KAISUN HOLDINGS LIMITED
凱 順 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8203)

2022 THIRD QUARTERLY RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Directors**") of Kaisun Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the nine months ended 30 September 2022. This announcement, containing the full text of the 2022 third quarterly report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of third quarterly results.

By Order of the Board
Kaisun Holdings Limited
CHAN Nap Kee, Joseph
Chairman

Hong Kong, 11 November 2022

As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph and Mr. Yang Yongcheng. The independent non-executive Directors are Mr. Liew Swee Yean, Dr. Wong Yun Kuen and Mr. Wu Zheng.

This announcement, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) for at least seven days after the date of its publication and on the website of the Company (www.kaisun.hk).

* *for identification purpose only*

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

The board of Directors (the "Board") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2022 together with the unaudited comparative figures period in 2021 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

		Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	Note	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Revenue	4	**85,435**	49,578	**216,771**	96,184
Cost of goods sold		**(83,523)**	(47,025)	**(204,150)**	(88,247)
Gross profit		**1,912**	2,553	**12,621**	7,937
(Loss)/gain on disposal of financial assets at fair value through profit or loss (FVTPL)		**–**	1,789	**(191)**	3,508
Fair value loss on financial assets at FVTPL		**(2,155)**	(3,089)	**(8,171)**	(5,447)
Reversal of impairment loss/(impairment loss) on trade and other receivables		**(3,233)**	351	**27,800**	983
Other income and gains		**7,175**	30	**21,666**	202
Administrative and other operating expenses		**(12,652)**	(15,898)	**(43,457)**	(42,344)
Profit/(loss) from operations		**(8,953)**	(14,264)	**10,268**	(35,161)
Finance costs		**(1,164)**	(1,282)	**(7,795)**	(3,855)
Profit/(loss) before tax		**(10,117)**	(15,546)	**2,473**	(39,016)
Income tax credit	6	**941**	1,144	**3,160**	2,588
Profit/(loss) for the period		**(9,176)**	(14,402)	**5,633**	(36,428)
Attributable to:					
Owners of the Company		**(9,006)**	(13,035)	**4,754**	(33,025)
Non-controlling interests		**(170)**	(1,367)	**879**	(3,403)
Profit/(loss) for the period		**(9,176)**	(14,402)	**5,633**	(36,428)
Profit/(loss) per share (HK Cents)	8				
— Basic		**(1.56)**	(2.26)	**0.82**	(5.73)

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Profit/(loss) for the period	**(9,176)**	(14,402)	**5,633**	(36,428)
Other comprehensive income for the period, net of tax:				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations	**(6,006)**	(10,907)	**(11,775)**	(8,197)
Total comprehensive income for the period	**(15,182)**	(25,309)	**(6,142)**	(44,625)
Attributable to:				
Owners of the Company	**(13,384)**	(22,649)	**(4,173)**	(40,290)
Non-controlling interests	**(1,798)**	(2,660)	**(1,969)**	(4,335)
	(15,182)	(25,309)	**(6,142)**	(44,625)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Share capital	Share premium	Shares held under share award scheme	Foreign currency translation reserve	Financial assets at FVTOCI reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022 (audited)	**57,657**	**1,361,095**	**(3,371)**	**5,421**	**700**	**(1,409,713)**	**11,789**	**18,970**	**30,759**
Capital injection by non-controlling interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,025**	**3,025**
Total comprehensive income for the period	**–**	**–**	**–**	**(8,927)**	**–**	**4,754**	**(4,173)**	**(1,969)**	**(6,142)**
Changes in equity for the period	**–**	**–**	**–**	**(8,927)**	**–**	**4,754**	**(4,173)**	**1,056**	**(3,117)**
At 30 September 2022	**57,657**	**1,361,095**	**(3,371)**	**(3,506)**	**700**	**(1,404,959)**	**7,616**	**20,026**	**27,642**
At 1 January 2021 (audited)	57,657	1,361,095	(3,371)	720	2,400	(1,343,350)	75,151	22,949	98,100
Total comprehensive income for the period	–	–	–	(7,265)	–	(33,025)	(40,290)	(4,335)	(44,625)
Changes in equity for the period	–	–	–	(7,265)	–	(33,025)	(40,290)	(4,335)	(44,625)
At 30 September 2021	57,657	1,361,095	(3,371)	(6,545)	2,400	(1,376,375)	34,861	18,614	53,475

NOTES

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group's condensed consolidated financial statements have been prepared in accordance with all applicable International Financial Report Standards ("IFRSs") issued by the International Accounting Standards Board. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation used in preparation of these condensed financial information are consistent with those used in the annual financial statement for the year ended 31 December 2021, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of these changes in accounting policies are set out in note 3.

As disclosed in the Interim Report 2022 of the Company, the Group had net current liabilities of approximately HK$162,922,000 as at 30 June 2022. These events or conditions indicate the existence of a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 covering the next twelve months from 30 September 2022 prepared by the management of the Company, and after taking into consideration the following:

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

(ii) the expected positive results of the ongoing negotiations with the Group's creditors on the extension of repayment of debts; and

(iii) consideration of future fund raising activities of the Company in the open stock market.

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

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to International Financial Reporting Standards ("IFRS") issued by IASB to these financial statements for the current accounting period:

- Amendments to IFRS 16, Covid-19-related Rent Concessions beyond 30 June 2021
- Amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use
- Annual Improvements to IFRSs 2018–2020 Cycle
- Amendments to IFRS 3, Reference to the Conceptual Framework

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

Disaggregation of revenue

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

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
Sale of goods:				
— Provision of supply chain management services business	**77,618**	43,004	**152,971**	71,549
— Mining and metallurgical machineries production	**3,920**	2,205	**19,892**	10,994
— Coal fire extinguishment project	**(556)**	—	**30,914**	—
Provision of services:				
— Logistics services for mineral business	**2,451**	2,587	**7,718**	5,673
— Corporate services business	**15**	8	**148**	247
— Media services	**–**	—	**–**	65
— Trust and trustee services	**579**	707	**1,661**	1,931
— Event management services	**1,408**	1,067	**3,179**	5,725
— Land Rental services	**–**	—	**288**	—
	85,435	49,578	**216,771**	96,184

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:

