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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

* *for identification purpose only*

The board (the "Board") of directors (the "Directors") of Kaisun Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Revenue	4	**298,941**	266,685
Cost of goods sold and services		**(219,637)**	(255,559)
Gross profit		**79,304**	11,126
Investment and other income	5	**24,599**	30,086
Other gains and losses	6	**(23,291)**	25,189
Exploration expenses		**—**	(3,480)
Administrative and other operating expenses		**(90,764)**	(62,734)
(Loss)/profit from operations		**(10,152)**	187
Finance costs	7	**(21,579)**	(23,597)
Loss before tax		**(31,731)**	(23,410)
Income tax credit	8	**3,750**	3,526
Loss for the year	9	**(27,981)**	(19,884)
Attributable to:			
Owners of the Company		**(31,890)**	(15,233)
Non-controlling interests		**3,909**	(4,651)
		(27,981)	(19,884)
Loss per share (cents)			
Basic	11	**(5.51)**	(2.64)
Diluted	11	**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Loss for the year		**(27,981)**	(19,884)
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")		**(900)**	(7,000)
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(2,956)**	(7,468)
Other comprehensive income for the year, net of tax		**(3,856)**	(14,468)
Total comprehensive income for the year		**(31,837)**	(34,352)
Attributable to:			
Owners of the Company		**(35,332)**	(28,632)
Non-controlling interests		**3,495**	(5,720)
		(31,837)	(34,352)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**43,012**	38,302
Right-of-use assets		**10,636**	12,093
Intangible assets		**260,845**	278,566
Financial assets at FVTOCI		—	10,400
Deferred tax assets		**8,522**	8,311
		323,015	347,672
Current assets			
Inventories		**3,783**	3,908
Financial assets at fair value through profit or loss ("FVTPL")		**14,601**	14,362
Trade and bills receivables	12	**74,157**	50,506
Deposits, prepayments and other receivables		**75,502**	81,294
Deposits in a licensed corporation		**25,182**	26,166
Bank and cash balances		**9,907**	7,823
		203,132	184,059
Current liabilities			
Trade payables	13	**11,255**	22,965
Other payables and accruals		**279,049**	248,077
Contract liabilities		**53,996**	44,117
Borrowings		—	81
Bonds payable		**46,800**	46,800
Other financial liabilities		**11,726**	14,603
Lease liabilities		**186**	734
Current tax liabilities		**2,127**	2,831
		405,139	380,208
Net current liabilities		**(202,007)**	(196,149)
Total assets less current liabilities		**121,008**	151,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Other financial liabilities		**30,337**	20,991
Other payables and accruals		**99,439**	105,367
Lease liabilities		**156**	48
Deferred tax liabilities		**22,254**	25,958
		152,186	152,364
NET LIABILITIES		**(31,178)**	(841)
Capital and reserves			
Share capital		**58,342**	57,657
Reserves		**(108,958)**	(74,625)
Equity attributable to owners of the Company		**(50,616)**	(16,968)
Non-controlling interests		**19,438**	16,127
CAPITAL DEFICIENCY		**(31,178)**	(841)

NOTES

1. GENERAL INFORMATION

Kaisun Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 1304, 13/F., Car Po Commercial Building, 18–20 Lyndhurst Terrace, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Group is principally engaged in coal mining business, consulting and media services business and corporate and investment business.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting 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).

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$27,981,000 during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$202,007,000 and HK$31,178,000 respectively.

As disclosed in 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$7,020,000 as at 31 December 2023.

These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors 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 2023 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 including the business of fire extinguishing works in Xinjiang mine, 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$7,020,000 as disclosed in 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 new and amendments to IFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. IAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

Impact on application of Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has adopted Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" for the first time in the current year. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences — e.g. leases.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition. Based on the management’s assessment, the impact on the consolidated financial statements was immaterial.

(b) Revised IFRSs in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	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 IFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (“HK Int 5 (Revised)”)	1 January 2024
Amendments to IAS 7 and IFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 — Lack of Exchangeability	1 January 2025
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 HKICPA

The directors of the Company anticipate that the application of all other amendments to IFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

Disaggregation of revenue

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Sales of goods:		
— Production and sales of coals	**79,175**	—
— Provision of supply chain management services for mineral business	**165,539**	227,991
— Mining and metallurgical machineries products	**31,765**	21,167
	276,479	249,158
Provision of services:		
— Logistics services for mineral business	**12,928**	9,432
— Trust and trustee services	**2,709**	2,426
— Event management services	**3,493**	3,469
— Operating of railway logistic platform	**2,576**	772
— Others	**756**	1,428
	298,941	266,685

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	Production and sales of coals *(note)*		Provision of supply chain management services for mineral business		Mining and metallurgical machineries products		Logistics services for mineral business		Trust and trustee services		Event management services		Operating of railway logistic platform		Others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets																		
— Hong Kong	—	—	—	—	—	—	—	—	**2,709**	2,426	**3,493**	3,469	—	—	**533**	871	**6,735**	6,766
— PRC except Hong Kong	**79,175**	—	**165,539**	227,991	**30,505**	19,608	**12,928**	9,432	—	—	—	—	—	—	—	—	**288,147**	257,031
— Vietnam	—	—	—	—	**1,260**	1,559	—	—	—	—	—	—	—	—	—	—	**1,260**	1,559
— Others	—	—	—	—	—	—	—	—	—	—	—	—	**2,576**	772	**223**	557	**2,799**	1,329
Revenue from external customers	**79,175**	—	**165,539**	227,991	**31,765**	21,167	**12,928**	9,432	**2,709**	2,426	**3,493**	3,469	**2,576**	772	**756**	1,428	**298,941**	266,685
Timing of revenue recognition																		
Products transferred at a point in time	**79,175**	—	**165,539**	227,991	**31,765**	4,441	**12,928**	9,432	**2,345**	2,062	**3,063**	515	—	—	**162**	340	**294,977**	244,781
Products and services transferred over time	—	—	—	—	—	16,726	—	—	**364**	364	**430**	2,954	**2,576**	772	**594**	1,088	**3,964**	21,904
Total	**79,175**	—	**165,539**	227,991	**31,765**	21,167	**12,928**	9,432	**2,709**	2,426	**3,493**	3,469	**2,576**	772	**756**	1,428	**298,941**	266,685

Note: During the year, the Group recognized the revenue from coal fire extinguishment works in Xinjiang, PRC with gross profit of HK$51,357,000.

