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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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.

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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.

* *for identification purpose only*

RESULT

The board of Directors (the "Board") is pleased to announce the unaudited results of the Group for the year ended 31 December 2021 together with the audited comparative figures for the year ended 31 December 2020 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Note	**Unaudited 2021** ***HK$'000***	Audited 2020 *HK$'000*
Revenue	5	**156,576**	35,958
Cost of goods sold		**(146,715)**	(22,585)
Gross profit		**9,861**	13,373
Gain on disposal of financial assets at fair value through profit or loss (FVTPL)		**3,590**	1,000
Fair value loss on financial assets at FVTPL		**(5,485)**	(18,139)
Fair value gain on financial liabilities at FVTPL		**—**	6,347
Impairment loss on trade and other receivables		**—**	(4,762)
Impairment loss on investment in associates		**—**	(1,959)
Impairment loss on goodwill		**—**	(1,118)
(Trade and other receivables written off)/recovering income from trade and other receivables written off		**(267)**	161
Exploration expenses		**(12,189)**	—
Other gains and losses		**1,579**	563
Administrative and other operating expenses		**(66,186)**	(60,229)
Loss from operations		**(69,097)**	(64,763)
Finance costs		**(6,331)**	(4,942)
Loss before tax		**(75,428)**	(69,705)
Income tax credit	6	**3,482**	5,438
Loss for the year		**(71,946)**	(64,267)
Attributable to:			
Loss attributable to the owners of the Company		**(63,695)**	(60,295)
Loss attributable to non-controlling interest		**(8,251)**	(3,972)
		(71,946)	(64,267)
Loss per share (cents)			
Basic	9	**(11.05)**	(10.46)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
Loss for the year	**(71,946)**	(64,267)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income (FVTOCI)	**—**	—
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**4,330**	4,900
Other comprehensive income for the year, net of tax	**4,330**	4,900
Total comprehensive income for the year	**(67,616)**	(59,367)
Attributable to:		
Loss attributable to owners of the Company	**(60,293)**	(50,288)
Loss attributable to non-controlling interests	**(7,323)**	(9,079)
	(67,616)	(59,367)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2021

	Note	Unaudited 2021 HK$'000	Audited 2020 HK$'000
Non-current assets			
Property, plant and equipment		**41,475**	12,650
Right-of-use assets		**15,434**	15,490
Goodwill		**—**	—
Intangible assets	10	**102,891**	110,369
Exploration and evaluation assets	11	**53,906**	56,029
Investment in associates		**—**	—
Financial assets at FVTOCI		**19,100**	19,100
Long-term deposits		**—**	20,000
Deferred tax assets		**7,079**	6,173
		239,885	239,811
Current assets			
Inventories		**8,416**	6,996
Financial assets at FVTPL		**19,205**	36,293
Trade and bills receivables	12	**20,213**	27,284
Deposits, prepayments and other receivables		**37,314**	19,075
Bank and cash balances		**37,511**	24,331
		122,659	113,979
Current liabilities			
Trade payables	13	**4,150**	5,312
Other payables and accruals		**206,609**	130,423
Bond payables		**50,000**	50,000
Other financial liabilities		**14,713**	14,713
Lease liabilities		**1,474**	1,231
Redeemable convertible preference shares		**541**	525
Current tax liabilities		**9,482**	4,132
		286,969	206,336
Net current liabilities		**(164,310)**	(92,357)
Total assets less current liabilities		**75,575**	147,454

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2021

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
Non-current liabilities		
Other financial liabilities	**21,951**	21,951
Lease liabilities	**—**	1,390
Deferred tax liabilities	**24,092**	26,013
	46,043	49,354
NET ASSETS	**29,532**	98,100
Capital and reserves		
Share capital	**57,657**	57,657
Reserves	**(43,841)**	17,494
Equity attributable to owners of the Company	**13,816**	75,151
Non-controlling interests	**15,716**	22,949
TOTAL EQUITY	**29,532**	98,100

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 International Financial Report Standards ("IFRSs") issued by the International Accounting Standards Board. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The 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 International Accounting Standards Board 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.

The Group incurred a loss of approximately HK$71,946,000 during the year ended 31 December 2021 and, as of that date, the Group had net current liabilities of approximately HK$164,310,000. These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors has given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet it financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

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

(ii) if necessary, the Group will liaise with its creditors on the maturity dates and repayment schedule of debts so that the Group will be able to continue to operate as a going concern; and

(iii) if necessary, the Company will consider conducting fund raising activities.

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

The Directors believe that, taking into account the above factors, the Group will have sufficient working capital to satisfy its present requirements for at least next 12 months from the end of reporting period.

Should the Group be unable to continue to operate 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 to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standard Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest rate Benchmark Reform — Phrase 2
Amendment to IFRS 16	COVID-19-Related Rent Concessions

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform — Phrase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform").

The amendments do not have an impact on these financial statements as the group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to IFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19 Related Rent Concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. The application of the amendment does not have any impact on these financial statements.

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 and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to IFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to IFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018 — 2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS I Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

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

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair value, at the end of each reporting period.

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.

5. REVENUE

Disaggregation of revenue

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

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'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	**123,540**	4,813
— Mining and metallurgical machineries products	**13,685**	20,065
Provision of services:		
— Logistics services for mineral business	**7,068**	5,597
— Organising eSports event	**621**	421
— Corporate services business	**1,267**	1,792
— Media services	**65**	462
— Trust and trustee services	**2,865**	2,288
— Event management services	**7,465**	520
	156,576	35,958