	Provision of supply chain management services business		Mining and metallurgical machineries production		Coal fire extinguishment project		Logistics services for mineral business		Land Rental services		Corporate services business		Media services		Trust and trustee services		Event management services		Total	
For the nine months ended 30 September (unaudited)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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	**HK$'000**	HK$'000
Revenue by primary geographical markets																				
– Hong Kong	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**148**	136	**–**	65	**–**	–	**3,179**	4,395	**3,327**	4,596
– PRC except Hong Kong	**152,971**	71,549	**19,892**	10,994	**30,914**	–	**7,718**	5,673	**288**	–	**–**	6	**–**	–	**–**	–	**–**	–	**211,783**	88,222
– Dubai	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	747	**–**	747
– Others	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	105	**–**	–	**1,661**	1,931	**–**	583	**1,661**	2,619
Revenue from external customers	**152,971**	71,549	**19,892**	10,994	**30,914**	–	**7,718**	5,673	**288**	–	**148**	247	**–**	65	**1,661**	1,931	**3,179**	5,725	**216,771**	96,184
Timing of revenue recognition																				
Products transferred at a point in time	**152,971**	71,549	**19,892**	10,994	**30,914**	–	**7,718**	5,673	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**211,495**	88,216
Products and services transferred over time	**–**	–	**–**	–	**–**	–	**–**	–	**288**	–	**148**	247	**–**	65	**1,661**	1,931	**3,179**	5,725	**5,276**	7,968
Total	**152,971**	71,549	**19,892**	10,994	**30,914**	–	**7,718**	5,673	**288**	–	**148**	247	**–**	65	**1,661**	1,931	**3,179**	5,725	**216,771**	96,184

5. SEGMENT INFORMATION

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

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

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Information about operating segment profit or loss:

	Coal mining business segment HK$'000	Consulting and media services business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
For nine months ended 30 September 2022 (unaudited)				
Revenue from external customers	211,783	4,868	120	216,771
Segment profit/(loss)	(1,917)	(1,499)	9,049	5,633
Interest revenue	14	–	1	15
Interest expenses	1,237	21	6,537	7,795
Depreciation and amortisation	13,492	1	7	13,500
Income tax credit	1,812	–	1,348	3,160
Other material items of income and expense:				
Staff costs	8,461	2,093	6,523	17,077
Other material non-cash items:				
Reversal of impairment loss/ (Impairment loss) on trade and other receivables	(2,122)	(39)	29,961	27,800

	Coal mining business segment HK$'000	Consulting and media services business segment HK$'000	Corporate and investment business segment HK$'000	Total HK$'000
For the nine months ended 30 September 2021 (unaudited)				
Revenue from external customers	88,216	7,848	120	96,184
Segment loss	(21,925)	(2,022)	(12,481)	(36,428)
Interest revenue	6	—	—	6
Interest expenses	83	5	3,767	3,855
Depreciation and amortisation	10,753	26	359	11,138
Income tax credit	1,689	—	899	2,588
Other material items of income and expense:				
Staff costs	6,320	2,862	7,015	16,197
Other material non-cash items:				
Reversal of impairment loss/ (impairment loss) on trade and other receivables	988	(3)	(2)	983

	Unaudited Nine months ended 30 September 2022 HK$'000	Unaudited Nine months ended 30 September 2021 HK$'000
Reconciliations of segment profit or loss		
Total profit/(loss) of reportable segments	**5,633**	(36,428)
Other profit or loss	**–**	—
Consolidated profit/(loss) for the period	**5,633**	(36,428)

6. INCOME TAX CREDIT

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022 **HK$'000**	2021 HK$'000	**2022** **HK$'000**	2021 HK$'000
Current tax				
— Hong Kong & PRC				
Income tax expenses	**62**	14	**203**	319
Deferred tax credit	**(1,003)**	(1,158)	**(3,363)**	(2,907)
	(941)	(1,144)	**(3,160)**	(2,588)

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

PRC enterprise income tax has been provided at a rate of 25% (2021: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

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

7. DIVIDENDS

No dividend has been paid or declared by the Company for the nine months ended 30 September 2022 (nine months ended 30 September 2021: HK$Nil).

8. PROFIT/(LOSS) PER SHARE

The calculations of the basic profit/(loss) per share is based on the following data:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Profit/(Loss) for the purpose of calculating basic profit/(loss) per share	**(9,006)**	(13,035)	**4,754**	(33,025)
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**576,566**	576,566	**576,566**	576,566

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary sharing during the period ended 30 September 2022 and 2021.

9. SHARE CAPITAL

	Unaudited as at 30 September 2022	Audited as at 31 December 2021
	HK$'000	HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
576,566,055 Ordinary share of HK$0.10 each	**57,657**	57,657

10. FINANCE COSTS

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest on bonds payable	**780**	1,250	**6,537**	3,750
Interest component of lease liabilities	**4**	32	**77**	105
Others	**380**	—	**1,181**	—
	1,164	1,282	**7,795**	3,855

MANAGEMENT DISCUSSION & ANALYSIS

As we enter the third quarter of 2022, the post-COVID recovery has run out of steam while the global economy is stalling, the volatility is here to stay. Persistently rising prices worldwide, against the backdrop of war in Ukraine, and the actions by central banks to rein it in, are inevitably depressing economic activity, dampening business confidence, and roiling financial markets. With the impacts of the COVID-19 pandemic still lingering, global growth is projected to remain subdued in the second half of 2022.

In China, although inflation is low and under control, strict lockdowns associated with the zero COVID-19 policy have generated a short but sharp economic downturn, putting China's economic growth behind the rest of the Asia-Pacific region for the first time in more than 30 years. The World Bank forecast GDP growth in China is just 2.8% for 2022. Here in Hong Kong, the city is facing a possible contraction in economy this year. The local government's recent decision to lift of mandatory quarantine requirements reduces the burden on inbound travelers but do little to offset the city's near-term downturn and fiscal pressures.

Local economic activity has marginally improved in the third quarter, as the authorities have relaxed restrictions on businesses and mobility given that the city has covid-19 under control. Our businesses in Hong Kong performed slightly better in the third quarter comparing to the same period last year. However, recovery, to a large extent, remains hampered until full border opening with mainland China.

