KAI YUAN HOLDINGS LIMITED
開源控股有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 1215)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Kai Yuan Holdings Limited (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**Period**") together with comparative figures for the corresponding period in previous year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		For the six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**176,674**	74,662
Cost of sales		**(132,456)**	(84,801)
Gross profit/(loss)		**44,218**	(10,139)
Other income and gains	*4*	**12,923**	13,823
Other expenses		**–**	(167)
Provision for impairment of a loan to an associate		**–**	(63,664)
Administrative expenses		**(17,682)**	(16,130)
Finance costs		**(38,479)**	(36,803)
PROFIT/(LOSS) BEFORE TAX	*5*	**980**	(113,080)
Income tax (expense)/credit	*6*	**(3,595)**	13,124
LOSS FOR THE PERIOD		**(2,615)**	(99,956)
Attributable to:			
Owners of the parent		**(2,615)**	(99,956)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
– For loss for the period	*8*	**HK(0.02) cents**	HK(0.78) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2026

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(2,615)**	(99,956)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**7,650**	(3,406)
Reclassification adjustments for loss/(gains) included in the consolidated statement of profit or loss	**375**	(3,050)
Income tax effect	**(2,007)**	1,614
	6,018	(4,842)
Exchange differences on translation of foreign operations	**(19,838)**	149,571
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(13,820)**	144,729
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits, net of tax	**169**	–
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**169**	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(13,651)**	144,729
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(16,266)**	44,773
Attributable to:		
Owners of the parent	**(16,266)**	44,773

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,538,362**	2,584,799
Right-of-use assets		**2,795**	3,557
Intangible assets		**189**	405
Loan to an associate		**48,907**	46,684
Derivative financial instruments		**8,705**	–
Deferred tax assets		**50,665**	57,006
Total non-current assets		**2,649,623**	2,692,451
CURRENT ASSETS			
Inventories		**1,342**	1,059
Trade receivables	*9*	**22,005**	17,585
Prepayments, other receivables and other assets		**83,209**	80,787
Derivative financial instruments		**40**	893
Pledged deposits		**99,053**	101,164
Cash and cash equivalents		**825,989**	829,876
Total current assets		**1,031,638**	1,031,364
Total assets		**3,681,261**	3,723,815
CURRENT LIABILITIES			
Trade payables	*10*	**1,679**	2,289
Other payables and accruals		**105,705**	95,759
Lease liabilities		**1,532**	1,508
Tax payable		**6,919**	5,579
Total current liabilities		**115,835**	105,135
NET CURRENT ASSETS		**915,803**	926,229
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,565,426**	3,618,680

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,565,426**	3,618,680
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**1,544,332**	1,576,661
Lease liabilities	**1,312**	2,083
Other long-term payables	**3,186**	3,253
Deferred tax liabilities	**144,312**	148,133
Total non-current liabilities	**1,693,142**	1,730,130
Net assets	**1,872,284**	1,888,550
EQUITY		
Share capital	**1,277,888**	1,277,888
Reserves	**594,396**	610,662
Total equity	**1,872,284**	1,888,550

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. CORPORATE INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 31 August 2026.

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office of the Company is Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda, and the principal place of business is 28th floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in hotel operation and money lending during the six months ended 30 June 2026 (the "**Period**").

2.1 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS and Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

While the adoption of the amended HKFRS Accounting Standards do not have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments (six months ended 30 June 2025: two) as follows:

(a) the hotel operation segment, which is engaged in operation of hotel businesses in France; and

(b) the money lending segment, which is engaged in providing mortgage loans in Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, reversal of impairment/provision for impairment of a loan to an associate and corporate and other unallocated expenses are excluded from such measurement.