5. 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 service business		Media services		Trust and trustee services		Event management income		Total	
	Unaudited 2021 HK$'000	Audited 2020 HK$'000	**Unaudited 2021 HK$'000**	Audited 2020 HK$'000	**Unaudited 2021 HK$'000**	Audited 2020 HK$'000	**Unaudited 2021 HK$'000**	Audited 2020 HK$'000	**Unaudited 2021 HK$'000**	Audited 2020 HK$'000	**Unaudited 2021 HK$'000**	Audited 2020 HK$'000	**Unaudited 2021 HK$'000**	Audited 2020 HK$'000	**Unaudited 2021 HK$'000**	Audited 2020 HK$'000	**Unaudited 2021 HK$'000**	Audited 2020 HK$'000
Primary geographical markets																		
— Hong Kong	**—**	—	**—**	—	**—**	—	**—**	—	**1,267**	1,792	**65**	462	**2,865**	2,288	**7,465**	520	**11,662**	5,062
— PRC except Hong Kong	**123,540**	4,813	**13,685**	20,065	**7,068**	5,597	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**144,293**	30,475
— Dubai	**—**	—	**—**	—	**—**	—	**621**	421	**—**	—	**—**	—	**—**	—	**—**	—	**621**	421
Revenue from external customer	**123,540**	4,813	**13,685**	20,065	**7,068**	5,597	**621**	421	**1,267**	1,792	**65**	462	**2,865**	2,288	**7,465**	520	**156,576**	35,958
Timing of revenue recognition																		
Products transferred at a point in time	**123,540**	4,813	**13,685**	20,065	**7,068**	5,597	**—**	—	**—**	311	**—**	271	**2,403**	2,218	**—**	—	**146,696**	33,275
Products and services transferred over time	**—**	—	**—**	—	**—**	—	**621**	421	**1,267**	1,481	**65**	191	**462**	70	**7,465**	520	**9,880**	2,683
Total	**123,540**	4,813	**13,685**	20,065	**7,068**	5,597	**621**	421	**1,267**	1,792	**65**	462	**2,865**	2,288	**7,465**	520	**156,576**	35,958

6. INCOME TAX CREDIT

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
Current tax — Hong Kong		
Provision for the year	**—**	—
Over-provision for prior years	**—**	—
Current tax — Overseas		
Provision for the year	**(158)**	—
Under-provision for prior years	**—**	(102)
	(158)	(102)
Deferred tax	**3,640**	5,540
	3,482	5,438

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

PRC enterprise income tax has been provided at a rate of 25%.

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.

7. LOSS FOR THE YEAR

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

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
Auditor's remuneration	**2,800**	2,800
Cost of inventories sold of coal mining business	**135,330**	16,257
Depreciation on property, plant and equipment	**668**	1,000
Depreciation on right-of use assets	**1,649**	1,849
Amortisation of intangible assets (included in administrative and other operating expenses)	**10,936**	10,190
Trade and other receivables written off/(recovery income from trade and other receivables written off)	**267**	(161)
Loss on disposal of property, plant and equipment	**—**	26
Gain on disposal of financial assets at FVTPL	**(3,590)**	(1,000)
Fair value loss on financial assets at FVTPL	**5,485**	18,139
Fair value gain on financial liabilities at FVTPL	**—**	(6,347)
Impairment loss on trade and other receivables	**—**	4,762
Impairment loss on investment in associates	**—**	1,959
Exploration expenses	**12,189**	—
Impairment loss on goodwill	**—**	1,118
Net exchange loss	**1**	14

8. DIVIDEND

No dividend for the year ended 31 December 2021 (for the year ended 31 December 2020: Nil) has been declared by the Company.

9. LOSS PER SHARE

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

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
Loss for the purpose of calculating basic loss per share	**(63,695)**	(60,295)

9. LOSS PER SHARE (continued)

	Unaudited 2021	Audited 2020
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**576,566,055**	576,566,055

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

	Unaudited 2021 ***HK$'000***	Audited 2020 *HK$'000*
Loss for the purpose of calculating basic earnings per share	**(63,695)**	(60,295)

The weighted average numbers of ordinary shares used as denominators in calculating the basic earnings per share are the same.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the year ended 31 December 2020 and 2021.

10. INTANGIBLE ASSETS

	Mining rights *HK$'000*
Cost	
At 1 January 2020	166,365
Exchange differences	10,265
At 31 December 2020 and 1 January 2021 (audited)	176,630
Exchange differences	5,839
At 31 December 2021 (unaudited)	182,469
Accumulated amortisation and impairment losses	
At 1 January 2020	52,266
Amortisation for the year	10,190
Exchange differences	3,805
At 31 December 2020 and 1 January 2021 (audited)	66,261
Amortisation for the year	10,936
Exchange differences	2,381
At 31 December 2021 (unaudited)	79,578
Carrying amount	
At 31 December 2021 (unaudited)	102,891
At 31 December 2020 (audited)	110,369

Mining rights

At 31 December 2021, the Group's mining rights represent the rights for production and exploitation of a coal mine in Xinjiang, PRC. The major content of the coal mine is thermal coal. The mining rights are stated at cost less accumulated amortisation and impairment losses over the term of the mining rights.

11. EXPLORATION AND EVALUATION ASSETS

	Exploration and evaluation assets
	HK$'000
Cost	
At 1 January 2020	—
Transferred from construction in progress	9,759
Additions	43,251
Exchange differences	3,019
At 31 December 2020 and 1 January 2021 (audited)	56,029
Additions	8,281
Written off	(12,189)
Exchange differences	1,785
At 31 December 2021 (unaudited)	53,906
Accumulated amortisation and impairment losses	
At 1 January 2020	—
Amortisation for the year	—
Exchange differences	—
At 31 December 2020 and 1 January 2021 (audited)	—
Amortisation for the year	—
Exchange differences	—
At 31 December 2021 (unaudited)	—
Carrying amount	
At 31 December 2021 (unaudited)	53,906
At 31 December 2020 (audited)	56,029

Exploration and evaluation assets

Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

During the year, 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.

12. TRADE AND BILLS RECEIVABLES

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
Trade receivables	**66,329**	72,953
Allowance for doubtful debts	**(47,014)**	(46,310)
	19,315	26,643
Bills receivables	**898**	641
	20,213	27,284

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:

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
0–30 days	**2,680**	16,376
31–60 days	**1,944**	2,718
61–90 days	**5,100**	2,794
91 days–1 year	**12,003**	7,578
Over 1 year	**45,500**	44,128
	67,227	73,594

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

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
HK$	**1,795**	323
RMB	**18,418**	26,961
	20,213	27,284

13. TRADE PAYABLES

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

	Unaudited	Audited
	2021	2020
	HK$'000	*HK$'000*
0–30 days	**805**	3,027
31–60 days	**—**	1,180
61–90 days	**—**	135
91–180 days	**2,916**	442
Over 365 days	**429**	528
	4,150	5,312

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

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 segments reporting structure of the Group to align with the internal financial information reported to the chief operating decision maker for making strategic decisions about resources allocation. The Group's reportable segments were as follows:

— coal mining business segment;

— consulting and media service business segment; and

— corporate and investments 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.

