

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



KAI YUAN HOLDINGS LIMITED

開源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1215)

INSIDE INFORMATION: POSSIBLE ENFORCEMENT ON ASSETS PLEDGED TO THE GROUP

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).

Reference is made to the announcement of the Company dated 22 October 2019 and circular of the Company dated 26 November 2019 in relation to the acquisition of certain equity interest in a group of companies (the “**Associate Group**”) engaged in production and sale of chemical products, as well as the funding commitment to be provided to the Associate Group. Upon completion of such transactions in March 2020, the Group (i) has become interested in 37.125% of the equity interest in the Associate Group, which has been accounted for as investment in an associate in the consolidated financial statements of the Company; and (ii) has extended a 3-year RMB180 million loan (the “**Loan**”) carrying an interest rate of 6% per annum to the Associate Group, secured by a pledge (the “**Pledge**”) on the Associate Group’s land parcel and construction-in-progress.

Reference is also made to the announcement of the Company dated 29 November 2021, the annual report of the Company for the year ended 31 December 2021 and the interim report of the Company for the six months ended 30 June 2022, in relation to among other matters, the performance of the Associate Group, provision for impairment on the Loan and interest receivable for the year ended 31 December 2021, as well as receipt of loan interest from the Associate Group during the six months ended 30 June 2022.

After the Associate Group had failed to pay 2 instalments of interests in second half of 2022, the Group had sought legal advice and issued demand letters to the Associate Group for, among other matters, repayment of overdue interest, as well as the principal amount of the Loan and the relevant penalty. On 19 January 2023, the Group had made an application to the People's Court of Leling City, Shandong, the PRC (山東省樂陵市人民法院) to apply for enforcement (the “**Enforcement**”) of the Pledge such that the proceeds could be applied towards repayment of principal amount of the Loan (RMB180 million), the interest (approximately RMB24.4 million calculated up to 12 January 2023) and the penalty (approximately RMB0.49 million) relating thereto.

The Company will keep its shareholders and investors informed of any material development relating to the Enforcement, and will publish relevant announcements as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 19 January 2023

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, Mr. He Yi and Ms. Kwok Pui Ha (all being independent non-executive Directors).