The Group's business continues to be under great pressure in the present economic climate. Our coal exploitation business in Xinjiang suspended again as many parts of Xinjiang are placed under strict lockdown since early August and it is still unknown when we can resume full operation. We have to brace ourselves for meeting the blow in view of the chances of resumption in the fourth quarter remain slim. The good news is that we are expecting to obtain the mining license by the end of this year. Hopefully in the near future it will generate a steady stream of revenue for the Group. Looking into future, Management of the Group still sees very rough roads ahead, all we can do is just focus and keep on going.

MINING, MANUFACTURING OF MACHINERY & SUPPLY

i. Shandong — Mining and Metallurgical Machinery Production

Tengzhou Kaiyuan Industrial Co., Ltd. ("Tengzhou Kaiyuan"), a joint venture of a subsidiary company of the Group, specializes in mining and metallurgical machinery production and owns 50 sets of safety certificates for mining products. Its major products are overhead manned cableway devices and its accessories, as well as technical consultancy services including equipment installation, technical support and after-sales services.

Analysis on China's mining machinery manufacturing industry in 2022

The Central government announced a series of measures this year to ensure stable prices and sufficient supplies for coal amid uncertainties arising from the Russia-Ukraine war and Indonesia's ban on coal exports as well as fears over a repeat of last year's power crisis. The changes have been implemented to great effect, as reflected by the latest figures from the National Bureau of Statistics of China. From January to August, China produced 2.93 billion tons of raw coal, a year-on-year increase of 11.0%; and imported 167.98 million tons of coal, a year-on-year decrease of 14.9%.

However, the nation experiences tighter coal supply, albeit on a smaller scale, owing to factors such as COVID-19 flare-ups and tightened mine safety inspections. In August 2022, China produced 370 million tons of raw coal, an 8% decrease from last month; and imported 29.46 million tons of coal, a year-on-year increase of 5%.

Despite recurrent COVID-19 outbreaks in China, the Group believes that the central government will remain committed to the policy of ensuring supply and stabilizing prices, and will continue to increase domestic production in order to reduce its dependence on coal imports and safeguard energy security, which can help drive domestic demand for mining machineries as well as the growth for Tengzhou Kaiyuan.

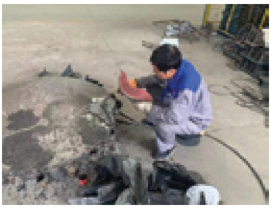
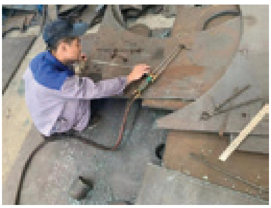
(Data from: https://finance.sina.com.cn/money/future/indu/2022-09-20/doc-imqmmtha8022297.shtml)
(Data from: https://coal.in-en.com/html/coal-2620400.shtml)

Tengzhou Kaiyuan Highlights for the 3rd quarter

- Tengzhou Kaiyuan set up key performance indicators (KPIs) this quarter to assess the progress of the Company, keep track of the business performance and make adjustments to improve operational efficiency.

- Tengzhou Kaiyuan was granted a rent refund for the entire first year of operations last quarter under the government's favourable lease terms for a rent-free period of 2 years and a half-rent period of 3 years. Paperwork for the rent refund of the second year of operations will be submitted in this quarter, and is expected to obtain approval in the 4th quarter.

- With Tengzhou Kaiyuan gradually restoring stability, the company's turnover has increased in the 3rd quarter, with cumulative sales revenue of approximately HK$19.89 million, a year-on-year increase of 81%.


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 2022

In order to align with the nation's stance on energy security, China Railway Group have added more coal-carrying trains to ensure smooth electric coal supply and to cope with the increase of domestic coal production this year. From January to September 2022, 1.57 billion tons of coal were delivered through the nation's railway network, an increase of 11.1%. As of September 30, a total of 363 power plants that received coal supplies from the railway system have relatively high amount of stocks, with 65.48 million tonnes of coal in stocks, up 35.66 million tonnes year on year, which is equivalent to 29 days of usage, an year-on-year increase of 15 days.

With a tight global energy market, energy security is of pivotal importance to China's development. The Group believes that railway transportation of coal has played an important role in safeguarding the nation's energy security, and China's railway authorities will continue to ramp up efforts to boost coal shipments in order to align with the nation's policy of ensuring supply and stabilizing prices, which will inject impetus into Shandong Kailai's coal supply chain businesses.

(Data from: https://www.cctd.com.cn/show-39–228175–1.html)

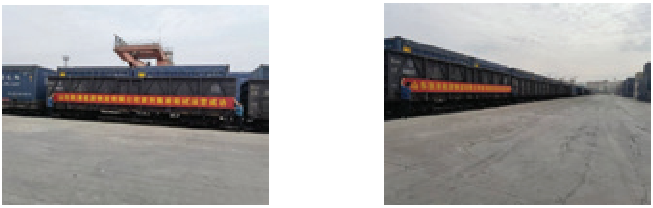
Shandong Kailai for the 3rd quarter

- Shandong Kailai has been constructing its third environmentally-friendly in the 3rd quarter as part of its efforts to increase its dust pollution control facilities, which can help reduce pollution, promote the concept of sustainable development and thus enhance the image of the company.

- In addition to the traditional transportation methods, Shandong Kailai has been trying out the transport of coal in containers this quarter, which not only reduces pollution but also provides customers with more options to transport coal.

- Through market expansion, Shandong Kailai successfully solicited China Coal Energy Shandong Co, Anhui Fengyao Environmental Protection Technology Co. Ltd and Jiangsu Xuzheng Energy Technology Co., Ltd as business partners, which helped achieve higher revenue. Shandong Kailai recorded a total revenue of approximately HK$160.7 million in the 3rd quarter, 1.1 times higher than that of the previous year.

Construction of the third environmentally-friendly shed



Containers on trial for the transportation of coal

iii. Xinjiang — Coal Exploitation Business (wholly owned subsidiary of Shandong Kailai)

Xinjiang Turpan Xingliang Mining Co., Limited ("Xingliang Mine") is a wholly owned subsidiary of Shandong Kailai. It is located in Qiquanhu Town, Turpan City within the Tuha coal field area, which is one of the four major coal fields in Xinjiang province. Xingliang Mine primarily contains long-flame coal, which is mainly used by power plants and chemical industries. In 2018, Xingliang Mine signed an integrity agreement with Turpan Gaochang District Government for the consolidation of nearby small-scale mines, with Xingliang Mine as the main body of the consolidation project.