14. 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 2021 (unaudited)				
Revenue from external customers	**144,293**	**12,099**	**184**	**156,576**
Segment loss	**(50,084)**	**(519)**	**(21,344)**	**(71,947)**
Interest revenue	**13**	**—**	**—**	**13**
Interest expenses	**1,292**	**15**	**5,023**	**6,330**
Depreciation and amortisation	**12,827**	**—**	**426**	**13,253**
Income tax credit	**2,576**	**—**	**905**	**3,482**
Other material items of income and expense:				
Staff costs	**11,670**	**4,156**	**9,850**	**25,676**
Other material non-cash items:				
Impairment loss on trade and other receivables	**—**	**—**	**—**	**—**
Impairment loss on goodwill	**—**	**—**	**—**	**—**
Impairment loss on investment in associates	**—**	**—**	**—**	**—**
Additions to segment non-current assets	**37,619**	**5**	**—**	**37,624**
As at 31 December 2021				
Segment assets	**282,399**	**4,334**	**75,797**	**362,530**
Segment liabilities	**173,135**	**3,239**	**151,590**	**327,964**
Investment in associates	**—**	**—**	**—**	**—**

	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 2020 (audited)				
Revenue from external customers	30,475	5,046	437	35,958
Segment loss	(27,039)	(3,404)	(33,824)	(64,267)
Interest revenue	145	—	—	145
Interest expenses	119	15	4,808	4,942
Depreciation and amortisation	12,328	—	711	13,039
Income tax credit	2,445	—	2,993	5,438
Other material items of income and expense:				
Staff costs	9,240	3,730	10,844	23,814
Other material non-cash items:				
Impairment loss on/(reversal of impairment loss on) trade and other receivables	3,962	(7)	807	4,762
Impairment loss on goodwill	—	1,118	—	1,118
Impairment loss on investment in associates	—	—	1,959	1,959
Additions to segment non-current assets	43,300	—	—	43,300
As at 31 December 2020				
Segment assets	271,473	3,686	78,617	353,776
Segment liabilities	113,783	2,162	134,697	250,642
Investment in associates	—	—	—	—

14. SEGMENT INFORMATION (continued)

Reconciliations of segment assets and liabilities:

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
Assets		
Total assets of reportable segments	**362,530**	353,776
Assets relating to discontinuing operations	**14**	14
Consolidated total assets	**362,544**	353,790
Liabilities		
Total liabilities of reportable segments	**327,964**	250,642
Liabilities relating to discontinued operations	**5,048**	5,048
Consolidated total liabilities	**333,012**	255,690

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

	Unaudited 2021 *HK$'000*	Audited 2020 *HK$'000*
Hong Kong	**30,009**	20,511
PRC except Hong Kong	**183,697**	194,027
Consolidated total	**213,706**	214,538

14. SEGMENT INFORMATION (continued)

Revenue from major customers:

	Unaudited	Audited
	2021	2020
	HK$'000	*HK$'000*
Coal mining business segment		
Customer a *(note i)*	**N/A**	5,778
Customer b *(note i)*	**N/A**	3,938
Customer c *(note i)*	**N/A**	3,686
Customer d *(note ii)*	**67,137**	N/A

(i) Customer a, b and c did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2021.

(ii) Customers d did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2021

In mid-2021, an energy shortage across a number of provinces saw homes and businesses hit by power cuts. Since the third quarter, government departments and coal enterprises in the various parts of Mainland have introduced measures to support coal production and price stability, which helped increase coal production and market supply in China, with the highest daily coal production reaching 11.93 million tonnes, a record high in recent years. In addition, electric coal supply and coal stocks in power plants continued to increase, with railway loading of electric coal remained at a record high of over 60,000 cars and more than 35% year-on-year increase since November. The average daily supply of coal to power plants since November reached 7.74 million tonnes, with stocks increasing by an average of 1.6 million tonnes per day.

The Group believes that with the release of coal mine nuclear production, the gradual commissioning of construction coal mines and the resumption of production of temporary coal mines, the domestic demand for mining machineries and equipment is expected to increase, which will drive Tengzhou Kaiyuan's business growth.

(Data from: http://www.gov.cn/xinwen/2021–11/10/content_5649999.htm)

Tengzhou Kaiyuan Highlights for the year

- Tengzhou Kaiyuan strives to improve the slow collection of accounts receivable. A task force was set up in the 2nd quarter and it began working on adjusting accounts receivable collection period, reducing turnover period and enhancing the efficiency of capital in the 3rd quarter.

- Tengzhou Kaiyuan has restructured its internal management in the 2nd quarter and formed a new management team in order to improve operation efficiency. The management team has been led by a new chairman and general manager since the 3rd quarter, who successfully revamped the organizational structure and changed the inventory and financial processes to improve the management quality and efficiency.

- Tengzhou Kaiyuan successfully achieved its year-end targets by increasing sales and monthly accounts receivable recoveries, reducing production costs and the time required for inventory movement. Despite improvements in operations, inventory management and financial management, Tengzhou Kaiyuan recorded a loss in 2021, with an accumulated sales revenue of approximately HK$13.85 million for the year, due to COVID-19, the impact of the winter coal shortages and power cut, as well as previous internal management changes.

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 110,000m^2, with an annual loading capacity of 3 million tons.

Analysis on China's coal rail transportation in 2021

In 2021, the supply and demand for coal in the Mainland continued to be tight, with energy prices rising sharply that caused power cuts and restrictions in some areas. The onslaught of cold weather, coupled with severe flooding in Shanxi, a major coal production province, led to unstable coal supply in the Mainland.

In order to protect the economy and people's livelihood, the mainland authorities have placed more emphasis on the coal transportation for power and heat generation, and coal-fired power companies have stepped up efforts to reserve coal to ensure the return of normal coal supply. According to China Railway Group, after unremitting efforts since the launch of operation to ensure steady coal supply in October 2021, the average number of days of coal storage in direct power supply plant has increased from 7 days to 12 days, 15 days and then more than 18 days, which help relieved the urgent need for coal from coal-fired power plants. At the same time, China Railway Group organized point-to-point supply and transportation for 18 power plants in Shandong and Jiangsu with relatively low days of coal availability.