Six months ended 30 June 2026	**Hotel operation** *HK$'000*	**Money lending** *HK$'000*	**Total** *HK$'000*
Segment revenue			
Sales to external customers	**176,674**	**–**	**176,674**
Results			
Segment loss	**(2,182)**	**(475)**	**(2,657)**
Reconciliation			
Bank interest income			**11,823**
Interest income accrued on a loan to an associate			**433**
Corporate and other unallocated expenses			**(8,619)**
Profit before tax			**980**

Six months ended 30 June 2025	Hotel operation *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
Segment revenue			
Sales to external customers	74,662	–	74,662
Results			
Segment loss	(53,031)	(469)	(53,500)
Reconciliation			
Bank interest income			13,291
Provision for impairment of a loan to an associate			(63,664)
Corporate and other unallocated expenses			(9,207)
Loss before tax			(113,080)

Non-current assets

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
France	**2,511,132**	2,557,869
Mainland China	**27,410**	27,325
Hong Kong	**2,804**	3,567
Total non-current assets	**2,541,346**	2,588,761

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains are as follows:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Rendering of services	**176,674**	74,662
Other income		
Bank interest income	**11,823**	13,291
Interest income accrued on a loan to an associate	**433**	–
Gross rental income from a property operating lease:		
Fixed lease payments	**317**	532
Total other income	**12,573**	13,823
Gains		
Foreign exchange gains	**350**	–
Total other income and gains	**12,923**	13,823

The Group's revenue represents revenue from contracts with customers. The disaggregation information is as follows:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Types of services		
Rendering of accommodation services	**155,326**	67,540
Rendering of catering services	**18,651**	6,019
Rendering of travel agency services	**2,174**	943
Rendering of laundry services	**523**	160
Total	**176,674**	74,662
Geographical markets		
France	**176,674**	74,662
Timing of revenue recognition		
Services transferred over time	**155,326**	67,540
Services transferred at a point	**21,348**	7,122
	176,674	74,662

Total revenue from contracts with customers can be directly reconciled to the segment revenue of the hotel operation in note 3.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of service provided*	**132,456**	84,801
Depreciation of property, plant and equipment	**21,334**	18,758
Depreciation of right-of-use assets	**762**	758
Amortisation of intangible assets	**2**	19
Foreign exchange differences, net	**(350)**	167

* Cost of services provided includes depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (six months ended 30 June 2025: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2025: 8.25%) and the remaining assessable profits are taxed at 16.5% (2025: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The provision for Mainland China current income tax should be based on the statutory rate of 25% (six months ended 30 June 2025: 25%) of the assessable profits of the Group's subsidiaries in Mainland China.

The provision of French current income tax was based on the rate of 25% (six months ended 30 June 2025: 25%) of the estimated assessable profits arising during the Period.

The provision of Luxembourg's current income tax is based on the rate of 24.94% (six months ended 30 June 2025: 24.94%) of the estimated assessable profits arising during the Period.

The major components of income tax expense/(credit) for the six months ended 30 June 2026 and 2025 are as follows:

		For the six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Current – France profits tax	*a*	**1,149**	–
Deferred		**2,446**	(13,124)
Total income tax expense/(credit) for the period		**3,595**	(13,124)

Note:

(a) Tax losses arising in France may be carried forward indefinitely. However, the amount of losses used in a year may not exceed EURO1 million plus 50% of the taxable profit above that amount for such financial year. The excessive portion is subject to current income tax.

7. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the Period (six months ended 30 June 2025: Nil).

8. LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 12,778,880,000 (six months ended 30 June 2025: 12,778,880,000) outstanding during the Period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 and 2025.

The calculations of basic and diluted loss per share is based on:

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Loss ***(HK$'000)***		
Loss attributable to ordinary equity holders of the Company	**(2,615)**	(99,956)
Shares ***('000)***		
Weighted average number of ordinary shares outstanding during the period used in the basic and diluted loss per share calculation	**12,778,880**	12,778,880

9. TRADE RECEIVABLES

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 1 month	**22,005**	17,585

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 1 month	**1,679**	2,289

11. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the interim condensed consolidated financial information, there was no material subsequent event undertaken by the Group.

INTERIM DIVIDEND

The board does not recommend the payment of interim dividend in respect of the Period (six months ended 30 June 2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

For the Period, revenue of the Group amounted to approximately HK$176.7 million, representing an increase of approximately 136.6% from the approximately HK$74.7 million for the six months ended 30 June 2025 (the "**Preceding Period**").

The Group did not record any provision for impairment on the loan to an associate during the Period (Preceding Period: approximately HK$63.7 million). Further details regarding the loan to an associate will be provided in the segmental review below.