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

Analysis of Xinjiang's coal industry in 2022

Due to uncertainties arising from COVID-19, extreme weather and geopolitical tensions, there have been challenges in the nation's supply-side reform, with the coal industry structure remain fragmented. Xinjiang plays an important role in the nation's energy supply especially when major coal-rich provinces — Shanxi, Inner Mongolia and Shaanxi — are unable to meet the market demand for coal. From January to August 2022, Xinjiang produced 254 million tonnes of raw coal, a year-on-year increase of 32%; its railway transported 33.07 million tonnes of coal, a year-on-year increase of 41.5%.

In addition, the China Meteorological Administration said that China will have a colder winter this year, with temperatures forecast to be lower on average in most areas of the country, which is expected to boost coal output as a result of the increasing demand for electricity. In order to ensure steady energy supply, key power plants in various provinces have above 15 days of coal in stocks.

Despite uncertainties in the energy market as a result of the Russia-Ukraine war, the Group believes that Xinjiang, as a strategic national energy reserve area, has huge growth potential in terms of coal production capacity and output, which, coupled with the expected rise in demand for coal in winter this year, will help secure Xingliang Mine a steady stream of revenue and bring profit for the Group.

(Data from: http://m.ccoalnews.com/news/202209/20/c161462.html)
(Data from: https://news.bjx.com.cn/html/20220712/1240628.shtml)

Report on the construction progress of Xingliang Mine

Since the outbreak of COVID-19, various lockdowns and strict COVID-19 measures, in China and Xinjiang in particular, have led to the suspensions of work and production in multiple occasions. Despite stringent quarantine policies, the management team made 2 trips to Xinjiang in 2021 and 2022 in order to follow up on the progress of Xingliang Mine on site and liaise with the local authorities. Unfortunately, as Xinjiang's COVID-19 situation remained severe and complex at the time, the local authorities tightened its already-strict lockdown and quarantine measures, which ultimately limited the amount of work that can be done during the trips and affected the progress of the project.

Despite immense challenges, the management team made strides in laying a solid foundation for the development of Xingliang Mine. Xingliang Mine was granted a prospecting license of 1.2 million tons in August 2020 and obtained approval for the coal fire extinguishment project in September 2021.

However, since the start of the coal fire extinguishment project on 17 September 2021, the project has been suspended on multiple occasions owing to external factors such as recurrent outbreaks of COVID-19 in Xinjiang, environmental inspections carried out by the authorities, local coordination issues. The latest major outbreak, which broke out on 30 July 2022 in Ili Kazakh Autonomous Prefecture, Xinjiang, prompted the authorities, including local authorities from Gaochang District, Turpan, to adopt city-wide "silent management mode" policies amid a surge in COVID-19 cases, with residents ordered to stay at home starting from 6 a.m on 10 August 2022. Production was brought to a halt and it is still uncertain, up till this day, as to when the lockdown will be lifted.

Details of the delayed progress of the coal fire extinguishment project and the application for the mining license are set out below.

A. Reasons for the delays in the Coal Fire Extinguishment Project

1. COVID-19 Outbreaks

Since the start of the coal fire extinguishment project on 17 September 2021, the project has been suspended on various occasions owing to factors such as COVID-19 outbreaks, environmental inspections, local coordination issues.

1st time affected by COVID-19 outbreak: The construction was scheduled to start on 18 September 2021; however, due to the COVID-19 outbreak, the arrival of machineries, equipment and staff were delayed, which caused a delay of the construction period for 20 days.

2nd time affected by COVID-19 outbreak: In order to reduce safety risks within the mining area, the construction project has been operated in strict accordance with the "Preliminary Design for the Coal Fire Extinguishment Project in Chatkal Fire Affected Mining Area (Xingliang II Mine Field) in Gaochang District (Substitute Feasibility Study Report)". Pre-stripping physical prospecting and overtopping operations were originally scheduled on 1 October 2021 for the fire affected mining area, extraction area and fissure collapse area. However, due to COVID-19 measures, the physical and over-survey operators had to wait until 25 November 2021 to formally commence physical and over-survey work, and their work was finally completed on 12 December 2021, with stripping operations starting right after. But the effect of COVID-19 measures had once again resulted in disruption to the progress of works and caused a 55-day delay of construction period.

3rd time affected by COVID-19 outbreak (March, April, May 2022): As most of the machinery drivers were migrant workers who moved to Xinjiang, they were unable to arrive at the construction site in time as required due to the second major COVID-19 outbreak after Chinese New Year, resulting in most of the machineries being left unmanned and idle. Meanwhile, in accordance with COVID-19 measures and requirements by the local authorities, the on-site construction was suspended again, which caused a delay of 32 days.

4th time affected by COVID-19 outbreak: The current outbreak started from 30 July 2022 with cases rising all across Xinjiang, which prompted the authorities, including local authorities from Gaochang District, Turpan, to impose months-long of city-wide "silent management" that started at 6 a.m. on 10 August 2022, with residents banned from leaving designated areas. Suspension of work and production was announced, including Xingliang Mine's ongoing projects. Up till 7 October 2022, the medium-risk and high-risk areas were still rising and there is still no timetable for the resumption of work and the end of lockdown.

2. Statutory holidays

Statutory holidays, including Chinese New Year, Corban Festival, Fifth of July Event, resulted in a total of 20 days of work suspension.

3. Environmental protection measures

Due to the stripping of the surface layer in the fire affected mine, the stripped materials were mostly fully burnt ash and rocks. Despite implementing a wide range of dust reduction and suppression measures, Xingliang Mine still received complaints from nearby villagers, who gathered to block the entrance to the mine, which led to a direct or indirect 45-day work stoppages for the project.

4. Natural causes

(a) From a geographical perspective, in Xingliang Mine, the wind is mostly uphill during the day and downhill at night, and downhill wind has a huge adverse effect on the environment of Qiquanhu. The project is located at a distance of 1.5km from the residential area of Qiquanhu. In order to ensure normal daily life for the people in the town during the downhill wind period from 22:00 to 8:00, all construction operations are prohibited during nighttime, and can only be carried out from 8:00 to 22:00 during daytime. However, downhill wind is still present during daytime, albeit at a lower frequency, and as most of the stripped materials are fully burnt ash and rocks, the project has to be brought to a temporary halt when there is downhill wind, resulting in intermittent stoppages of work, which causes a delay to the construction period for about 60 days.