The Group believes that the central government has found solutions to increase coal supply and improve its supporting facilities following the power restriction crisis, including introducing targeted coal transportation measures that cater to the needs of different provinces, which would bring a positive impact to Shandong Kailai's coal supply chain business.

(Data from: https://www.china5e.com/news/news-1128273–1.html)

Shandong Kailai for the year

- Shandong Kailai's fully-enclosed and environmentally friendly storage centre located at the eastern platform commenced operations in the 1st and 2nd quarter, which helps suppress dust pollution, promote the concept of sustainable development, meet EIA standards and fulfil corporate social responsibility.

- Shandong Kailai planned to increase its business scale in the 2nd quarter by adding new business partners, including coal suppliers and power stations, and held discussions with the partners in the 3rd quarter with a view to increasing trading volume and expanding the coal supply management market.

- In order to achieve higher environmental standards, Shandong Kailai placed emphasis on improving the station facilities in the 4th quarter, including building more sheds, updating the feasibility study reports and temporarily suspending operations for the quarter to allow for the expansion of the station. Shandong Kailai also capitalised on its prime location and partnered with a local company in the 4th quarter to establish a subsidiary to help quickly penetrate the local market, promote local sales and expand the sales network.

- Since Shandong Kailai's partners are mainly state-owned enterprises, the collection of accounts receivable remains stable. Tengzhou Kailai recorded a cumulative sales revenue of approximately HK$130.61 million for the year 2021.


Shandong Kailai's fully-enclosed environmentally friendly storage centre


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 within this year, and a cooperation agreement has been reached with the subcontractor for the project, which helped kickstarted the project in the 3rd quarter of 2021.

Analysis of Xinjiang's coal industry in 2021

As China's coal supply security policies continue to take effect, coal output continues to increase. Xinjiang produced 319.92 million tonnes of coal in 2021, up 18.3% year-on-year; raw coal sales increased by 14.6%, and coal stocks in year-end were essentially unchanged with 0.2% increase, latest data from Xinjiang Bureau of Statistics shows.

In addition, according to the State Grid Xinjiang Electric Power Co Ltd., Xinjiang transmitted a record 122 billion kilowatt-hours of locally generated electricity to other parts of China in 2021, up over 16% year-on-year. Since the launch of the power transmission project in 2010, the annual transmission volume has risen 40 times from 3 billion kWh in 2010 to over 122 billion kWh in 2021, showcasing the rapid development of Xnijiang's coal and power industry.

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

(Data from: http://www.news.cn/local/2022–01/10/c_1128248894.htm)

Xingliang Mine for the year

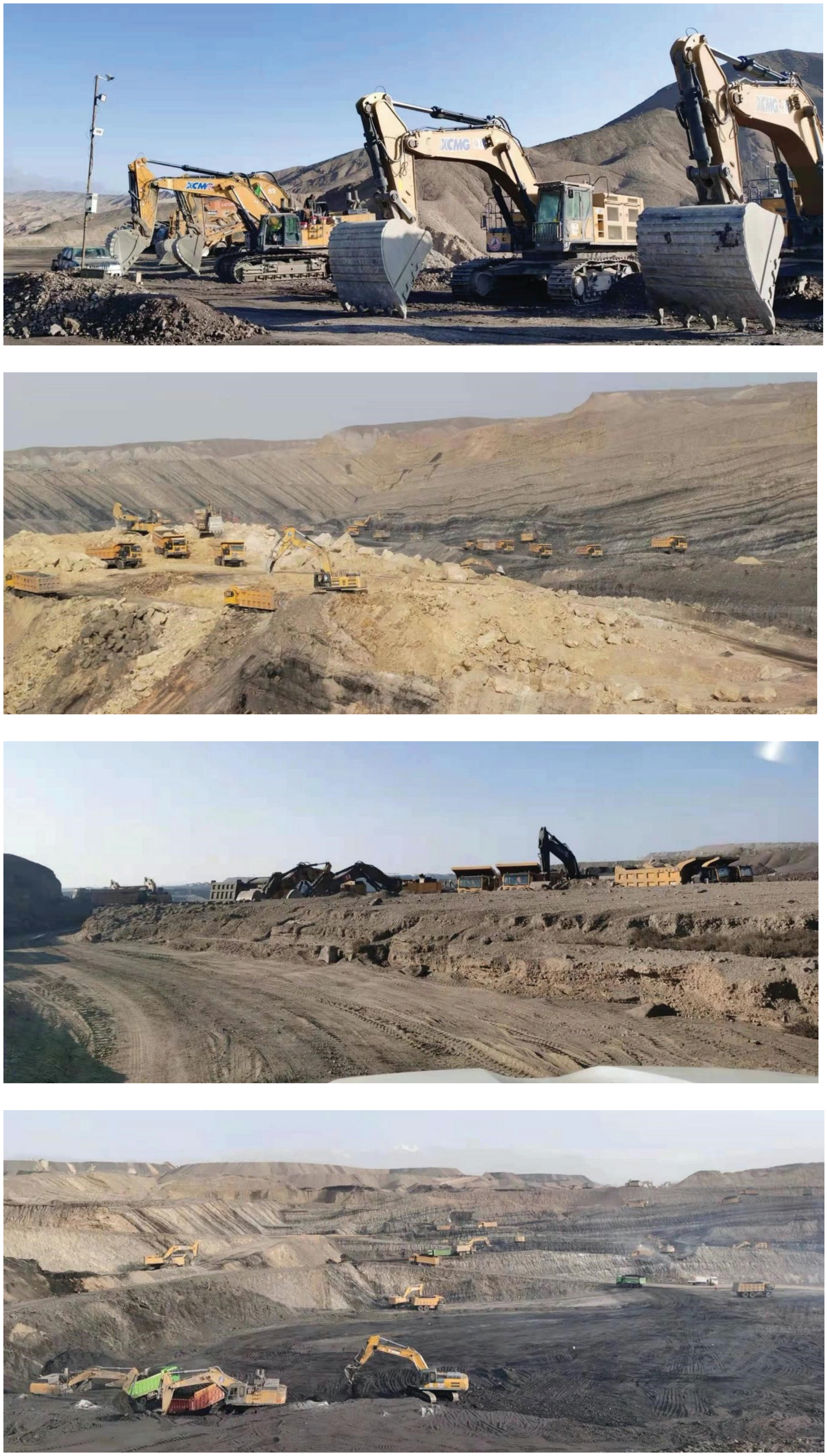
- To prepare for the coal fire extinguishment project, the construction team of Xingliang Mine started preliminary infrastructure works in the 1st and 2nd quarter, including leveling the road of the coal yard and building new staff quarters, with the view to increasing the size of the administrative zone of the mine. In addition, the construction team was on standby at the mine, with various types of construction equipment ready, while implementing strict safety standards to reduce safety risks.