5. INVESTMENT AND OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Interest income on bank deposits	**207**	37
Dividend income from equity investments	**252**	121
Government grants *(note a)*	**604**	1,372
Rental income	**465**	1,073
Service income for coal fire extinguishment works	**22,787**	23,685
Recovery income from other receivables previously written off	**—**	500
Sundry income	**284**	1,737
Waiver of value-added tax payable	**—**	1,561
	24,599	30,086

Note a: During the year, the Group received government grants of approximately HK$Nil (2022: HK$596,000) 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$604,000 (equivalent to approximately RMB546,000) (2022: HK$776,000 (equivalent to approximately RMB665,000)) respectively.

6. OTHER GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000*
Loss on disposal of financial assets at FVTPL	**—**	(224)
Fair value loss on financial assets at FVTPL	**(1,279)**	(7,474)
Fair value (loss)/gain on financial liabilities at FVTPL	**(6,469)**	5,544
Net foreign exchange gains/(loss)	**252**	(984)
(Impairment loss)/reversal of impairment loss on trade and other receivables	**(5,982)**	28,340
Impairment loss on right-of-use assets	**(286)**	—
Impairment loss on financial assets at FVTOCI	**(9,500)**	—
Loss on disposals of property, plant and equipment	**(27)**	(13)
	(23,291)	25,189

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interests on bonds payable	**5,070**	7,707
Interest expenses on lease liabilities	**45**	90
Imputed interest expenses on redeemable convertible preference shares	**—**	5
Interests on bank and other borrowings	**3,441**	1,702
Imputed interest expenses on payables for mining rights	**13,023**	14,093
	21,579	23,597

8. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
Current tax — Hong Kong		
Provision for the year	**1**	3
Over-provision in prior years	**(810)**	—
	(809)	3
Current tax — PRC		
Provision for the year	**261**	76
Under/(over)-provision in prior years	**31**	(269)
	(517)	(190)
Deferred tax	**(3,233)**	(3,336)
	(3,750)	(3,526)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, has been provided at a rate of 25% for both years.

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.

9. LOSS FOR THE YEAR

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

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration		
— Audit services	**2,900**	1,100
Cost of inventories sold of coal mining business	**205,006**	251,448
Depreciation on property, plant and equipment	**3,297**	1,636
Depreciation on right-of-use assets	**1,214**	1,200
Amortisation of intangible assets (included in administrative and other operating expenses)	**10,287**	10,689
Loss on disposal of property, plant and equipment	**27**	13
Loss on disposal of financial assets at FVTPL	**—**	224
Fair value loss on financial assets at FVTPL	**1,279**	7,474
Fair value loss/(gain) on financial liabilities at FVTPL	**6,469**	(5,544)
Impairment loss/(reversal of impairment loss) on trade and other receivables	**5,982**	(28,340)
Impairment loss on financial assets at FVTOCI	**9,500**	—
Net exchange (gain)/loss	**(252)**	984

10. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2023 and 2022.

11. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic loss per share	**(31,890)**	(15,233)

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**578,724,208**	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 2022 and 2023.

12. TRADE AND BILLS RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**118,438**	93,631
Allowance for doubtful debts	**(44,281)**	(43,235)
	74,157	50,396
Bills receivables	**—**	110
	74,157	50,506

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

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

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**44,304**	33,944
31–60 days	**9,779**	11,923
61–90 days	**2,842**	265
91–365 days	**21,704**	4,824
Over 1 year	**39,809**	42,785
	118,438	93,741

13. TRADE PAYABLES

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

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**2,309**	9,554
31–60 days	**1,494**	11,060
61–90 days	**2,159**	457
91–180 days	**4,519**	1,213
181 to 365 days	**771**	250
Over 365 days	**3**	431
	11,255	22,965

14. 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 the consolidated financial statements.

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 2023				
Revenue from external customers	**291,982**	**6,839**	**120**	**298,941**
Segment (loss)/profit	**11,598**	**(322)**	**(39,257)**	**(27,981)**
Interest revenue	**6**	**2**	**199**	**207**
Interest expenses	**16,488**	**20**	**5,071**	**21,579**
Depreciation and amortisation	**14,721**	**76**	**1**	**14,798**
Income tax (credit)/expense	**(3,540)**	**1**	**(211)**	**(3,750)**
Other material items of income and expense:				
Staff costs	**11,876**	**2,259**	**9,031**	**23,166**
Other material non-cash items:				
Impairment loss on financial assets at FVTOCI	**—**	**—**	**9,500**	**9,500**
Impairment loss/(reversal of impairment loss) on trade and other receivables	**5,958**	**31**	**(7)**	**5,982**
Additions to segment non-current assets	**8,524**	**—**	**—**	**8,524**
As at 31 December 2023				
Segment assets	**473,808**	**3,235**	**49,090**	**526,133**
Segment liabilities	**379,999**	**3,235**	**169,043**	**552,277**

	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

Reconciliations of segment assets and liabilities:

	2023 ***HK$'000***	2022 *HK$'000*
Assets		
Total assets of reportable segments	**526,133**	531,717
Assets relating to discontinued operations	**14**	14
Consolidated total assets	**527,147**	531,731
Liabilities		
Total liabilities of reportable segments	**552,277**	527,524
Liabilities relating to discontinued operations	**5,048**	5,048
Consolidated total liabilities	**557,325**	532,572

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

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**3**	5
Mongolia	**19,473**	21,686
PRC except Hong Kong	**295,017**	307,270
Consolidated total	**314,493**	328,961

Revenue from major customers:

	2023	2022
	HK$'000	*HK$'000*
Coal mining business segment		
Customer a	**N/A**	103,144
Customer b	**79,801**	38,673
Customer c	**59,937**	22,477
Customer d *(note i)*	**29,227**	N/A
Customer e *(note i)*	**29,002**	N/A

(i) Customers d and customer e did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2022.

