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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)

EXPECTED SIGNIFICANT DECREASE IN LOSS AND BUSINESS UPDATE

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).

PROFIT WARNING

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 approximately HK\$2.0 million for the six months ending 30 June 2023 (the “**Interim Period**”) as compared to loss of approximately HK\$22.1 million recorded for the six months ended 30 June 2022 (the “**Preceding Period**”). The significant decrease in the expected loss for the Interim Period is mainly attributable to the gross profit of approximately HK\$30.8 million, of which is mainly contributed by the Paris Marriott Hotel Champs-Élysées (“**Paris Marriott Hotel**”) during the Interim Period (six months ended 30 June 2022: gross loss of approximately HK\$18.3 million) because the Paris Marriott Hotel was partially closed for renovation in the Preceding Period; but partially offset by (i) the decrease in other revenue to approximately HK\$15.7 million (six months ended 30 June 2022: approximately HK\$26.0 million) primarily due to the absence of government grants during the Interim Period; (ii) the provision for impairment of a loan of

approximately HK\$3.5 million on assets pledged by an associated company (six months ended 30 June 2022: nil); and (iii) the decrease in the income tax credit to approximately HK\$0.2 million (six months ended 30 June 2022: approximately HK\$5.7 million).

The information contained in this announcement is only based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 as well as information currently available. The same has not been reviewed by the audit committee of the Company or reviewed by the Company's auditors.

BUSINESS UPDATE

Reference is made to the announcement of the Company dated 19 January 2023 and the 2022 annual report in relation to the possible enforcement on assets pledged to the Group (the “**Enforcement**”). As of the date of this announcement, the Group is still pending for the reply from the People's Court of Leling City, Shandong, the PRC (中國山東省樂陵市人民法院) the date of hearing of our application for the Enforcement will be taken place.

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

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, 4 August 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).