- After final review, Xingliang Mine received approval from the Turpan Gaochang District Government in the 3rd quarter for the coal fire extinguishment project on 1 September 2021 and completed the tendering process for the coal fire extinguishment works on 2 September 2021. The tender for Xingliang Mine's coal fire extinguishment project was awarded to Exploration Team 156 of the Xinjiang Coalfield and Geological Bureau. The works will be carried out in the form of stripping and levelling and are expected to generate coal from the process.

- Xingliang Mine had its electricity and water fully connected in the 4th quarter throughout the whole mining area, which helped facilitate the work of the construction team. The construction team has also started the coal fire extinguishment works, including excavation and separation works to differentiate coal among other materials.

- Xingliang Mine has been preparing the applications for the mining license of 1.2 million tons, and expects to obtain approval by mid-2022.

Construction team and its equipments



Excavation and separation works by the construction team

iv. Mongolia — Supply Chain Management Business

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

Analysis of Mongolia's mining industry amid COVID-19 pandemic in 2021

In 2021, the spread of COVID-19 and the subsequent closure of borders between China and Mongolia heavily disrupted the coal supply of Mongolia. Mongolia's coal production in December 2021 slumped 59.57% year-on-year but rose 3.36% compared to that of last month. However, from January to December, the coal production of Mongolia dropped 29.6% year-on-year to 30.12 million tonnes in 2021, data from the National Statistical Office of Mongolia showed.

Despite recurring COVID-19 in Mongolia and slowdown in coal exports, the Group remains full faith in the medium to long-term potential of Mongolia's coal industry. The power crisis in China highlighted its reliance on coal imports, and with the trade tensions between China and Australia, together with the uncertainties following the Russia-Ukraine conflict, the Group expects China to capitalise on its geographical advantage with Mongolia to increase coal imports from Mongolia, which would increase bilateral ties and benefit the business development of Choir Logistics Centre in the long run.

(Data from: http://www.coalchina.org.cn/index.php?m=content&c=index&a=show&catid=44&id=135207)

Choir Project for the year

- As Mongolia's COVID-19 situation remains severe, the government's strict COVID-19 regulations remain in place, including the closure of land borders, which prevented the Group's management team from being able to handle the issues on-site. Therefore, the Group was unable to reach a consensus with the vendor regarding the fulfilment clause for the acquisition of Choir Logistics Centre and complete the acquisition in the 1st and 2nd quarter.

- The Group brought in Sainsaikhan Consulting Services LLC as the constructor, operator and strategic subcontractor of the Choir project. The strategic subcontracting partnership is intended to utilize Sainsaikhan's local contacts and management experience to create mutual benefits and help resolve the legal dispute through discussions with the vendor to expedite the commissioning of the station operation.

- Sainsaikhan will employ local staff and technicians to manage day-to-day operations, which helps reduce operating expenses and capital expenditure.

- Through negotiations, the Group reached a consensus with the vendor regarding the fulfilment clause and formally completed the acquisition of Choir Logistics Centre on 30 December 2021 in the 4th quarter. As the Group's management team was still unable to manage the project on-site, our partner Sainsaikhan will execute the completion agreement on our behalf. Our partner will conduct electricity connection works, track repairing works and renewal formalities for the rights to use the railway as soon as possible.

AGRICULTURAL INVESTMENT AND DEVELOPMENT

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

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

Cheung Lee Highlights for the year

- Cheung Lee improved its vegetable production system and management system to achieve high quality development.

- Cheung Lee continued to develop its tea trading business and expand its business scale by improving its quality, creating brands and improving efficiency.

FIRST QUARTER 2022 DEVELOPMENT GOALS

The Group will continue to build on existing business, maintain steady growth, solidify business network and accelerate business expansion. The Group's business goals in the 1st quarter are as follows:

Shandong — Mining and Metallurgical Machinery Production

- Tengzhou Kaiyuan will complete market analysis to help effectively target customers and improve marketing effectiveness.

- To achieve product diversification, Tengzhou Kaiyuan will continue to develop mining machineries to provide customers with more options.

Shandong — Supply Chain Management Services

- Shandong Kailai plans to increase the annual coal storage and distribution capacity and increase environmental protection facilities to meet current and future demand.

- Shandong Kailai will develop a partnership programme with existing partners to increase trading volume in order to increase turnover and profits.

Xinjiang — Coal Exploitation Business

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

- Xingliang Mine has been preparing the applications for the mining license of 1.2 million tons, and expects the applications to enter the final stages and obtain approval within the next 6 months.

Mongolia — Supply Chain Management Business

- The Group will continue its strategic subcontracting partnership with Sainsaikhan, improve the facilities of the railway logistics centre and complete the remaining construction in order to kickstart coal trading with China. The Group expects the construction to complete by the 2nd quarter of 2022, and kickstart the project between the 3rd and 4th quarter.

Agricultural Investment and Development

- Cheung Lee aims to analyse the tea market and its competitors, preserve the value of its brand and gain competitive edges in trading.

- Cheung Lee aims to consolidate the scale of its agriculture bases, and look for ideal locations to build new vegetable bases, so as to expand its scale.

KAISUN BUSINESS SOLUTION

Event Management & Consulting Business

In 2021, facing the second year of the partial border closure in Hong Kong, the unit achieved better than expected results, and the business focus of the Unit has continued its shift to political public relations and advertising agency services. Meanwhile, as the video conferencing and hybrid conferencing becomes the new normal during the pandemic, the team has gradually turned itself into one of the most reliable event management companies for the online event service in the process of providing various technical support for different customers. In the year 2021 the revenue and business volume of the Unit has become more polarized. During the period between March and December, due to the increasing business demand for the advocacy advertising on political issues in Hong Kong, the Unit witnessed a jump in revenue by providing related design and advertising service.