CHAIRMAN'S STATEMENT

The global economy has undergone unusual crises and volatility over the past years and is recovering from it but not yet out of the woods. The Chinese economy was expected to recover quickly in 2023. However, challenges including declining property investment, accumulating debt risk and weak consumption growth poses downside risks to China's growth trajectory and the fog around its economic outlook has thickened.

China is poised to face a fork in the road — rely on the policies that have worked in the past, or update its policies for a new era of high-quality growth and China seems to have made its choice. Local governments are struggling with financial difficulties after three years of Covid spending and declining land sales. To contain debt risks China has instructed heavily indebted local governments to delay or halt some state-funded infrastructure projects. Those measures are essential for a smooth transition to a new era of high-quality growth. The Chinese government vowed to further improve its business environment at a State Council meeting in February and introduced a slew of supportive policies aimed at stabilizing market confidence and expectations, which also help the country endure downward pressure and a steady growth in 2024.

Looking back on 2023, we were seeing a significant improvement in a surprisingly difficult year out of everyone 's initial expectation. The Group's revenue in 2023 is approaching HK$300 million, an increase of HK$33 million from HK$267 million for 2022. The gross profit of the Group increased by HK$68 million from HK$11 million to HK$79 million.

Xinjiang Uygur Autonomous Region, where the Group's major assets — Turpan coal mine is situated, also sees robust growth in 2023 with GDP grew by 6.8 percent and took the lead in China's exports to the five Central Asian countries, with a year-on-year growth of 23.2 percent. According to official reports, Xinjiang delivered a total 60.22 million tonnes of coal out of the region via railway to other consuming areas in China in 2023, increased by a 9.5% year-on-year. Such a trend also highlighted the failure of the West's ill attempt to crack down on and contain the region's development. This trouble has been brewing for a very long time and in terms of business environment there is still vast room for improvement to the region.

Beijing reported that the Xinjiang government has repeatedly defaulted on their payments and compensation to the private enterprises. In some cases, small coal mines have failed to receive compensation after being closed in accordance with the local government requirements. The poor business environment forms a vicious cycle and as a result, local enterprises are suffering from low morale. In the daily operation of the Group's Turpan Coal Mine, it frequently undergoes inspections from all levels of the government including the autonomous region's Production Safety Committee, Joint Production Safety Inspection Team, Development and Reform Commission, Gaochang District's Natural Resources Bureau, Water Conservancy Bureau, Taxation Bureau and so forth. We are clear that supervision is essential, however the excessive inspections becomes intrusive and a far big drag on our production progress. Therefore, we sincerely hope that the local government can give us more trust and space for development. To borrow a phrase from Chongqing Rongchang District, the local government should respect entrepreneurs, investors and taxpayers; be on call and say no to frequent and unnecessary joint inspections and etc. to improve its business environment. It is hoped that the Xinjiang government could also follow these policies and give more trust to private and foreign-owned enterprises, so that the local enterprises can operate more efficiently, thereby increasing tax revenue and local jobs, reducing government's debt burden to achieve a mutual benefit outcome.

On top of all that, as a territory vast enough to neighbour multiple countries, Xinjiang's strategic importance to national security cannot be understated. The region frequently finds itself at the heart of international discourse, facing scrutiny and accusations pertaining to human rights that elevate its profile as a potential flashpoint for international tensions. This pervasive scrutiny means that our business activities in Xinjiang are subject to intense observation and must withstand the rigors of a global magnifying glass. These factors necessitate an operational approach that transcends conventional business concerns, requiring us to be acutely attuned to the socio-political dynamics and to maintain an open and collaborative dialogue with government entities. Since 2018, the Board, senior executives from Hong Kong and local staff have been facing daunting tasks to meet local requirements such as prepay tax issues and environmental issues, accusations from various parties, inquiries from shareholders, questions from the regulatory body and grievance of local employees, pushing us into an endless dilemma.

China is currently surrounded by enemies in the global geopolitical environment. The ubiquitous fake news has made honest Chinese businessmen overwhelmed, leaving the Belt and Road the only game in town and our assets in Xinjiang the most valuable ones for the Group while Xinjiang is also at the heart of China's Belt and Road development. Therefore, we had to and will continue to work at full stretch in Xinjiang, committing to navigating these complexities with subtlety and experience. In fact, many years' experience has made us one of the few companies can navigate through those problems and complexities. The Group has adhered to the Belt and Road initiative and operations in Xinjiang for more than 10 years and has gone through extremely difficult times in the past few years and now the picture is healthier. The Group will adhere to its goals and hopes to translate our hard work and persistence into cash flow in the near future.

Zooming in on Hong Kong, its recovery is also far from our expectations, Hong Kong economy grows less-than-expected 3.2% in 2023. At a time when most companies chose to tighten their belts in times of economic downturn, it will inevitably put a squeeze on our revenues and margins. The overall performance of the Group's business solutions unit located in Hong Kong exceeded earlier expectations in 2023, which is a reward to the unit's hard-won experience gained in the past 3 years.

2024 is a global election year, with elections in 50 countries. More than 2 billion voters will head to the polling stations in countries including the United States, India, Pakistan, Mexico and South Africa, so on and so forth. Changes in policy, internal and external regulations, interest rates and other areas could make 2024 a "tumultuous year," Bloomberg suggests. The backdrop of war and economic shocks heightens potential geopolitical risks. With tightened credit policies imposed in the Mainland, the high borrowing cost in Hong Kong on the back of high interest rate triggered by the US government bonds, SMEs including Kaisun is facing extremely scarce operations funding source and it is thanks to our creditors and contractors that have been supportive to our financing support to assist us to sail through this difficult period. Directors' financial support to the operations also demonstrate the determination of the Board to turn around our business deficits and I must thank all of them for that.