(b) The Turpan Depression, where Xingliang Mine is located at, is very hot during the summer from June to August. In accordance with the National Labour Law and the requirements of the Development and Reform Commission of Gaochang District, Turpan, all construction work is stopped during 12:00 to 17:00 daily in order to ensure the safety of staff and equipment, which affects the construction period for 20 days.

B. Reasons for the slow progress of the application work for the mining license

Xingliang Mine received "the Letter of Commitment for the Income from the Transfer of Mining Right" from the Mining Rights Division of the Department of Natural Resources of the Xinjiang Autonomous Region on 8 August 2022, and after signing and stamping it on 9 August, our employees contacted the frontline staff of the Mining Rights Division but was informed that all the responsible staff were isolated at home and could not work, which prevented any further procedures. During the lockdown period, our staff initiated contact with the authorities multiple times but to no avail, and finally up till 28 September 2022, we received responses from the authorities, stating that the payment of the proceeds for the mining rights could only be made after the lockdown measures were lifted when staff resume work.

Xingliang Mine of the Group is a key project for Turpan and for Xinjiang as well. In spite of challenges posed by COVID-19 and uncertainties arising from the changes in local government personnel, the board of directors of the Company remains fully committed to Xingliang Mine, and is confident that the coal fire extinguishment works will resume at full capacity and the approval of mining license will be obtained as soon as possible, which will help create value for our shareholders and produce profitable growth.

Xingliang Mine for the 3rd quarter

- Xingliang Mine has recorded approximately $50.48 million of other revenue during the 3rd quarter and is still in the process of applying for extensions for the coal fire extinguishment project. However, recurrent outbreaks of COVID-19 in Turpan have led to lockdowns and work suspensions in Gaochang District, and it is still uncertain as to when the lockdown will end, which causes delay to the application process and has a serious impact on the project extension application.

- Xingliang Mine has been preparing the applications for the mining license of 1.2 million tons, and has submitted all relevant documents and received the payment slip for the resource tax. Payment will be made once the lockdown ends and the mining license is expected to be approved and granted by the end of 2022.

Daily operations of Xingliang Mine

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 35,000m^2 with an annual loading capacity of 1.8 million tons. It mainly provides loading and unloading services, customs declaration, warehousing and logistics services.

Analysis of Mongolia's mining industry in 2022

Mongolia has become one of China's top three largest overseas coal suppliers since China implemented trade sanctions on Australian coal in 2020. Mongolia has also seized the opportunity and strengthened its rail network with the aim of exporting its minerals in a more efficient and cost-effective manner, with a new rail link to China completed in September 2022, which is expected to export between 30–50 million tonnes of coal to China each year.

Statistics from the Mongolian Customs General Administration show that Mongolia's coal exports rose 53.3% year-on-year to 19.04 million tons from January to September 2022.

In recent years, Mongolia has stepped up efforts in expanding its coal industries and has gradually improved its supporting infrastructure. In today's rapidly evolving geopolitical landscape with Russia-Ukraine war showing no signs of easing, the Group believes that Mongolia can unleash its untapped potential and boost its coal exports if the country is able to take advantage on the soaring energy prices and capitalize on its geopolitical advantage with China, which would in turn benefit the business development of Choir Logistics Centre in the long run.

(Data from: https://coal.in-en.com/html/coal-2620528.shtml)
(Data from: https://coal.in-en.com/html/coal-2619440.shtml)

Choir Project for the 3rd quarter

- Due to the COVID-19 situation in Mongolia, the management team was unable to oversee the project on site. The Group is joined by Sainsaikhan Consulting Services LLC as partner and also as the construction, operation and strategic contractor for the Choir project. The Choir logistics platform was completed in the 2nd quarter and underwent trial runs; the platform has then obtained working permit and officially commenced operations on 28 September, and is expected to bring income to the Group in the 4th quarter.

AGRICULTURAL INVESTMENT AND DEVELOPMENT

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

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

Cheung Lee Highlights for the 3rd quarter

- Cheung Lee formulated marketing strategies to bring stability to the development of the tea segment.

- Cheung Lee set up a new vegetable farming base in Gansu, which will help expand its vegetable segment.

FOURTH 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 4th quarter are as follows:

Shandong — Mining and Metallurgical Machinery Production

- Despite disruptions arising from COVID-19, Tengzhou Kaiyuan has risen to the challenge and formulated various cost-saving management and marketing strategies with the goal of increasing profitability and improving operating margins.

Shandong — Supply Chain Management Services

- The construction of the third environmentally-friendly shed is expected to be completed by the end of this year, which will help our company fulfil corporate social responsibility, enhance our green brand image and competitiveness.

- In order to meet higher environmental requirements, Shandong Kailai plans to modify its station so that the station tracks can be used for both traditional transport as well as containerized transport.

- Shandong Kailai plans to transport coal from Xingliang Mine of Xinjiang to Shandong, which will be in trial process in the 4th quarter. The plan can help the company develop a one-stop business mode that combines production, transportation and sales.

Xinjiang — Coal Exploitation Business

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

- Xingliang Mine is still in process of applying for extensions for the coal fire extinguishment project, and expects to obtain approval by the end of 2022, which will hopefully see the project extend to December 2023.

- 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 in the 4th quarter and obtain approval by the end of December 2022.

Mongolia — Supply Chain Management Business

- Our Mongolian subsidiary will maintain close contact with its partners and closely monitor the progress of the operations to ensure the project can bring revenue to the Group in the 4th quarter.

Agricultural Investment and Development

- Cheung Lee will explore more sales channels to increase the market share of its vegetables in Hong Kong.

KAISUN BUSINESS SOLUTIONS

EVENT MANAGEMENT & CONSULTING SERVICES

In the third quarter, the Government announced the lifting of compulsory quarantine requirement for inbound travelers from overseas places, marking the end to the over two years of strict border controls, however, which also implies the border reopening with mainland China has been put on hold. The Group's event management business performance is unlikely to improve significantly in the short run.

