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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).

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\$40.0 million for the year ended 31 December 2022 (the “**Year**”) (for the year ended 31 December 2021: approximately HK\$164.4 million). The reduction in the expected loss for the Year is mainly attributable to (i) the reduction in the Group’s gross loss attributable to the increase in revenue to HK\$153.8 million for the Year (for the year ended 31 December 2021: approximately HK\$93.9 million); (ii) the absence of provision of impairment on the investment in the Associate for the Year as the investment in the Associate had been fully provided for impairment; (iii) the absence of share of loss from the Associate for the Year; (iv) the provision of the expected credit loss on the loan granted to the Associate for the Year is reduced (31 December 2021: approximately HK\$103.6 million); and (v) the record of the fair value gain as opposed to fair value loss from the unsecured convertible bonds invested by the Company for the Year. The aforesaid provision of expected credit loss is a non-cash accounting treatment in accordance with Hong Kong Financial Reporting Standards that 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 2023. 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, 15 February 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).*