Looking into 2024, we project that the financial environment will remain tight through 2024 and possibly into 2025. Throughout this period, our focus is to reduce our financing cost and consolidate non-core businesses so as to turn into profitability with a target to pay dividend once again and our resolve is to maintain the financial prudence, ensuring the sustainability of our operations while we await a more favorable environment to advance our ambitions for growth.

MANAGEMENT DISCUSSION AND ANALYSIS

The uncertainty has narrowed with an end to COVID-19 as a public health emergency declared by the World Health Organization (WHO) in May 2023. Out of the ashes of all that suffering and shambles we together witnessed the great resilience of the global economy. However, there are still more downside than upside risks for the upcoming future. The IMF left its forecast for global real GDP growth in 2023 unchanged at 3.0% but cut its 2024 forecast to 2.9% from its previous forecast of 3.0% in its latest World Economic Outlook. The recent conflict in the Middle East has heightened geopolitical risks, and an escalation could weigh on global growth, while the global economy is continuing to cope with the lingering effects of the overlapping shocks of the past four years — the Ukraine war, the rise in inflation and subsequent sharp tightening of global monetary conditions.

Growth in emerging market and developing economies (EMDEs) is set to follow a much slower path than it did before the pandemic. Most notably, China's recovery was far shakier than many analysts and investors expected, laying bare China's deep structural imbalances, from weak household consumption to increasingly lower returns on investment, prompting calls for a new growth model. Our operations in Xinjiang and Shandong went through an extreme difficult time in the past few years and today's situation won't scare us off. We are still opting to maintain our foothold in the vast market, leveraging on our rich experience and network in mainland China.

As a microcosm of China, Hong Kong's post-pandemic economic recovery was short-lived and softer than expected. The city's asset and stock markets are in a difficult position and appear unlikely to improve in the near future. Financial services, trading and logistics, tourism and professional services have fuelled Hong Kong as an East-meets-West centre. Whereas, nowadays more and more Hong Kong citizens enjoy roughly similar services just a short drive away to its neighbor Shenzhen for a fraction of the price, despite governmental efforts to reinvigorate local businesses, such as the 'Night Vibes Hong Kong' campaign. It with no doubt has posed a more significant test to the city also to the SMEs like us.

Moreover, the talent exodus has shrunk Hong Kong's labour force. In a survey conducted by the Hong Kong General Chamber of Commerce, 74 per cent of participating companies said they faced a talent shortage issue. This point stood out as being more urgent than the rest for the Group. Attracting talent has always been a key to keep companies competitive. To cope with the increased workload, the Group starts to offer short-term job and summer internships as a soft but quick solution.

At a time when more companies tighten their belts and revenues from all sources are dwindling, thanks to the efforts the management of the Group made to control costs while increase gross profit. It is a tiny step but a firm one.

The IMF expects China's GDP growth to slow to 4.6% in 2024 from around 5% last year. In the face of the gloomy prospects, the Group will focus on boosting business growth and operational efficiency to strengthen our competitiveness to cope with potential headwinds. The management of the Group is confident that with our expertise, market insights and unremitting efforts, we can turn challenges into opportunities and hope to bring value back to our investors in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS

KAISUN ENERGY GROUP

Production and supply chain management of mineral resources, mining and metallurgical machinery

1. Shandong — Production of mining and metallurgical machinery

Tengzhou Kaiyuan Industrial Co., Ltd. ("Tengzhou Kaiyuan"), a joint venture of the Group's subsidiaries, specializes in mining and metallurgical machinery production. It owns 50 mining product safety mark certificates and obtained the European standard certificate in the first quarter of 2023. Its major products are overhead manned cableway devices and their accessories, as well as technical consultancy services, including equipment installation, technical support and after-sales services.

Analysis of China's Coal Equipment Demand in 2023

China Coal Market Network shows that since February 2024, the spot price of Bohai Rim 5500 Kcal thermal coal has continued rising from RMB908/ton at the beginning of the month to RMB939/ton on 22nd February. The cold wave has also led to an increase in civilian electricity load, driving up the daily consumption of power plants. Market procurement expectations are generally improving with the post-holiday resumption of production in non-electricity industries. Overall, it is a normal market phenomenon where supply decreases, social inventories continue to be consumed, and short-term tight supply drives up prices.

In recent years, there needs to be more investment in fixed assets in coal mine projects, and the mine construction cycle is long, making it difficult to form new production capacity quickly. It is expected that with the continued growth of China's economy and the rise of industries such as the digital economy, the electricity consumption of the whole society will continue to increase, and the demand for coal power will further increase, maintaining a strong demand for thermal coal.

The coal market is expected to continue to stabilize and improve. China will continue to ensure the full release of coal production capacity in 2024, and output is expected to be generally stable. The government continues to strengthen supervision of coal mine management and safety, and the Group believes that Tengzhou Kaiyuan's coal machinery and equipment business will subsequently improve.

(Source: http://www.chinapower.com.cn/xw/sdyd/20240226/236444.html)

Tengzhou Kaiyuan 2023 Summary

- Tengzhou Kaiyuan continuously updates its mining machinery and equipment, enhancing product performance and the company's competitiveness and brand influence. Several sets of overhead crew devices for coal mines have entered the Vietnamese market.

- By optimizing the management system and adjusting the management structure, the company achieved HK$31.76 million in sales revenue and approximately HK$1.56 million in profit in 2023. After the epidemic's impact in 2021 and 2022, the Company turned losses into profits.

Tengzhou Kaiyuan production workshop

2. Shandong — Supply Chain Management Services

Shandong Kailai Energy Logistics Co., Ltd. ("Shandong Kailai") is a joint venture of a subsidiary of the Company. ("Shandong Kailai") specializes on coal supply chain management, loading and unloading, warehousing, coal blending, washing and logistics business. It obtained the right from the Jinan Railway Bureau to use the dedicated railway line Yanzhou depot (Guanqiao Station). The Company has obvious location advantages since it is located at the southernmost end of the Jinan Railway Bureau and is the intersection of the Jinan Railway Bureau and Shanghai Railway Bureau. Many state-owned chemical companies are nearby, giving it a geographical advantage and no significant competitors. Shandong Kailai Logistics Centre covers an area of 110,000 square meters, including environmental protection equipment and storage centres, with an average annual loading and unloading capacity of 3 million tons.

