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KAI YUAN HOLDINGS LIMITED

開源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1215)

BUSINESS UPDATE

The announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Kai Yuan Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

HOTEL OPERATION

As set out in the announcement of the Company dated 10 June 2021, the Paris Marriott Hotel (the “**Hotel**”) owned by the Group has re-opened its doors after its temporary closure due to the COVID-19 pandemic.

In anticipation of the Paris Olympics in 2024 and in anticipation of the full opening-up of the tourist sector in France post-pandemic, the Group is contemplating to undergo a refurbishment of the Hotel. It is intended the first phase of the refurbishment would take place early next year as regards, among other things, interior renovation of Hotel rooms, air-conditioning system, kitchen and the Hotel façade (the “**Renovation**”). It is also intended that the Hotel shall remain open, and its operation shall continue during the Renovation period in areas that are not affected by the Renovation. The Group is currently in negotiations with a general contractor as regards a Renovation contract. Such contract, if concluded, might constitute a notifiable transaction of the Company, and the Company will publish further announcement as and when appropriate in accordance with the Listing Rules.

EQUITY INVESTMENT

The Company has been informed by the general manager of a major subsidiary (the “**Associate Subsidiary**”) of the Group’s associate (whereupon the Group holds approximately 37.125% equity interests in such associate (the “**Associate**”)) that, (i) the COVID-19 pandemic as well as the current socio-economic environment in the People’s Republic of China has rendered the Associate Subsidiary’s development progress as well as business and financial performance being less than satisfactory; (ii) due to competitors’ production technology breakthrough regarding hydroxylamine hydrochloride (鹽酸脛胺), re-adjustments would need to be made to the original product mix of medical intermediary products offered by the Associate Subsidiary; and (iii) the Associate Subsidiary has been involved in certain cases of litigation regarding outstanding balance on construction of its production plant. The Group understands the Associate Subsidiary has been actively negotiating and resolving litigation with the contractors and suppliers.

The Company will closely monitor the Associate and its subsidiaries’ operations and will update its shareholders and investors as and when appropriate in accordance with the Listing Rules. It will also discuss with its auditors as regards the appropriate accounting treatment at its financial year end regarding the same.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Kai Yuan Holdings Limited
Law Wing Chi, Stephen
Executive Director

Hong Kong, 29 November 2021

As at the date of this announcement, the Board comprises Mr. Xue Jian and Mr. Law Wing Chi, Stephen (both being executive Directors) and Mr. Tam Sun Wing, Mr. Ng Ge Bun and Mr. He Yi (all being independent non-executive Directors).