However, the epidemic still produces unprecedented challenges to the offline events. An offline event plan may change several times a day due to the changes in social distancing rules, and many events has to be cancelled in the end. In addition, the overall gross profit of the industry has been on a declining trend since the outbreak of the Coronavirus and some companies are beginning to increasingly extend payment terms, which puts an extra strain to the Unit's cash flow. Therefore, the team had little choice but to reduce payroll in response to income lost during the pandemic as its gross profit cannot be greatly improved for the time being. In 2022, the team hopes to maximize its profits relying on the current team size, at the same rime strives to keep themselves in a strong position in political public relations and video conference industry.

Esports Business

The eSports business — EvoLoop has made substantial progress in the year of 2021. Since the Company's first round of fundraising in 2017, its Intellectual property (IP) GIRLGAMER Esports Festival under incubation for several years has been widely recognized by the global market. In 2021, EvoLoop formally signed an IP Licensing Agreement with its overseas strategic partner and will collect annual license fees as its main income.

In 2021, in the view of the pandemic, the team organized GIRLGAMER Challenge, an online global eSports competition having the best eSports teams from Asia, Africa, Middle East, Europe and America and the team also invited top eSports influencers from all around the world to share their expertise online for improving the whole online experience. In 2022, the team will launch a new global tournament working together with its local partners. The offline events are scheduled to be held in countries includes United Arab Emirates, Philippines, Maldives, Singapore, Australia and Brazil and etc., tournaments in Italy, Turkey, Romania, Spain are also under discussion and due to the spread of Omicron all events will be postponed to the second quarter of the year. Looking into the future, the team will develop new eSports IPs as the global pandemic unfolds.

Kaisun Trust

In 2021, Kaisun Trust has enjoyed a steady growth with a focus on customer maintenance and brand marketing. However, the Unit's development prospects undermined due to the reduced cross-border travel, making it losing its connections to the resources in the Greater Bay Area (GBA) and its chance to capitalize on the GBA opportunities. Meanwhile, with the loss of talent in Hong Kong, the "brain drain" added more challenges to the company's recruitment plan. In 2022, the team hopes to expand its team size for better serve its clients, also bring in 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. In 2021, the pandemic and border restrictions eased in various countries where vaccination efforts are rolling out widely despite the appearance of the new COVID –19 variants, boosting the economy and performance of stock market in Europe and other emerging markets. However, Hong Kong's economic recovery severely hindered due to border closure, China's regulatory tightening on a number of industries and capital flowing to Europe. The emergence of the Omicron Variant in Q4 further leaving the city in struggle with the fifth wave of the pandemic. The Hang Seng Index has dropped over 20%, which hits six-year low, marking the worst performing globally. Meanwhile, the fighting in Ukraine continues and talks between Russia and Ukraine end without breakthrough, presenting substantial uncertainties for the global financial markets.

1 Year HSI, FTSE 100 & Dow Jones Comparison (As of 08 Mar 2022)

As at 31 December 2021, the fair value of listed investment was HK$19,204,896. The cost of listed investment was HK$44,906,164.

In 2021, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK$5,485,434. Dividend received from listed securities was HK$64,096.

During the last annual reporting period, Hong Kong has started providing vaccination service and the pandemic was also under control, therefore the market confidence was raised in a short term. Unfortunately, the vaccination rates have always been low, followed by the fifth wave of the pandemic and concerns over the Russia-Ukraine War. The investment committee hopes the compulsory universal testing scheme will pave way for the city's border reopening plan, and the new batch of consumption vouchers can boost the local economy and the stock market can also return to normal. In view of the highly unpredictable nature of the Russia-Ukraine war, 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.

FINANCIAL REVIEW

Revenue of the Group for the year ended 2021 amounted to approximately HK$156.6 million, represented an increase of approximately 3.4 times when compared with the same period in 2020 (2020: HK$36.0 million). The increase in revenue was mainly attributable to partial resumption of the operations.

The Group's gross profit for the year ended 2021 decreased approximately 26% to approximately HK$9.9 million when compared with the same period in 2020 (2020: HK$13.4 million). The decrease in gross profit was primarily due to the decrease in revenue recognised from sale of mining and metallurgical machineries products during the year ended 31 December 2021. The decrease in gross profit margin was primarily due to the substantial increase in revenue recognised from provision of supply chain management services for mineral business, which traditionally with a lower gross profit margin when compared with other source of revenue of the Group.

For the year ended 31 December 2021, the total administrative and other operating expenses was approximately HK$66.2 million, an increase of approximately 10% as compared with the same period in 2020 (2020: HK$60.2 million). Such increase of total administrative and other operating expenses for the year ended 2021 was mainly attributable to the increase in administrative expenses that came with the increased activities for the coal mining business segment.

For the year ended 2021, the loss for the year was approximately HK$71.9 million (2020: HK$64.3 million). The increase in loss was mainly attributable to the combined effects of decrease in gross profit and increase in administrative and other operating expenses.

The total comprehensive loss attributable to owners of the Company for the year 2021 amounted to approximately HK$60.3 million (2020: HK$50.3 million).

As at 31 December 2021, the Group held financial assets at FVTPL of approximately HK$19.2 million, wholly comprised of listed investment in securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market in 2021, the gain on disposal of financial assets at FVTPL amounted to approximately HK$3.6 million (2020 gain on disposal: HK$1.0 million), whilst the fair value loss on financial assets at FVTPL was approximately HK$5.5 million for the year ended 2021 (2020: HK$18.1 million). The details of financial assets at FVTPL are set out as follow:

Company Name	**Number of shares held as at 31 December 2021**	**% of share-holding as at 31 December 2021**	**Unrealized gain/ (loss) on fair value change for the year ended 31 December 2021**	**Fair value as at 31 December 2021**	Fair value as at 31 December 2020	**% of the Group's net assets as at 31 December 2021**	**Investment cost**	**Reasons for fair value loss**
			HK$	***HK$***	*HK$*		*HK$*	
Hong Kong Listed Securities								
Baidu, Inc.(9888) *(Note 1)*	1,100	0.00004%	(23,640)	159,060	—	0.54%	182,700	Drop in share price
Bilibili Inc. (9626) *(Note 2)*	660	0.0002%	(154,934)	236,676	—	0.80%	391,610	Drop in share price
BOC Hong Kong (Holdings) Limited (2388) *(Note 3)*	35,000	0.0003%	43,750	894,250	352,500	3.03%	960,750	—
EJE (Hong Kong) Holdings Limited (8101) *(Note 4)*	9,800,000	2.82%	(4,557,000)	—	4,557,000	0.00%	14,020,604	Suspension of trading
HSBC Holdings plc (0005) *(Note 5)*	20,000	0.0001%	123,000	938,000	815,000	3.18%	1,015,000	—
Tencent Holdings Limited (0700) *(Note 6)*	3,500	0.00004%	(395,950)	1,598,800	—	5.41%	1,994,750	Drop in share price
Tesson Holdings Limited (1201) *(Note 7)*	2,973,000	0.24%	178,380	1,397,310	5,418,150	4.73%	1,397,310	—
Wealthking Investments Limited (1140) *(Note 8)*	17,476,000	0.50%	(699,040)	13,980,800	14,679,840	47.34%	24,943,440	Drop in share price
Target Insurance (Holdings) Limited (6161) *(Note 9)*	—	—	—	—	10,470,160	—	—	—
Total			(5,485,434)	19,204,896	36,292,650	65.03%	44,906,164	

Notes:

1. Baidu Inc (HKEx: 9888) — Baidu Inc is a leading AI company with a strong Internet foundation.

2. Bilibili Inc (HKEx: 9626) — Bilibili Inc is an iconic brand and a leading video community for young generations in China. The group is a full-spectrum video community that offers a wide array of content serving young generations' diverse interests.

3. BOC Hong Kong (Holdings) Limited (HKEx: 2388) — The principal activities of BOC Hong Kong (Holdings) Limited is the provision of banking and related financial services.

4. EJE (Hong Kong) Holdings Limited (HKEx: 8101) — The principal activity of EJE (Hong Kong) Holdings Limited is investment holding. The principal activities of the EJE (Hong Kong) Holdings Limited's subsidiaries are: (i) The design, manufacture and sales of mattress and soft bed products;(ii) property investment; (iii) securities investment; and (iv) the provision of property management and property agency services.

5. HSBC Holdings plc (HKEx: 0005) — HSBC Holdings plc products and services are delivered to clients through four global businesses: Retail Banking and Wealth Management ("RBWM"), Commercial Banking ("CMB"), Global Banking and Markets ("GB&M") and Global Private Banking ("GPB").

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

7. Tesson Holdings Limited (HKEx: 1201) — Tesson Holdings Limited is principally engaged in Lithium Ion Motive Battery Business and Property and Cultural Business during the year.

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

9. Target Insurance (Holdings) Limited (HKEx: 6161) — Target Insurance (Holdings) Limited is principally engaged in writing of motor insurance business in Hong Kong.

As at 31 December 2021, the Group held financial assets at fair value through other comprehensive income ("FVTOCI") of approximately HK$19.1 million, wholly comprised of unlisted equity securities in Hong Kong and British Virgin Islands and redeemable preference shares. The details of financial assets at FVTOCI at investment cost are set out as follow:

Company Name	Number of shares held as at 31 December 2021	% of shareholding as at 31 December 2021	% of the Group's net assets as at 31 December 2021	Investment cost as at 31 December 2021 HK$	as at 31 December 2020 HK$
Financial assets at FVTOCI					
Cheung Lee Farming Corporation *(Note 1)*	870	8.7%	**29.46%**	**8,700,000**	8,700,000
Connect-Me Technologies Limited *(Note 2)*	990	9.9%	**0.003%**	**990**	990
Xin Ying Holdings Limited *(Note 3)*	8,000,000	N/A	**27.09%**	**8,000,000**	8,000,000
			56.56%	**16,700,990**	16,700,990

Notes:

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

2. Connect-Me Technologies Limited under the laws of the Hong Kong SAR with limited liability. They engaged in sale of electronic consumer products, key products including tablet PCs, smartphones, smartwatches, smart crutches, VR, electric self-balancing scooters, etc.

3. The principal activity of Xin Ying Holdings Limited ("Xin Ying") is investment holding. Xin Ying's subsidiaries combine the development of financial globalization and internet information technology innovation mean to provide innovative and efficient financing, assessment, consulting management, interconnection, financial e-commerce and more professional financial services for domestic enterprises and individual customers in PRC. Xin Ying's subsidiaries hold two types of credit license — 融資性擔保機構經營許可證 and 深圳市小額貸款業務資格.

OUTLOOK

The Group will have to focus on reshaping the business model given the uncertainty of the COVID-19 disease control policy of our country both in the Mainland and Hong Kong which put not only the Group but almost all the business enterprises into a standstill.

In 2021, the Group consolidated almost all of its offshore business units amid travel bans and extremely long quarantine time either way. The fact that the staff of the Group and independent professional services providers' unwillingness to travel overseas mainly frontiers and emerging markets in which the Group focuses on to perform their duties forced the Group to give up its hard-earned business network with regret.

The traditional business in coal mining and mining machinery assembling and trading business remain a core business unit of the Group. However, the Group is putting a lot of effort to comply with the global ESG standard to keep the environment clean despite at high cost which all businesses are encountering the same issue. The Xinjiang coal asset of the Group should experience a new milestone given the Autonomous Region has a new party secretary and a new plan to revitalize Xinjiang to be a pearl of the Country's Belt and Road development.

The Group's service business was stagnant in 2021 and the Board cannot possibly forecast growth for 2022 given the isolation of Hong Kong from the rest of the world under the current COVID-19 disease control policy which everyone has to live with it.

Since 2019, the Group has suffered loss of human resources for reason of social unrest. The COVID pandemic further rubbed salt into the wound. The Board's goal of 2022 onwards is to rebuild the Group's talent pool to reinforce its management team to meet with the ever changing rules and regulations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group has bank and cash balances of approximately HK$37.5 million (2020: HK$24.3 million).