Analysis of China's Coal Railway Transportation in 2023

The National Railway Administration and other four ministries and commissions and China Railway Group Co., Ltd. (hereinafter referred to as the "State Railway Group") jointly issued the "Implementation Plan for Promoting Low-Carbon Development of the Railway Industry" to improve the railway collection and distribution system and promote the strengthening of the existing railway network and chain repairs, accelerate the construction of a collection and distribution system for railway coal transportation channels, increase the proportion of railway transportation of coal and coke transported by large industrial and mining enterprises in Shanxi, Shaanxi, Mongolia and other main coal-producing areas, and accelerate the "road-to-rail" transportation of medium and long-distance and bulk cargo. Introduce preferential policies, optimize the railway freight pricing model, enhance the competitiveness of the railway transportation market, and encourage cargo owners, enterprises and logistics entities to choose railway transportation.

The structural changes in bulk commodity transportation represented by coal transportation are expected to benefit profoundly from the construction and development of multimodal transport models. Railway freight categories are mainly coal and other bulk commodities, and there is still room for further improvement in freight-sharing rates. In 2023, the national railway freight sharing rate (i.e., the proportion of railway cargo turnover) will be 15.1%. In addition, in the longer-term time dimension, the National Railway Administration, the National Development and Reform Commission, the Ministry of Ecology and Environment, the Ministry of Transport, and the China Railway Group jointly issued the "Implementation Plan for Promoting Low-Carbon Development in the Railway Industry" to account for 20% of railway cargo turnover by 2030. The ratio reaches more than 22%; the "Opinions on Comprehensively Promoting the Construction of a Beautiful China" issued by the Central Committee of the Communist Party of China and the State Council aims to achieve a proportion of railway freight turnover of about 25% of the total turnover by 2035.

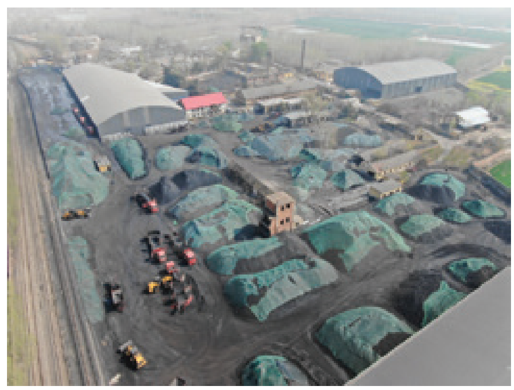
As the government vigorously promotes railway transportation, Shandong Kailai's coal supply chain business closely aligns with the national railway logistics policy. The Group believes that Kailai will have broader development space in the future.

(Source: https://stock.stockstar.com/JC2024022600006797.shtml, http://www.cb.com.cn/index/show/zj/cv/cv135248201260)

Shandong Kailai 2023 Summary

- The Company completed the outer wall project of the west cargo yard and started constructing the fourth dust-proof warehouse. The company continue to pay attention to corporate governance, environmental protection, and social responsibility and actively implements the upgrading and transformation of green carbon enterprises.

- Shandong Kailai and Xingliang Mining launched a coal trading project at the end of 2023 to sell high-quality thermal coal from Xinjiang to external parties to expand the Company's trading scope and improve operating performance. In 2023, the cumulative coal trading revenue was approximately HK$126.94 million.



Shandong Kailai Logistics Platform

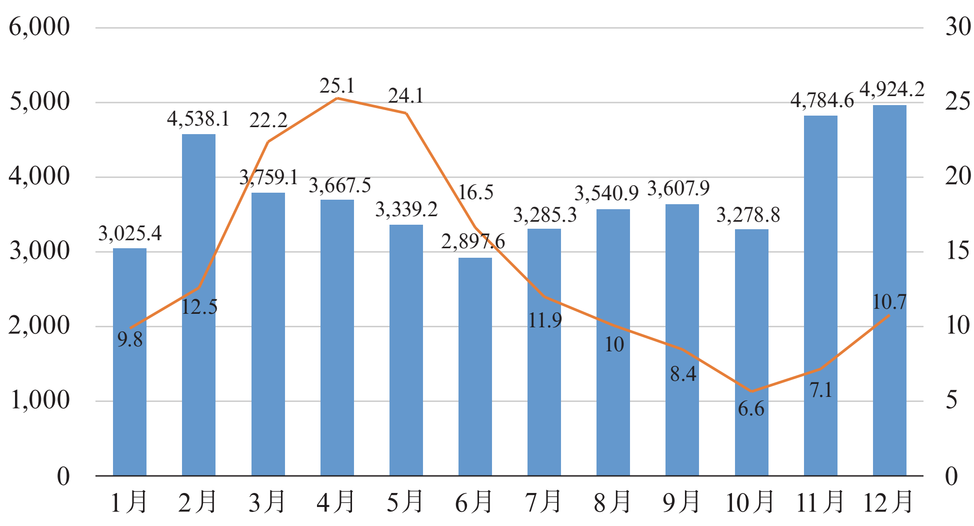
3. Xinjiang — coal mining business (a wholly owned subsidiary of Shandong Kailai)

Xinjiang Turpan Xingliang Mining Co., Ltd. ("Xingliang Mining") is a wholly-owned subsidiary of Shandong Kailai, located in Qiquanhu Town, Turpan City. The mine in the Tuha Coalfield, one of the four major coalfields in Xinjiang. Its coal types are mainly long-flame coal, which is suitable for power generation and chemical coal. In 2018, Xingliang Mining signed an integrity agreement with the Gaochang District Government, using Xingliang Mining as the integration body to consolidate the resources of nearby small-scale coal mines.

Xingliang Mining was approved for a prospecting license in August 2020 and a 1.2 million tons/year mining license in the fourth quarter of 2022. In addition, the fire area control and coal fire extinguishing project was approved in 2021, and a cooperation agreement was reached with the construction team on the fire area control project, launched in November 2023.