The Group recorded the loss for the Period of approximately HK$2.6 million, as compared to loss of approximately HK$100.0 million for the Preceding Period. The reduction in loss for the Period is mainly attributable to (i) the increase in revenue and gross profit contributed by the Paris Marriott Hotel Champs-Elysees (the "**Paris Marriott Hotel**"), which was fully opened to guests after renovation, to approximately HK$176.7 million and HK$44.2 million respectively (Preceding Period: revenue of approximately HK$74.7 million and gross loss of approximately HK$10.1 million); and (ii) the absence of provision for impairment on the loan to an associate during the Period (Preceding Period: approximately HK$63.7 million); but partially offset by, among other things, the provision of income tax of approximately HK$3.6 million (Preceding Period: income tax credit of approximately HK$13.1 million).

The loss attributable to owners of the Company for the Period was approximately HK$2.6 million, as compared to loss of approximately HK$100.0 million for the Preceding Period. The basic and diluted loss per share for the Period was HK0.02 cents, as compared to the basic and diluted loss per share of HK0.78 cents for the Preceding Period.

The total non-current assets of the Group as at 30 June 2026 amounted to approximately HK$2,649.6 million, representing a decrease of approximately 1.6% from approximately HK$2,692.5 million as at 31 December 2025. The decrease in the total non-current assets of the Group during the Period was mainly due to the decrease in value of property, plant and equipment as a result of the depreciation of Euro against Hong Kong dollar. The total current assets of the Group as at 30 June 2026 amounted to approximately HK$1,031.6 million, representing an increase of approximately 0.03% from approximately HK$1,031.4 million as at 31 December 2025.

The total current liabilities of the Group as at 30 June 2026 amounted to approximately HK$115.8 million, representing an increase of approximately 10.2% from approximately HK$105.1 million as at 31 December 2025. The increase in total current liabilities of the Group during the Period was mainly due to an increase in other payables and accruals. The total non-current liabilities of the Group as at 30 June 2026 amounted to approximately HK$1,693.1 million, representing a decrease of approximately 2.1% from approximately HK$1,730.1 million as at 31 December 2025. The decrease in non-current liabilities of the Group during the Period was mainly due to the decrease in interest-bearing bank borrowings as a result of the depreciation of Euro against Hong Kong dollar.

Segmental review of the Group's operations during the Period is as follows:

Hotel Operation

The Group recorded a revenue of approximately HK$176.7 million from the hotel operation segment, representing an increase of approximately 136.6%, from approximately HK$74.7 million for the Preceding Period. The Paris Marriott Hotel completed the renovation of 112 guest rooms, corridors, windows, and vertical air conditioning systems in late 2025, and all guest rooms in the hotel have now been renovated. The hotel saw an immediate increase in its average room rate after the renovation, and the newly renovated guest rooms have been widely appreciated by guests. With the full reopening of the hotel to receive guests during the Period, the revenue recorded by the Paris Marriott Hotel increased significantly as compared to the Preceding Period.

The Group recorded a loss of approximately HK$2.2 million in this segment for the Period, as compared to the loss of approximately HK$53.0 million for the Preceding Period.

Below is a comparison of the operational performance of the Paris Marriott Hotel during the Period against the Preceding Period.

	2026	2025
	(approximately)	*(approximately)*
Occupancy	**73.1%**	33.4%
Average Room Rate	**€678**	€695
RevPAR*	**€496**	€232

* Revenue per available room

Money Lending

The Group did not record any revenue from this segment during the Period (Preceding Period: Nil). The Group recorded a loss of approximately HK$0.5 million from this segment for the Period, as compared to a loss of approximately HK$0.5 million for the Preceding Period. There was no mortgage loan receivable as at 30 June 2026 (31 December 2025: Nil).

Equity Investment

Loan to an Associate

As to the loan granted to 北京凱瑞英科技有限公司 (Beijing Chemical Reaction Engineering Science & Technology Co., Limited*) (the "**Associate**", together with its subsidiaries, the "**Associate Group**"), reference is made to the announcements of the Company dated 19 January 2023, 4 August 2023, 7 September 2023, 5 January 2024, 22 March 2024 and 27 December 2024, the annual reports of the Company for the year ended 31 December 2022, 2023, 2024, and 2025, and the interim reports of the Company for the six months ended 30 June 2023, 2024, and 2025 in relation to, among other matters, the assets pledged to the Group by one of the companies in the Associate Group (the "**Pledge Associate**").

