—	100%	Under the deregistration process
People's Communication & Consultant Company Limited	Hong Kong, limited liability company	HK$2,862,010 Ordinary	100%	—	100%	Advertising & public relationship event
Evoloop Limited	Hong Kong, limited liability company	HK$10,008,941 Ordinary	59.57%	—	59.57%	Organizing E-Sport events
Girlgamer Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	59.57%	—	100%	Organizing E-Sport events
Kaisun Energy Logistic Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	—	100%	Investment holding
Kaisun Energy Equipment Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	—	100%	Investment holding
Kaisun Silk Road Limited	Hong Kong, limited liability company	HK$1 Ordinary	100%	—	100%	Under the deregistration process
Kaisun Energy Trading Limited	Hong Kong, limited liability company	HK$10,000 Ordinary	100%	—	100%	Provision of supply chain management
Kaisun Trust & Trustee Services Company Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	20%	100%	Provision of trust and trustee services
Kaisun Consulting Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	—	100%	Provision of consulting services
Kaisun Trust and Corporate Services Limited	Hong Kong, limited liability company	HK$3,000,000 Ordinary	100%	—	100%	Provision of trust and trustee services
Zodiac Capital Cayman Limited	Cayman Islands, limited liability company	US$1 Ordinary	100%	—	100%	Not yet commenced business
Double Up Group Limited	Samoa, limited liability company	US$100 Ordinary	100%	—	100%	Investment holding
Khos Khulug LLC	Mongolia, limited liability company	MNT200,562,000 Ordinary	100%	—	100%	Construction and operation of a railway logistic platform
Choir Logistic Service LLC	Mongolia, limited liability company	MNT196,676,000 Ordinary	100%	—	100%	Construction and operation of a railway logistic platform

42. SUBSIDIARIES *(Continued)*

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

	新疆吐魯番星亮礦業有限公司	
	2022	2021
Principal place of business and country of incorporation	PRC	
% of ownership interests and voting rights held by NCI	**20.18%**	20.25%
	HK$'000	HK$'000
At 31 December:		
Non-current assets	**298,485**	203,579
Current assets	**79,472**	21,385
Non-current liabilities	**(105,367)**	—
Current liabilities	**(200,775)**	(129,507)
Net assets	**71,815**	95,457
Accumulated NCI	**14,492**	19,330
Year ended 31 December:		
Revenue	**30,131**	—
Loss for the year	**(16,666)**	(12,179)
Total comprehensive income	**(16,666)**	(12,179)
Loss allocated to NCI	**(3,363)**	(2,466)
Dividends paid to NCI	**—**	—
Net cash generated from/(used in) operating activities	**28,522**	(28,154)
Net cash used in investing activities	**(31,219)**	(8,296)
Net cash generated from financing activities	**—**	34,650
Effect on foreign exchange rate changes	**(160)**	88
Net decrease in cash and cash equivalents	**(2,857)**	(1,712)

42. SUBSIDIARIES *(Continued)*

	滕州凱源實業有限公司 2022	2021
Principal place of business and country of incorporation	PRC	
% of ownership interests and voting rights held by NCI	**11.38%**	11.17%
	HK$'000	HK$'000
At 31 December:		
Non-current assets	**1,931**	3,163
Current assets	**21,149**	31,863
Current liabilities	**(18,472)**	(20,820)
Net assets	**4,608**	14,206
Accumulated NCI	**524**	1,587
Year ended 31 December:		
Revenue	**21,167**	13,685
Loss for the year	**(9,542)**	(7,762)
Total comprehensive income	**(10,487)**	(7,114)
Loss allocated to NCI	**(1,086)**	(867)
Dividends paid to NCI	**—**	—
Net cash (used in)/generated from operating activities	**(1,307)**	702
Net cash used in investing activities	**(36)**	(46)
Net cash generated from financing activities	**144**	400
Effect on foreign exchange rate changes	**18**	112
Net (decrease)/increase in cash and cash equivalents	**(1,181)**	1,168