Analysis of Xinjiang Coal Mining Industry in 2023

In December 2023, the Xinjiang Uygur Autonomous Region generated 46.41 billion kilowatt hours of electricity, a year-on-year increase of 7.8%, and the growth rate increased by 1.9 percentage points from the previous month. The average daily power generation is 1.497 billion kilowatt hours. In December, affected by the cold wave, most areas of Xinjiang experienced a steep decline. The lowest temperature in most areas of northern Xinjiang dropped to minus 20 degrees Celsius, driving the growth of electricity demand. Among them, thermal power generation was 38.57 billion kilowatt hours, accounting for 85% of the total power generation, a year-on-year increase of 3.3%; Xinjiang's output was 49.242 million tons, with a year-on-year increase of 19%, Xinjiang's raw coal output hit a record high in December.



(source: Xinjiang Coal Trading Center)

Xinjiang has rich in coal resources, with the implementation of the country's Western Development Strategy and the "One Belt, One Road" initiative, Xinjiang's coal industry has ushered in unprecedented development opportunities. The Group believes that benefiting from the support of national macro-policies and the continued increase in demand within and outside Xinjiang, Xingliang Mine will be one of the essential sources of profits and cash flow for the Group.

Xinjiang Xingliang Mine 2023 Summary

- The Company focused on coal mine safety management, and the Xingliang Mine fire extinguishing project lasted 18 months. Fire points in the mining area must be appropriately disposed of within the specified period to ensure a smooth transition before the mine is put into operation and construction.

- Xingliang Mining launched coal sales in the fourth quarter of 2023. The coal derived from the mine fire extinguishing project would sold to customers through Xingliang Mining as the main sales body. Key customers include large state-owned thermal power plants, cement plants, and chemical plants in Xinjiang. Additionally, some coal will be transported via land-rail combined transportation to the mainland for sale. For the year, revenue amounted to HK$117.8 million.

Current status of fire extinguishing works

Coal yard

4. Mongolia — Supply Chain Management Services

Choir Logistic Service LLC, acquired by Kaisun Group, is located near the Erenhot Port in China. The location serves as a crucial transportation and logistics hub for China, Mongolia, and Russia, providing significant location advantages. The Choir platform spans an area of 35,000 square meters and has an average annual loading and unloading capacity of 1.8 million tons. The primary services offered by Choir include loading and unloading, warehousing, logistics, and customs clearance.

Analysis of Mongolia's Coal Industry in 2023

Mongolia's total coal exports in 2023 will reach 60 million tons. This is 10 million tons more than planned at the beginning of the year. Previously, Mongolia exported 36.7 million tons of coal in 2019, setting a historical record. But this year, it reached 60 million tons for the first time, setting a new historical record. Mongolia's coal reserves rank among the top 10 in the world, with existing coal geological reserves of approximately 172.3 billion tons and proven reserves of 33.2 billion tons, of which 70–80% is lignite.

Mongolia continues to seize its geographical advantages with China, and China's demand for coal continues to increase. The Mongolian government continues to improve the construction of port infrastructure and enhance each port's customs clearance and cargo handling capabilities to boost trade between Mongolia and China. The establishment of Choir Logistics Center and operations will help move towards the high-quality development stage of the entire industry chain and enhance the group's international market competitiveness.

(Source: https://www.cctd.com.cn/show-113–237985–1.html)

The Choir Project 2023 Annual Summary

- The Group authorized Sainsaikhan Consulting Services LLC to be the construction, operation and strategic contractor of the Choir Project. In 2023, the cumulative cooperation income from the project will be approximately HK$2.58 million.

Choir platform

Development goals for 2024

Shandong — Production of mining and metallurgical machinery

- In order to stabilize the profitability of the company, the Company aim to expand the product application areas, enrich product categories, and increase the customer base. At the same time, production management should be refined.

- The company focuses on strengthening accounts receivable management through increased recovery efforts, strict control of insufficient debt provision, and shortening of the capital operation cycle.

Shandong — Supply Chain Management Services

- To fulfil our environmental protection responsibilities, the Company aim to build complete No. 4 dust-proof warehouse construction, and improve pollution prevention and control work.

- The Company plan to strengthen coal sales business by cultivating a team of sales professionals, expanding our customer base, increasing our company's operating income, and improving operating cash flow.

- The company will introduce external funds, advanced technology, and management experience to upgrade our logistics base. This includes constructing base office areas, coal washing plants, container sites, dedicated railway lines, and supporting facilities.

Xinjiang — Coal Mining Business

- To ensure safety in production, it is crucial to establish and improve the safety management system. The leadership organizational structure should also be refined to ensure that all construction teams strictly follow the mining area's safety production rules and regulations.

- In addition, it is necessary to refine the processes of coal production, supply, transportation, sales, inventory, and other related areas. This can be achieved by improving various financial and human resources management systems, strengthening financial situation analysis, and enhancing the quality of financial management.

Mongolia — Supply Chain Management Services

- Deepen cooperation mechanisms and expand cooperation areas to ensure the smooth operation of projects and achieve sustainable development.

KAISUN BUSINESS SOLUTION

Event Management & Consulting Services

Official figures show that city's meetings, incentives, conferences, and exhibitions (MICE) sector has beaten industry expectations, rebounding to around 75 percent of pre-pandemic levels after the city lifted border restrictions last year. However, external headwinds, policy uncertainty and the aftermath of COVID-19 have led to patchy economic performance. Nearly all companies are reducing their expenses amid economic uncertainty. Therefore, in 2023 the team continues to face the challenges of clients' budget cuts and extended accounts receivable cycles. Although the overall business volume has increased compared to the last few years, the average contract amount has significantly decreased. Despite the continued market downturn, the team has been making steady progress by working closely with the clients. The Hong Kong District

Council elections held on 10 December have also provided a short-term boost to our business and the number of events that the team held in 2023 has reached its highest level in recent years.

Given that the overall market environment will not improve significantly in 2024, the team will be committed to expanding client base and diversifying business with a goal to increase its market share.