On 19 January 2023, the Group made an application to the People's Court of Leling City, Shandong, the PRC (山東省樂陵市人民法院) (the "**Court**") to apply for enforcement (the "**Enforcement**") of pledged assets such that the proceeds could be applied towards repayment of the loan principal, the interests and penalty relating thereto. On 6 September 2023, the Group received a judgment from the Court dismissing the Group's Enforcement application. The Group was later informed by the Pledge Associate that it had submitted an application to the Court for liquidation restructuring (破產重整), and the Court had (i) granted an order approving commencement of the pre-reorganisation procedures (預重整程序) of the Pledge Associate; and (ii) granted an order appointing the liquidation team (清算組) of the Pledge Associate as the provisional administrator (臨時管理人) of the said pre-reorganisation. The proposal for reorganisation as approved by creditors of the Pledge Associate had been approved by the Court (the "**Reorganisation**"). Pursuant to the Reorganisation, the existing shareholding interests in the Pledge Associate might be subject to dilution, whereby current sole shareholder of the Pledge Associate holding 100% shareholding might be diluted. As at the date of this announcement, the Group is indirectly interested in 37.125% of the equity interests of the Pledge Associate. Accordingly, upon implementation of the Reorganisation in full, the Group's interests might be diluted. The Group's loan to the Associate (as secured by the pledged assets), however, is not covered by the Reorganisation and therefore will not be extinguished or diminished by implementation of the Reorganisation. The Company will keep its shareholders and investors informed of any material development relating to the Reorganisation, and will publish relevant announcements as and when appropriate in accordance with the Listing Rules.

During the Period, the Company did not record any provision for impairment on the loan to the Associate (Preceding Period: provision for impairment of approximately HK$63.7 million).

PROSPECTS

Hotel Operation

The Paris Marriott Hotel completed the guest room renovation in 2025, and the roof renovation was also completed during this Period. On the other hand, the hotel has committed to overhauling the TGBT systems (the electrical panel that manages electrical power distribution) (the "**TGBT Project**"), but the project timetable has been delayed. Based on the latest estimate, the TGBT Project is expected to be completed in 2027.

At the same time, the prospect of the Paris Marriott Hotel will remain challenging due to a number of factors, such as the continuous increase in prices in Europe, the ongoing geopolitical tension between Ukraine and Russia, the development of the military activities in the Middle East, and the adoption of new laws on climate related policies in France.

Money Lending

The Board considers Hong Kong's mortgage loan market will remain challenging, being heavily competitive with uncertain prospects. The Board would exercise the utmost caution when conducting mortgage loan business in Hong Kong.

Equity Investment

Loan to an Associate

The performance of the Associate Group during the Period has not yet met the Company's expectations. The Company will continue to monitor the operations of the Associate Group and the impact to the Company. The Company will keep its shareholders and investors informed of any material development, and will publish relevant announcements as and when appropriate in accordance with the Listing Rules.

LOOKING AHEAD

The Board will concurrently review the Group's portfolio to restructure and enhance the quality of assets held. The Board will also continue to explore investment opportunities from new business segments with a view to enhancing and improving returns to the Company's stakeholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, total assets and net assets of the Group were approximately HK$3,681.3 million and HK$1,872.3 million respectively (31 December 2025: approximately HK$3,723.8 million and HK$1,888.6 million, respectively). The cash and bank balance of the Group as at 30 June 2026 were approximately HK$826 million, and were denominated in Hong Kong dollar, Euro, United States dollar and Renminbi (31 December 2025: approximately HK$829.9 million). The total current assets of the Group as at 30 June 2026 were approximately HK$1,031.6 million (31 December 2025: approximately HK$1,031.4 million). As at 30 June 2026, the Group had net current assets of approximately HK$915.8 million (31 December 2025: approximately HK$926.2 million). The Group adopted a conservative treasury approach and had tight control over its cash management. As at 30 June 2026, the Group had outstanding bank loans and other borrowings amounted to approximately HK$1,544.3 million[1] (31 December 2025: approximately HK$1,576.7 million), none of which was due within one year. As at 30 June 2026, the Group's gearing ratio (total borrowings/total assets) was approximately 42.0% (31 December 2025: approximately 42.3%). The Group constantly monitors its cash flow position, maturity profile of borrowings, availability of banking facilities, gearing ratio and interest rate exposure. Borrowing requirements are not seasonal as they tend to follow the pattern of capital expenditure and investment.