42. SUBSIDIARIES *(Continued)*

	山東凱萊能源物流有限公司	
	2022	2021
Principal place of business and country of incorporation	PRC	
% of ownership interests and voting rights held by NCI	**20.18%**	20.25%
	HK$'000	HK$'000
At 31 December:		
Non-current assets	**91,631**	92,768
Current assets	**51,220**	8,943
Current liabilities	**(54,949)**	(7,483)
Net assets	**87,902**	94,228
Accumulated NCI	**17,739**	19,081
Year ended 31 December:		
Revenue	**207,292**	130,608
Profit/(loss) for the year	**707**	(8,834)
Total comprehensive income	**707**	(8,834)
Profit/(loss) allocated to NCI	**143**	(1,789)
Dividends paid to NCI	**—**	—
Net cash generated from operating activities	**6,995**	36,513
Net cash used in investing activities	**(7,390)**	(36,173)
Net cash generated from financing activities	**1,570**	—
Effect on foreign exchange rate changes	**(1,242)**	25
Net (decrease)/increase in cash and cash equivalents	**(67)**	365

As at 31 December 2022, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK$4,218,000 (2021: HK$5,168,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Dilution of the Company's interest in a subsidiary upon capital injection

During the year ended 31 December 2022, the Group's 79.82% (2021: 79.75%) owned subsidiary, 山東凱萊能源物流有限公司("Kailai") increased its equity interest in a Group's subsidiary, 滕州凱源實業有限公司 ("Kaiyuan"), by capital injection of approximately HK$889,000 (equivalent to approximately RMB760,000) (2021: HK$1,210,000 (equivalent to approximately RMB1,000,000)) to Kaiyuan. The capital contribution resulted a decrease in the Group's effective interest in Kaiyuan from 88.83% to 88.62% (2021: 89.20% to 88.83%). Since the change of ownership in the subsidiary does not result in a change in control of the subsidiary, this transaction should be accounted for as equity transaction. Accordingly, the losses arising from the capital contribution of approximately HK$125,000 (2021: HK$185,000) were debited against the Group's accumulated losses and credited to non-controlling interest.

(b) Reconciliation of liabilities arising from financing activities

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

	1 January 2022 HK$'000	Offsetting HK$'000	Reclassified HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Exchange difference HK$'000	Fair value gain HK$'000	31 December 2022 HK$'000
Lease liabilities	1,838	—	—	(1,045)	90	(101)	—	782
Bonds payable	50,000	(3,200)	—	—	—	—	—	46,800
Redeemable convertible preference share	541	—	(541)	—	—	—	—	—
Borrowings	—	—	—	(21)	45	57	—	81
Other financial liabilities	41,138	—	—	—	—	—	(5,544)	35,594
	93,517	(3,200)	(541)	(1,066)	135	(44)	(5,544)	83,257

	1 January 2021 HK$'000	Addition HK$'000	Derecognition HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Exchange difference HK$'000	Fair value loss HK$'000	31 December 2021 HK$'000
Lease liabilities	2,621	458	(25)	(1,421)	133	72	—	1,838
Bonds payable	50,000	—	—	—	—	—	—	50,000
Redeemable convertible preference share	525	—	—	—	15	1	—	541
Other financial liabilities	36,664	—	—	—	—	—	4,474	41,138
	89,810	458	(25)	(1,421)	148	73	4,474	93,517

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

(c) Total cash outflow for leases

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

	2022 HK$'000	2021 HK$'000
Within operating cash flows	5,022	3,652
Within financing cash flows	955	1,288
	5,977	4,940

These amounts relate to the following:

	2022 HK$'000	2021 HK$'000
Lease rental paid	5,977	4,940

(d) Major non-cash transactions

(i) During the year ended 31 December 2022, partial repayment of the Bonds with principal amount of HK$3,200,000 and the accrued interest of approximately HK$16,778,000 were offsetting by the Deed arrangement as disclosed in note 33 to the consolidated financial statements.

(ii) Additions to intangible assets for the year ended 31 December 2022 of:

— approximately HK$47,766,000 was transferred from exploration and evaluation assets as disclosed in note 21 to the consolidated financial statements; and

— approximately HK$97,466,000 was acquired by debt arrangement as described in note 30(iii) to the consolidated financial statements.

(iii) The balance of redeemable convertible preference share amounted to HK$541,000 was not yet paid as at 31 December 2022 and was included in other payables and accruals presented in note 30 to the consolidated financial statements.

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

(d) Major non-cash transactions *(Continued)*

(iv) During the year ended 31 December 2021, the Group completed the acquisition of Double Up Group Limited and its subsidiaries and the acquisition was accounted as acquisition of assets. The following assets and liabilities were acquired/assumed through the acquisition and the consideration was satisfied by the long-term deposits of HK$20,000,000 and an outstanding consideration payable of HK$10,000,000 included in other payables and accruals presented in note 30 to the consolidated financial statements:

	HK$'000
Assets acquired:	
— Property, plant and equipment	30,003
— Right-of-use assets	83
— Bank and cash balances	1
— Deposits	9
	30,096
Liabilities assumed:	
— Lease liabilities	(96)
Total consideration	30,000

44. CONTINGENT LIABILITIES

At 31 December 2022, the Group did not have any significant contingent liabilities (2021: Nil).