ESports Business

As the global economy is still limping along, private equity and venture capital investments in entertainment has slumped to its lowest level in at least six years in 2023, according to industry sources. Most notably, the e-sports industry has encountered unprecedented challenges in recent years and many e-sports companies and clubs are experiencing a negative cash flow. Our esports business has also encountered great challenges in 2023 as sponsorship revenue has dropped significantly compared with previous years. However, the team still managed to complete the established GIRLGAMER world tour under great pressure. As of the first quarter of 2024, tournaments in South Korea, South Africa, the United States and Mexico have successfully concluded. This is also the first time the GIRLGAMER moved its stage to the United States and Mexico and received well by the local market. The past few years was anything but easy to the GIRLGAMER IP. Fortunately, the IP has accumulated a group of loyal sponsors and business partners to drive its forward. The esports industry is at a crossroads going into 2024. The team will take the circumstances into careful consideration before deciding the future direction of the business.

Kaisun Trust

In 2023, the team continued efforts to expand its customer base, as a result, its revenue has increased by 12% compared with the year of 2022. Although the business has been growing steadily, the uncertainty of the financial market leads to considerable difficulties in securing new customers. Moreover, manpower shortage has weighed on its daily administration tasks. To address the issue, the team plans to recruit Administrative Assistant in 2024 to increase its administrative efficiency.

Looking into 2024, the team will continue to focus on tapping new customers in order to achieve a steady growth in the total size of assets under administration and bring stable cash flow to 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. The economies and stock markets in most places of the world have shown significant growth in 2023. Most notably, the Nasdaq Composite Index of the US stock market has reached a historical high, rising by 44.22% throughout the year. The border reopening between Hong Kong and mainland China at the beginning of the year has restored investors' confidence and should have a positive effect on the local economy and stock market. However, the four consecutive interest rate hikes by the U.S. Federal Reserve caused capital outflows and increased the risk of recession. In addition, the stock markets in mainland failed to meet expectations and has also interrupted Hong Kong stock market's growth trajectory. The Hang Seng Index fell 2,734 points throughout the year, and for the first time it has fallen for four consecutive years and the Group's shares could not immune from its effect.

1 Year HSI, FTSE 100 & Dow Jones Comparison (As of 22 Mar 2024)

As at 31 December 2023, the fair value of listed investment was HK$14,600,506. The cost of listed investment was HK$34,889,795.

In 2023, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK$1,278,585. Dividend received from listed securities was HK$252,475.

The Investment Committee believes that despite the continued sluggish performance of Hong Kong stock market, fortunately the dividend income has made up for part of the unrealized losses. However, the external environment remains challenging and uncertain. 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 2023 amounted to approximately HK$298.9 million, represented an increase of approximately 12.1% when compared with the same period in 2022 (2022: HK$266.7 million). The increase in revenue was mainly attributable to the recognition of revenue generated from production and sales of coal, which was a new revenue source for 2023, offset by the decrease in revenue generated from provision of supply chain management services for mineral business.

The Group's gross profit for the year ended 31 December 2023 increased approximately 614.4% to approximately HK$79.3 million when compared with the same period in 2022 (2022: HK$11.1 million) which was in line with the increase in revenue during 2023. The gross profit margin of the Group increased from approximately 4% to approximately 27% as the gross profit margin of production and sales of coals generated a relatively high margin when compared with other revenue sources of the Group.

Administrative and other operating expenses were approximately HK$90.8 million (2022: HK$62.7 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, in particular the expenses in relation to the newly recognized production and sales of coal income.

Finance costs remained relatively stable for the year ended 31 December 2023, amounted to approximately HK$21.6 million (2022: approximately HK$23.6 million).

Combining the effects of the above, the Group recorded a loss for the year of approximately HK$28.0 million (2022: HK$19.9 million) and the total comprehensive loss attributable to owners of the Company for the year 2023 amounted to approximately HK$35.3 million (2022: HK$28.6 million).

As at 31 December 2023, the Group held financial assets at FVTPL of approximately HK$14.6 million, wholly comprised of listed investment in securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market in 2023, the fair value loss on financial assets at FVTPL was approximately HK$1.3 million for the year ended 2023 (2022: fair value loss HK$7.5 million). The details of financial assets at FVTPL are set out as follow:

Company Name	Number of shares held as at 31 December 2023	% of share-holding as at 31 December 2023	Unrealized gain/ (loss) on fair value change for the year ended 31 December 2023	Fair value as at 31 December 2023	Fair value as at 31 December 2022	% of the Group's total assets as at 31 December 2023	Investment cost	Reasons for fair value loss
			HK$	***HK$***	*HK$*		*HK$*	
Hong Kong Listed Securities								
Baidu, Inc. (9888) *(Note 1)*	1,100	0.00004%	4,840	127,710	122,870	0.02%	182,700	—
Bilibili Inc. (9626) *(Note 2)*	660	0.0002%	(61,512)	61,776	123,288	0.01%	391,610	Drop in share price
ENN Energy Holdings Limited (2688) *(Note 3)*	10,000	0.0009%	(521,000)	575,000	1,096,000	0.11%	971,495	Drop in share price
Hong Kong Exchanges and Clearing Limited (0388) *(Note 4)*	5,000	0.0004%	(346,000)	1,340,000	1,686,000	0.25%	1,799,000	Drop in share price
HSBC Holdings plc (0005) *(Note 5)*	30,000	0.0002%	433,500	1,890,000	1,456,500	0.36%	1,468,500	—
JD.com Inc. (9618) *(Note 6)*	166	0.00001%	(17,878)	18,675	36,553	0.004%	—	Drop in share price
MEITUAN (3690) *(Note 7)*	350	0.00001%	28,665	28,665	—	0.01%	—	—
MTR Corporation (0066) *(Note 8)*	50,000	0.00080%	(2,500)	1,515,000	—	0.29%	1,517,500	Drop in share price
Tencent Holdings Limited (0700) *(Note 9)*	3,500	0.00004%	(141,400)	1,027,600	1,169,000	0.20%	1,994,750	Drop in share price
Tracker Fund of Hong Kong (2800) *(Note10)*	80,000	0.0011%	(218,400)	1,375,200	1,593,600	0.26%	1,620,800	Drop in share price
Wealthking Investments Limited (1140) *(Note 11)*	17,476,000	0.1661%	(436,900)	6,640,880	7,077,780	1.26%	24,943,440	Drop in share price
Total			(1,278,585)	14,600,506	14,361,591	2.77%	34,889,795	

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. Meituan (HKEx: 3690) — Meituan provides platform which uses technology to connect consumers and merchants and offer diversified daily services, including food delivery, in-store, hotel and travel booking and other services.