(1) Approximately HK$1,544.3 million (equivalent to €175,000,000) at the interest rate of 3 months EURIBOR swapped into fixed rate plus 2.5% per annum.

ACQUISITIONS AND DISPOSALS

During the Period, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

FOREIGN EXCHANGE EXPOSURE

The Group had operations in France, Luxembourg, the People's Republic of China (the "**PRC**") and Hong Kong where transactions and cash flow were denominated in local currencies, including Euro, Renminbi, United States dollars and Hong Kong dollars. As a result, the Group was exposed to foreign currency exposure with respect to Euro and Renminbi, which mainly occurred from conducting daily operations and financing activities through local offices where local currencies were different from the Group. For the Period, the Group had not entered into any forward contracts to hedge the foreign exchange exposure. The Group managed its foreign exchange risks by performing regular review and monitoring of foreign exchange exposure. The Group would consider employing foreign exchange hedging arrangements when appropriate and necessary.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no contingent liabilities (31 December 2025: Nil).

PLEDGE ON THE GROUP'S ASSETS

As at 30 June 2026, cash deposits amounting to approximately HK$99.1 million (31 December 2025: approximately HK$101.2 million) and a building of the Group with a net carrying amount of approximately HK$2,510.9 million (31 December 2025: approximately HK$2,557.5 million) was pledged to secure bank loan granted to the Group.

EMPLOYEES AND REMUNERATION

The Group had 9 employees as at 30 June 2026 (31 December 2025: 9). The total employee remuneration during the Period was approximately HK$3.7 million (Preceding Period: approximately HK$3.6 million). Remuneration policies were reviewed regularly to ensure that compensation and benefits packages were in line with market level. In addition to basic remuneration, the Group also provided other employee benefits including bonuses, mandatory provident fund scheme, medical insurance scheme and participation in the share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to maintaining high standards of corporate governance. Continuous efforts are made to review and enhance the Group's internal control policy and procedures in light of local and international developments to instill best practices.

The Board has set up procedures on corporate governance that comply with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") on corporate governance practices based on the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to Listing Rules.

The Company had complied with the code provisions of the CG Code throughout the Period ended 30 June 2026 with the following deviations:

- C.2.1 The Company does not have a Chairman. No replacement appointment of the Chairman of the Board was made during the Period. The role and responsibilities of the Chairman on governance matters of the Company were shared between the executive Directors during the Period. The Company will publish an announcement once an appointment has been made in accordance with the Listing Rules.

- F.2.2 The Company does not have a Chairman, an executive Director, Mr. Law Wing Chi, Stephen, was elected to chair the annual general meeting of the Company held on 1 June 2026 in accordance with the Bye-laws.

The Board will keep these matters under review.

Following sustained development and growth of the Company, we will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies meet the general rules and standards required by the shareholders of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises four independent non-executive Directors namely Mr. Tam Sun Wing (Chairman), Mr. Ng Ge Bun, Mr. He Yi and Ms. Kwok Pui Ha. The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed risk management and internal control systems and matters. The Audit Committee is satisfied with the Group's internal control procedures and financial reporting disclosures. The unaudited interim condensed consolidated financial information for the Period have been reviewed by the Audit Committee and the auditors of the Group.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") has been set up with written terms of reference in accordance with the requirements of the Listing Rules, amongst other things, to make recommendations to the Board on the Company's remuneration policy and structure for all directors and senior management. The Remuneration Committee comprises one executive Director namely Mr. Law Wing Chi, Stephen, and four independent non-executive Directors namely Mr. Tam Sun Wing (Chairman), Mr. Ng Ge Bun, Mr. He Yi, and Ms. Kwok Pui Ha.

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") has been set up with written terms of reference in accordance with the requirements of the Listing Rules, amongst other things, to review the structure, size and composition of the Board. The Nomination Committee currently consists of one executive Director namely Mr. Law Wing Chi, Stephen and four independent non-executive Directors namely Mr. Ng Ge Bun (Chairman), Mr. Tam Sun Wing, Mr. He Yi, and Ms. Kwok Pui Ha.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix C3 to the Listing Rules. The Company, having made specific enquiry, has confirmed with the Directors that they had complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions during the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.kaiyuanholdings.com). The interim report of the Company for the Period containing all information required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

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

Hong Kong, 31 August 2026

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).