The net current liabilities of the Group as at 31 December 2021 amounted to approximately HK$164.2 million. The net current liabilities status of the Group revealed potential going concern issues of the Group, to address the going concern issue, the management of the Group will if necessary, liaise with creditors on the maturity dates and repayment schedule of debts so that the Group can continue as a going concern; and consider fund-raising activities in the future. The Company will issue further announcements as of when appropriate in this regard.

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's bonds payables over the Group's total assets, was 0.14 as at 31 December 2021 (2020: 0.14).

FOREIGN EXCHANGE EXPOSURE

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), United States dollars, Tajikistan Somoni and Mongolian Tugrik. As at 31 December 2021, 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 expense/credit for the year 2021 are set out in note 6.

HUMAN RESOURCES

As at 31 December 2021, the Group had 116 (2020: 117) staffs 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 2021, 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$25.7 million (2020: HK$23.8 million) for the year 2021.

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 2021.

LITIGATION

As at 31 December 2021, the Group had no significant pending litigation.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2021 and up to the date of this announcement.

FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for the year ended 31 December 2021 (2020: 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 2021 except the following deviation.

Following the retirement of Mr. Anderson Brian Ralph as independent non-executive Director on 1 August 2021, (i) the number of independent non-executive Directors fell below the minimum number required under Rules 5.05(1) of the GEM Listing Rules; and (ii) the number of members of the audit committee of the Company (the "Audit Committee") fell below the minimum number required under Rule 5.28 of the GEM Listing Rules. The non-compliance was subsequently rectified following the appointment of Mr. Wu Zheng as an independent non-executive Director on 31 October 2021.

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed 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 ("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 2021. 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

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 management and accounting principles and practices adopted by the Company and discussed auditing, financial reporting, internal control and risk management systems, and has reviewed the unaudited annual financial results for the year ended 31 December 2021.

As detailed in the announcement of the Company dated 21 March 2022, the auditing process for the annual results for year ended 31 December 2021 has not been completed due to the COVID-19 Coronavirus outbreak. The unaudited annual results contained herein have not been agreed by the Company's auditors as required under Rule 18.49 of the GEM Listing Rules. An announcement relating to the audited annual results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the Audit Committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences as compared with the unaudited annual results contained herein. As at the date of this announcement, the Company expects that the auditing process will be completed by the end of April 2022. The Company will issue further announcement as and when necessary if there are other material development in the completion of audit process.

EXPECTED POTENTIAL MATERIAL DIFFERENCE BETWEEN UNAUDITED ANNUAL RESULTS AND AUDITED ANNUAL RESULTS

As disclosed in the announcement of the Company dated 21 March 2022, the audit process and the valuation process performed by professional valuation firm engaged by the Company for audit purposes have been delayed as a result of the COVID-19 Coronavirus outbreak. Upon the completion of the valuation process, it is expected that, among other items, there may be material adjustments to the followings figures set out in the unaudited annual results contained herein:

In relation to consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income

i. Fair value gain or loss on financial liabilities at FVTPL;

ii. Impairment loss on trade and other receivables;

iii. Impairment loss on property, plant and equipment;

iv. Impairment loss on intangible assets; and

v. Fair value gain or loss on equity instruments at FVTOCI

In relation to consolidated statement of financial position

i. Property, plant and equipment;

ii. Right-of-use assets;

iii. Intangible assets;

iv. Financial assets at FVTOCI;

v. Trade and other receivables;

vi. Other financial liabilities;

vii. Redeemable convertible preference shares;

viii. Reserves; and

ix. Non-controlling interests.

EXPECTED MODIFICATION ON AUDIT OPINION

Reference is made to the Annual Report 2020 of the Company dated 22 March 2021. As at the date of this announcement, despite the delay of audit process, the Company had ongoing discussion with RSM, the external auditor (the "Auditor") of the Company. It is expected that, upon the completion of the audit process, the audit opinion for the Company's consolidated financial statements will be modified as follows:

(a) Opening balances and corresponding figures

As the Auditor expressed qualified opinion in respect of (i) Investment in associates, (ii) Long-term deposits; and (iii) Discontinued operations in the production and exploitation of coal business in Tajikistan for the year ended 31 December 2020, the audit opinion on the opening balances and corresponding figures for the year ended 31 December 2021 is expected to be modified.

(b) Investment in associates

Despite the fact that the Group has disposed its interests in SCH Limited and Sturgeon Capital Limited during the year ended 31 December 2021, the Auditors would not be able to obtain sufficient appropriate audit evidence as to the accounting for SCH and Sturgeon Capital under the equity method in IAS 28 "Investments in Associates and Joint Ventures" up to the date of disposal. Therefore, the audit opinion for the year ended 31 December 2021 is expected to be modified in this regard.

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

The audit issues in relation to the discontinued operations in Tajikistan remained unresolved. As detailed in the 2021 Third Quarterly of the Company dated 8 November 2021, the Company planned to engage a lawyer based in Tajikistan to issue a legal opinion to confirm that the abandonment of the coal business had been completed and that the Group's coal business in Tajikistan has been discontinued. Despite its continuous effort, due to the travel restrictions and quarantine measures imposed as the result of the outbreak of COVID-19, the Company is unable to identify suitable lawyers to issue the legal opinion at a reasonable price. Therefore, the audit opinion for the year ended 31 December 2021 is expected to be modified in this regard.

(d) Material Uncertainty Related to Going Concern

The Group incurred a loss of approximately HK$7,190,000 during the year ended 31 December 2021, and as of that date, the Group had net current liabilities of approximately HK$164,000,000. Despite the reason set out in the section headed "Basis of Preparation and Going Concern" of this announcement, based on the current communication with the Auditors, the Auditors would not be able to obtain sufficient appropriate audit evidence in relation to the Group's ability to continue as a going concern. Therefore, the audit opinion for the year ended 31 December 2021 is expected to be modified in this regard.

The management's view and the Audit Committee's view on the above modifications of audit opinion will be included in the Company's announcement of the audited annual results for the year ended 31 December 2021 when the audit opinion is finalized.

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 RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the website of the Company at http://www.kaisun.hk and the website of the Stock Exchange. The annual report will be dispatched to the shareholders of the Company and available on the above websites in due course.

The financial information contained in this announcement in respect of the annual results of the Group have not been audited nor agreed with the Company's auditors. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2022

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 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.