Encouragingly, the team has obtained the wholly owned subsidiary of China's state-owned enterprise as our event planning client in the third quarter. Till now, two projects have been successfully delivered and the team believes that this could be the start of a long association. In the fourth quarter, it is expected that various community activities will be held intensively, the team hopes to take the chance to acquire new clients also to increase the overall business volume.

Esports Business

With the easing of travel restrictions worldwide, the eSports subsidiary's signature IP — GIRLGAMER World Tour has officially resumed this year. At the time of writing, regional qualifiers in South Africa, Romania and South Korea have been successfully held. The recent live streaming in South Korea were well received by audience from all around the global, almost 280,000 unique viewers watched the qualifier.

The new season's GirlGamer World Tour has also obtained sponsorship from world renowned brands including Logitech G. In the fourth quarter, the team will continue its journey in Spain and Brazil for witnessing the gathering of the best female eSports teams from the region.

Kaisun Trust

Kaisun Trust's total size of assets under administration was US$ 151 million by the end of the third quarter this year, remains the same size the company had at the end of the second quarter. As the team is currently understaffed, which has negatively affected its daily operations, therefore, the team is making every effort to find suitable candidates. In the fourth quarter, the team will strive to expand its team, while strengthen cash flow management, and hopes to expand the size of assets under administration to US$200 million.

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 world economy and financial markets has seen wild swings in the past nine months, caused by the continuing Ukraine-Russia conflict and Federal reserve interest rate hike. This, coupled with the UK new prime minister's economic and tax-cutting plan, has contributed to headwinds for the UK stock market, creating additional pressure on the financial system, sending major world indices dropping, among which the Hong Kong stocks were down even more. The Hang Seng Index has plunged 21% in the third quarter, to the lowest 17,165.87 points for the first time in 11 years and has become the worst performing indices in Asia Pacific region. Although the local Government has further relaxed social distancing curbs and eased border controls but it does little to offset the city's near-term downturn, meanwhile mainland China already has its hands full with the recurrent outbreaks of COVID-19. The investment committee believes the HSI will continue to hover around its low level in the fourth quarter in view of all the negative factors at present. As our investment strategy, the investment committee will use the current averaging down in Hong Kong to buy in blue chip stocks and stocks that pay steady dividend to lower the risk of new economy stocks also consider to sell long-held losing stocks.

As at 30 September 2022, the fair value of listed investment was HK$13,663,814. The cost of listed investment was HK$47,392,899.

During the nine months end 30 September 2022, part of our existing securities portfolio recorded an unrealized loss. The unrealized fair value loss was HK$8,171,317. Dividend received from listed securities was HK$70,245, and 166 shares of JD.com (HKEx: 9618) as dividend was received with a cash value of HK$32,968 (as of 30 September 2022).

FINANCIAL REVIEW

Revenue of the Group for nine months ended 30 September 2022 amounted to approximately HK$216.8 million, represented a increase of approximately 125.4% when compared with the same period in 2021 (nine months ended 30 September 2021: HK$96.2 million). The increase in revenue was mainly attributable to resumption of the operations for provision of supply chain management services for mineral business during the nine months ended 30 September 2022.

The gross profit of the Group for nine months ended 30 September 2022 increase by approximately 59.5% to approximately HK$12.6 million when compared with the same period in 2021 (nine months ended 30 September 2021: HK$7.9 million). The increase in gross profit was due to increase in revenue caused by the reason mentioned in previous paragraph.

For nine months ended 30 September 2022, the total administrative and other operating expenses was approximately HK$43.5 million, increase of approximately 2.8% compared with the same period in 2021 (nine months ended 30 September 2021: HK$42.3 million).

For nine months ended 30 September 2022, the profit from operations was approximately HK$10.3 million (nine months ended 30 September 2021: loss from operations: HK$35.2 million). The profit from operation was increased primarily due to combined effects of the increase in gross profit of the Group of HK$4.7 million and the reversal of impairment loss on trade and other receivables which is one-off in nature of HK$26.8 million during the first nine months of 2022.

The Group recorded profit for nine months ended 30 September 2022 of approximately HK$5.6 million, achieved a turnaround when compared with the same period in 2021 (loss for nine months ended 30 September 2021: HK$36.4 million).

The total comprehensive loss attributable to owners of the Company for nine months ended 30 September 2022 amounted to approximately HK$4.17 million (The total comprehensive loss attributable to owners of the Company for nine months ended 30 September 2021: HK$40.3 million).

As at 30 September 2022, the Group held financial assets at fair value through profit or loss of approximately HK$13.7 million, wholly comprised of securities listed in Hong Kong. In the midst of poor performance of Hong Kong stock market as at 30 September 2022, there is a loss on disposal of financial assets at fair value through profit or loss amounted to approximately HK$0.2 million (as at 30 September 2021 gain on disposal of financial assets at FVTPL: HK$3.5 million), whilst the fair value loss on financial assets at FVTPL was approximately HK$8.2 million for nine months ended 30 September 2022 (fair value loss on financial assets at FVTPL for nine months ended 30 September 2021: HK$5.4 million). The details of financial assets at FVTPL are set out as follow:

Company Name	Number of shares held as at 30 September 2022	% of share-holding as at 30 September 2022	Unrealized gain/(loss) on fair value change for the period ended 30 September 2022	Fair value as at 30 September 2022	Fair value as at 31 December 2021	% of the Group's net assets as at 30 September 2022	Investment cost	Reasons for fair value loss
			HK$	**HK$**	HK$		HK$	
Hong Kong Listed Securities								
Baidu, Inc.(9888) *(Note 1)*	1,100	0.00004%	(33,550)	**125,510**	159,060	0.45%	182,700	Drop in share price
Bilibili Inc. (9626) *(Note 2)*	660	0.0002%	(157,740)	**78,936**	236,676	0.29%	391,610	Drop in share price
EJE (Hong Kong) Holdings Limited (8101) *(Note 3)*	9,800,000	2.8239%	–	**–**	–	0.00%	14,020,604	Suspension of trading
ENN Energy Holdings Limited (2688) *(Note 4)*	10,000	0.0009%	78,505	**1,050,000**	–	3.80%	971,495	–
Hong Kong Exchanges and Clearing Limited (0388) *(Note 5)*	5,000	0.0004%	(451,000)	**1,348,000**	–	4.88%	1,799,000	Drop in share price
HSBC Holdings plc (0005) *(Note 6)*	30,000	0.0001%	(231,000)	**1,237,500**	938,000	4.48%	1,468,500	Drop in share price
JD.com Inc. (9618) *(Note 7)*	166	0.00001%	32,968	**32,968**	–	0.12%	–	–
Tencent Holdings Limited (0700) *(Note 8)*	3,500	0.00004%	(666,400)	**932,400**	1,598,800	3.37%	1,994,750	Drop in share price
Tracker Fund of Hong Kong (2800) *(Note 9)*	80,000	0.0013%	(189,600)	**1,431,200**	–	5.18%	1,620,800	Drop in share price
Wealthking Investments Limited (1140) *(Note 10)*	17,476,000	0.1815%	(6,553,500)	**7,427,300**	13,980,800	26.87%	24,943,440	Drop in share price
BOC Hong Kong (Holdings) Limited (2388) *(Note 11)*	–	–	–	**–**	894,250	–	–	–
Tesson Holdings Limited (1201) *(Note 12)*	–	–	–	**–**	1,397,310	–	–	–
Total			(8,171,317)	**13,663,814**	19,204,896	49.44%	47,392,899	

Notes:

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

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

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

4. ENN Energy Holdings Limited (HKEx: 2688) — The principal businesses of ENN Energy Holdings Limited are gas connection, sales of piped gas, construction and operation of vehicle gas refuelling stations, wholesale of gas, distribution of bottled liquefied petroleum gas ("LPG") and sales of gas appliances and materials.

5. Hong Kong Exchanges and Clearing Limited (HKEx: 0388) — Hong Kong Exchanges and Clearing Limited is Own and operate the only stock exchange and a futures exchange in Hong Kong and their related clearing houses, trading of base metals forward and options contracts operating in the UK.

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

7. JD.com Inc (HKEx: 9618) — JD.com Inc is a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider.

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

9. 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.

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

11. 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.

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

As at 30 September 2022, the Group held financial assets at fair value through other comprehensive income ("FVTOCI") with carrying amount of approximately HK$17.4 million, comprised of unlisted equity securities in Hong Kong and British Virgin Islands and redeemable preference shares. The details of financial assets at FVTOCI are set out as follow:

Company Name	% of shareholding as at 30 September 2022	Investment cost		Carrying amount		% of carrying amount to the Group's total assets as at 30 September 2022
		as at 30 September 2022 HK$	as at 31 December 2021 HK$	**as at 30 September 2022 HK$**	as at 31 December 2021 HK$	
Financial assets at FVTOCI						
Cheung Lee Farming Corporation *(Note 1)*	8.7%	**8,700,000**	8,700,000	**8,300,000**	8,300,000	1.96%
Connect-Me Technologies Limited *(Note 2)*	9.9%	**990**	990	**–**	–	N/A
Xin Ying Holdings Limited *(Note 3)*	N/A	**8,000,000**	8,000,000	**9,100,000**	9,100,000	2.15%
		16,700,990	16,700,990	**17,400,000**	17,400,000	

Notes:

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

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

3. The principal activity of Xin Ying Holdings Limited ("Xin Ying") is investment holding. Xin Ying's subsidiaries combine the development of financial globalization and internet information technology innovation mean to provide innovative and efficient financing, assessment, consulting management, interconnection, financial e-commerce and more professional financial services for domestic enterprises and individual customers in PRC. Xin Ying's subsidiaries hold two types of credit license — 融資性擔保機構經營許可證 and 深圳市小額貸款業務資格. As at 30 September 2022, the Group held 8,000,000 redeemable preference shares of Xin Ying.

Liquidity and Financial Resources

As at 30 September 2022, the Group has a bank and cash balance and deposits in a licensed corporation of approximately HK$10.5 million (as at 31 December 2021: HK8.3 million) and HK$26.1 million (as at 31 December 2021: HK$28.9 million) respectively.

As disclosed in the Interim Report 2022 of the Company, the net current liabilities of the Group as at 30 June 2022 amounted to approximately HK$162.9 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 that are past due including bonds payable of HK$46,800,000 carrying interest rate of 10%, 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 0.11 as at 30 September 2022 (as at 31 December 2021: 0.14).

Foreign Exchange Exposure

Majority of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi ("RMB"), United States dollars, Tajikistan Somoni and Mongolian Tugrik. As at 30 September 2022, the Group had no other significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

UPDATE OF THE GROUP TO ADDRESS THE DISCLAIMER OF OPINION AND OTHER MODIFICATIONS

Reference is made to the section headed "ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT MODIFICATION AND REMOVAL OF AUDIT MODIFICATION" set out in the Corporate Governance Report included in the Annual Report 2021 of the Company, the management of the Company would like to provide the following updates with regard to the Disclaimer of Opinion (the "Disclaimer") and Other Modification expressed by the Company's auditors for the Group's financial statements for the year ended 31 December 2021:

The Disclaimer

The substantial increase in revenue and gross profit of the Group reflected the gradual resumption of the normal business activities of the Group following the easing of the COVID-19 Pandemic, the management believes that with improvement of business of the Group, the Group shall be able to generate positive cash flows from operations in the future, which would help to improve the Group's liquidity and therefore could help to address the Disclaimer.

Reference is also made to section headed "Loans to Up Energy Development Group Limited and Advance of Restructuring Cost" set out in the Management Discussion and Analysis included in the Annual Report 2021 of the Company. The management of the Company would like to update the stakeholders and potential investors of the Company that despite the severe impact of the COVID-19 preventive measures, the liquidation of Up Energy is still in progress. Given the current price of coal and the expected high demand of coal during Winter, it is expected there will be an increase of the asset value of Up Energy Group and, despite being fully impaired, the management of the Group is still optimistic on the recovery of the outstanding balances of trade receivables, loans to Up Energy and the advanced restructuring cost (together "amounts due from Up Energy"). Upon recovery of amounts due from Up Energy with related interest receivables, following the completion of the liquidation procedures, it is expected that the liquidity of the Group will be improved. Further updates will be provided as and when appropriate.

