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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)

PROFIT WARNING

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

Reference is made to the announcement of the Company dated 29 November 2021 in relation to the business update on, among other things, the Group’s equity investment (the “**Business Update Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Business Update Announcement.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group and information currently available to the Company, the Group is expected to record a loss attributable to owners of the Company of not less than approximately HK\$160.0 million for the year ended 31 December 2021 (the “**Year**”) (for the twelve months ended 31 December 2020: approximately HK\$332.9 million). The expected loss for the Year is mainly attributable to (i) the provision of impairment of approximately HK\$8.3 million on the investment in the Associate; (ii) the provision of the expected credit loss of approximately HK\$103.6 million on the loan granted to the Associate; (iii) the share of loss of approximately HK\$25.5 million from the Associate for the year ended 31 December 2021; and (iv) the record of the fair value loss of approximately HK\$9.6 million from the unsecured convertible bonds invested by the

Company. The aforesaid provision of impairment, provision of expected credit loss, share of loss, and the fair value loss are non-cash accounting treatments in accordance with Hong Kong Financial Reporting Standards that each of them has no effect on the Group's operating cash flow.

The information contained in this announcement is subject to finalization and review by the Company's auditors. The full final results of the Group for the Year are expected to be released by the end of March 2022. Shareholders and potential investors are advised to read the final results announcement and annual report of the Company when it is published.

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

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

Hong Kong, 14 March 2022

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).