45. COMMITMENTS

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

	2022 HK$'000	2021 HK$'000
Capital contribution to subsidiaries	**206,459**	157,620
Capital expenditures for exploration and evaluation assets	**—**	7,774
Capital expenditures for property, plant and equipment	**5,883**	123
Acquisition of equity investments	**16,960**	—
	229,302	165,517

46. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group regularly entered into short-term leases for motor vehicles, staff quarter and office premises. As at 31 December 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20.

47. 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.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

47. SEGMENT INFORMATION *(Continued)*

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

	Coal mining business segment HK$'000	Consulting and media service business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
Year ended 31 December 2022				
Revenue from external customers	259,362	7,203	120	266,685
Segment (loss)/profit	(27,390)	(647)	8,153	(19,884)
Interest revenue	15	—	22	37
Interest expenses	15,859	30	7,708	23,597
Depreciation and amortisation	13,520	1	4	13,525
Income tax (credit)/expense	(2,296)	3	(1,233)	(3,526)
Other material items of income and expense:				
Staff costs	12,937	2,598	9,085	24,620
Other material non-cash items:				
Impairment loss/(reversal of impairment loss) on trade and other receivables	1,572	45	(29,957)	(28,340)
Additions to segment non-current assets	134,878	—	—	134,878
As at 31 December 2022				
Segment assets	469,439	3,395	58,883	531,717
Segment liabilities	380,456	3,159	143,909	527,524

47. SEGMENT INFORMATION *(Continued)*

Information about operating segment profit or loss, assets and liabilities: *(Continued)*

	Coal mining business segment HK$'000	Consulting and media service business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
Year ended 31 December 2021				
Revenue from external customers	144,293	12,163	120	156,576
Segment loss	(42,777)	(797)	(27,709)	(71,283)
Interest revenue	13	—	—	13
Interest expenses	1,292	32	5,024	6,348
Depreciation and amortisation	13,005	75	426	13,506
Income tax expense/(credit)	3,602	—	(905)	2,697
Other material items of income and expense:				
Staff costs	11,662	4,156	9,850	25,668
Other material non-cash items:				
Impairment loss on trade and other receivables	2,096	10	1,266	3,372
Impairment loss on property, plant and equipment	7,814	—	—	7,814
Impairment loss on right-of-use assets	—	286	22	308
Reversal of impairment loss on intangible assets	(24,714)	—	—	(24,714)
Additions to segment non-current assets	38,822	367	—	39,189
As at 31 December 2021				
Segment assets	291,220	4,323	72,832	368,375
Segment liabilities	172,384	3,532	156,666	332,582

47. SEGMENT INFORMATION *(Continued)*

Reconciliations of segment assets and liabilities:

	2022 HK$'000	2021 HK$'000
Assets		
Total assets of reportable segments	531,717	368,375
Assets relating to discontinued operations	14	14
Consolidated total assets	531,731	368,389
Liabilities		
Total liabilities of reportable segments	527,524	332,582
Liabilities relating to discontinued operations	5,048	5,048
Consolidated total liabilities	532,572	337,630

Geographical information:

The Group's information about its non-current assets (excluding financial assets at FVTOCI and deferred tax assets) by location of assets are detailed below:

Non-current assets

	2022 HK$'000	2021 HK$'000
Hong Kong	5	9
Mongolia	21,686	22,250
PRC except Hong Kong	307,270	208,841
Consolidated total	328,961	231,100

47. SEGMENT INFORMATION *(Continued)*

Revenue from major customers:

	2022 HK$'000	2021 HK$'000
Coal mining business segment		
Customer a	103,144	67,137
Customer b *(note i)*	38,673	N/A

(i) Customers b did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2021.

48. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year.

(a) For the year ended 31 December 2022, interest expenses of HK$1,685,000 (2021: HK$1,200,000) was paid to a chief executive officer of the Group; and

(b) The details of the remuneration paid to the key management personnel are set out in note 15 to the consolidated financial statements.

49. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The new classification was considered to provide more appropriate presentation of the state of affairs of the Group.