On the other hand, the Group actively entered into negotiations with the Group's creditors. During the nine months ended 30 September 2022, the Group entered into a deed of novation with certain creditors of the Group, for which the Group assigned receivables of approximately HK$29,978,000 of amounts due from Up Energy to certain creditors of the Group to set off the same amount of debts due to the creditors, resulted in a reversal of impairment loss on trade and other receivables of approximately HK$29,978,000 and a reduction in other payables, interest payable and bonds payable of approximately HK$10,000,000, HK$16,778,000 and HK$3,200,000 respectively. The entering of the deed of novation improved the Group's liquidity and therefore could help to address the Disclaimer. The Group will continue to actively negotiate with its creditors with a purpose to further improve the liquidity of the Group.

Although there are progresses on addressing the Disclaimer, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2022 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether and when the Disclaimer can be removed.

Other Modifications

In respect of investment in associates, as the Group has disposed its interest in the associates during the last quarter of 2021 according to the action plan as disclosed in the Third Quarterly Report 2021 of the Company dated 8 November 2021, the management is of the opinion that the relevant audit issue has been resolved.

In respect of discontinued operations in the production and exploitation of coal business in Tajikistan, according to the action plan as disclosed in the Third Quarterly Report 2021 of the Company dated 8 November 2021, the Group shall obtain a legal opinion to confirm the abandonment has been completed so that the audit issue can be resolved. The Company is in the course of finalizing the draft legal opinion with its auditors with an aim to remove the other modification.

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

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

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

OTHER INFORMATION

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

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

Name of Directors and Chief Executives	Capacity	Number of Shares as at 30 September 2022	Approximate percentage of the total issued Shares as at 30 September 2022
Chan Nap Kee, Joseph	Beneficial owner	167,263,298 *(Note 1)*	29.01%
Yang Yongcheng	Beneficial owner	1,675,000 *(Note 2)*	0.29%
Wong Yun Kuen	Beneficial owner	525,000 *(Note 3)*	0.09%
Liew Swee Yean	Beneficial owner	204,000 *(Note 3)*	0.04%
Chen Chun Long	Beneficial owner	6,147,000 *(Note 4)*	1.07%
Ching Ho Tung, Philip	Beneficial owner	220,000 *(Note 4)*	0.04%

Save as disclosed above, as at 30 September 2022, none of the Directors or Chief Executives had any interest or short position in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which is required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or any interests required to be entered in the register maintained in accordance with Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

Notes:

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

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

   During the period from 1 January 2019 to 31 December 2019, 810,000 shares were purchased by Mr. Chan on the market. Hence the total number of shares owned by Mr. Chan was 167,263,298 as at 30 September 2022.

2. Of these, 400,000 shares were shares awarded to Mr. Yang Yongcheng as Director on 30 December 2015 under the Share Award Scheme 2013. On 22 March 2018, 1,000,000 shares were shares awarded to Mr. Yang as Director under the Share Award Scheme 2016.

3. Of these, 150,000 shares were shares awarded to each of Mr. Liew Swee Yean and Dr. Wong Yun Kuen as Director on 30 December 2015 under the Share Award Scheme 2013.

4. These were shares held by Mr. Chen Chun Long and Mr. Ching Ho Tung as at 19 June 2019 when they were appointed as joint Chief Executive Officers of the Company.

2. Interests of Substantial Shareholders in Shares of the Company

As at 30 September 2022, so far as is known to the Directors of the Company, the persons (not being a Director of the Company) who had an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in Shares and underlying Shares

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of the total issued shares as at 30 September 2022
Mr. Chan Nap Kee, Joseph	Beneficial Owner	167,263,298	29.01%
Ms. Yeung Po Yee, Bonita	Interest of spouse *(Note 1)*	167,263,298	29.01%
Mr. Zhang Xiongfeng	Beneficial Owner	81,950,000	14.21%
Ms. Wu Mingqin	Interest of spouse *(Note 2)*	81,950,000	14.21%

Notes:

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

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

Save as disclosed above, the Directors were not aware of any other person (other than the directors and the chief executives of the Company) who, as at 30 September 2022, had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 & 3 of Part XV of the SFO.

3. Share-based Compensation Scheme

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

Share Award Scheme 2016

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

During the nine months ended 30 September 2022, the trustee of the Share Award Scheme 2016, pursuant to the terms of the rules and trust deed of the Share Award Scheme 2016, had not purchased any shares on the Stock Exchange. The total no. of shares in the Share Award Scheme as at 30 September 2022 was 13,610,000.

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

As at the date of this report, the Share Award Scheme 2016 is expired. The Company is in the course of seeking legal advice as to the treatment of shares held by the expired scheme. Further announcements will be made by the Company as and when appropriate.

4. Directors' Interest in Competing Business

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

5. Purchase, Sale or Redemption of Listed Securities

During the nine months ended 30 September 2022, neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities.

CORPORATE GOVERNANCE

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

The Board has established the following committees with written terms of reference which are in line with the Corporate Governance Code (the "CG Code") and Corporate Governance Report stated in Appendix 15 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). Details of written terms of reference are available on the Company's website:

www.kaisun.hk under "Investor Relations" section with heading of "Corporate Governance":

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

All the committees comprise a majority of Independent Non-Executive Directors. Each of the Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee is chaired by an independent non-executive Director.

1. Audit Committee

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

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

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

The Group's financial statements for the nine months ended 30 September 2022 have not been audited but have been reviewed by the Audit Committee, who is of the opinion that such statements comply with applicable accounting standard and legal requirements, and that adequate disclosures have been made.

2. Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the nine months ended 30 September 2022. The Company has also made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard of dealings under the GEM Listing Rules and its code of conduct regarding securities transactions by Directors.

3. Code on Corporate Governance Practice

The Board is committed to maintain good standard of corporate governance practices and procedures. The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG code") contained in Appendix 15 to the GEM Listing Rules throughout the nine months ended 30 September 2022 under review.

4. Review of Risk Management and Internal Control Effectiveness

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems for the nine months ended 30 September 2022, covering material financial, operational and compliance controls, and considered that the Group's risk management and internal control systems are effective and adequate.

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

Hong Kong, 11 November 2022

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

As at the date of this report, the Board comprises two executive directors of the Company: Mr. CHAN Nap Kee Joseph and 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 report will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for 7 days from the day of its posting, and on the Company's website at http://www.kaisun.hk.