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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)

INSIDE INFORMATION DEFAULT IN PAYMENT BY CONVERTIBLE BOND ISSUER

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 2 November 2020 (the “**Announcement**”) in relation to subscription of the Convertible Bonds, being 3-year convertible bonds in the aggregate principal amount of HK\$97,800,000 (the “**Principal Amount**”) carrying a coupon rate of 8% p.a. to be issued by Zhonghua Gas Holdings Limited (“**Zhonghua Gas**”), the issued shares of which are listed on GEM (stock code: 8246). Unless the otherwise defined, capitalised terms used in this announcement shall have the same meaning as those used in the Announcement.

The Convertible Bonds were issued on 16 November 2020 to the Subscriber (New York Limited, being a wholly-owned subsidiary of the Company), with the maturity date falling on 16 November 2023 (the “**Maturity Date**”). In accordance with the terms and conditions of the Convertible Bonds, the total outstanding Principal Amount and all outstanding interest accrued thereon up to and including the Maturity Date shall be repaid to the Subscriber on the Maturity Date.

As at the Maturity Date, (i) none of the Convertible Bonds had been converted; (ii) relevant interest payments had been made; but (iii) the Principal Amount had not been repaid. On 17 November 2023, the Subscriber demanded Zhonghua Gas in writing for repayment of the Principal Amount together with the default interest accrued thereon (the “**Debt**”). On 23 November 2023, a meeting was held between the Subscriber and Zhonghua Gas as regards repayment of the Debt. On 24 November 2023, Zhonghua Gas requested the Subscriber to grant a 3 weeks’ grace period during which Zhonghua Gas shall prepare and submit a Debt repayment proposal for the Subscriber to consider.

The Company is currently seeking legal advice as to the appropriate legal actions to be taken in order to safeguard the interests of the Company and its shareholders. The Company considered non-repayment of the Debt has no material adverse effect on the financial position of the Group. The Company will make further announcement(s) to update its shareholders and the investors of any material development as and when appropriate.

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

Hong Kong, 24 November 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).