8. MTR Corporation Limited (HKEx: 0066) — MTR Corporation Limited's businesses consist of (i) recurrent businesses (comprising Hong Kong transport operations, Hong Kong station commercial businesses, Hong Kong property rental and management businesses, and other businesses (collectively referred to as "recurrent businesses in Hong Kong"), and Mainland China and international railway, property rental and management businesses (referred as "recurrent businesses outside of Hong Kong"), and both excluding fair value measurement of investment properties) and (ii) property development businesses (together with recurrent businesses referred to as "underlying businesses").

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

10. Tracker Fund of Hong Kong (HKEx: 2800) — Tracker Fund of Hong Kong is a unit trust which is governed by its Trust Deed dated 23rd October 1999, as amended, supplemented or restated from time to time. The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance.

11. Wealthking Investments Limited (HKEx: 1140) — The principal investment objective is to achieve earnings for 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group has bank and cash balances of approximately HK$9.9 million (2022: HK$7.8 million).

The net current liabilities of the Group as at 31 December 2023 amounted to approximately HK$202 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 2023 (2022: 0.09).

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 2023, 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 2023 are set out in note 8.

HUMAN RESOURCES

As at 31 December 2023, the Group had 115 (2022: 108) 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 2023, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

The total staff costs, including Directors' emoluments, amounted to approximately HK$23.2 million (2022: HK$24.6 million) for the year 2023.

SEGMENT REPORT

The detailed segmental analysis are provided in note 14.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2023.

LITIGATION

As at 31 December 2023, the Group had no significant pending litigation.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Saved as disclosed in this announcement, 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 2023 and up to the date of this announcement.

CAPITAL STRUCTURE

As at 31 December 2023, the Company has 583,415,844 shares of HK$0.1 each in issue (2022: 576,566,055 share of HK$0.1 each).

During the year ended 31 December 2023, 6,849,789 shares were issued to the Group's legal adviser under general mandate as remuneration shares. For details, please refer to the announcements of the Company dated 7 June 2023 and 8 September 2023.

CHARGES ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 31 December 2023.

FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for the year ended 31 December 2023 (2022: Nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Company has complied with the Code Provisions of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2023 except the following deviation.

Pursuant to Rule 17.104 of the GEM Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. The Company has still a single gender board which does not meet the requirement under Rule 17.104 of the GEM Listing Rules. The Board will identify and appoint a suitable female candidate as director of the Company as soon as practicable and not later than 31 December 2024 in order to ensure compliance by the Company with the requirement under Rule 17.104 of the GEM Listing Rules. Further announcement will be made by the Company as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased or sold any of its listed securities.

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 2023. 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.

AUDIT COMMITTEE

The Audit Committee consists of the three independent non-executive Directors, namely Mr. Liew Swee Yean (Chairman of the Audit Committee), Dr. Wong Yun Kuen and Mr. Wu Zheng. The Audit Committee has reviewed with the auditor and management the accounting principles and practices adopted by the Company and discussed auditing, financial reporting, internal control and risk management systems, and has reviewed the audited annual financial results for the year ended 31 December 2023.

REVIEW OF ANNUAL RESULTS ANNOUNCEMENT

The figures contained in this annual results announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, the Hong Kong Standards on Review Engagements, or the Hong Kong

Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by RSM Hong Kong on this annual results announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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$7,020,000 as at 31 December 2023 and incurred a loss of approximately HK$27,981,000 during the year ended 31 December 2023 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$202,007,000 and HK$31,178,000 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.

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$7,020,000 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 2023.

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 2023, 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 2023. 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 2022 and 2023 and the relevant disclosures in the consolidated financial statements in respect of the discontinued operations.

(b) Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2022 issued on 31 March 2023 (the "2022 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 2022 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 2022 and the financial position of the Group as at 31 December 2022 and the related disclosures in the 2022 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 2023 as detailed in paragraph (a) above.

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

The management of the Company has 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 2023. The absence of the relevant financial information was caused by the COVID-19 pandemic as well as political instability 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 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 2023 prepared by the management of the Company; and after taking into consideration the following:

(i) having regard to the growth of business as reflected by the increased revenue and service income for coal fire extinguishment works of the Group, 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$7,020,000.

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 2024 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 memo from its legal advisor with an aim to resolve the audit issue. The auditor of the Group basically agreed that the content of the draft legal memo can be used to resolve the audit issue. Nevertheless, the draft legal memo involved legal issues on BVI, and therefore the Group also needs to obtain a BVI legal opinion in order to fully resolve the audit issue. The Company is currently in the course of sourcing BVI legal advisors to issue the abovementioned BVI legal opinion.

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 QUALIFICATION

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 in the process of drafting the relevant disclosure on the abovementioned errors, and it is expected that the relevant disclosure will be made in the annual report of the Company.

ANNUAL GENERAL MEETING

The date of the annual general meeting of the Company (the "AGM") will be announced in due course. Shareholders of the Company should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

PUBLICATION OF ANNUAL RESULTS AND 2023 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.kaisun.hk). The annual report of the Company, containing information required by the GEM Listing Rules, will be despatched to shareholders of the Company who wish to receive a printed copy of the corporate communication and will also be published on the above websites in due course in compliance with the requirements under the GEM Listing Rules.

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

Hong Kong, 28 March 2024

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 will remain on the "Latest Listed Company Information" page on the HKEXnews website at www.hkexnews.hk for at least 7 days from the date of its posting and on the website of the Company at www.kaisun.hk.