

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kai Yuan Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Kai Yuan Holdings Limited (the “Company”) to be held at Board Room, Level 1, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong at 9:30 a.m. on Monday, 29 May 2023 is enclosed. A form of proxy is also enclosed.

Whether or not you are able to attend the annual general meeting of the Company, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting of the Company or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the annual general meeting of the Company or any adjourned meetings should you so wish.

21 April 2023

CONTENTS

	Page
Responsibility Statement	ii
Definitions	1-3
Letter from the Board	
Introduction	4
Proposed Re-election of the Retiring Directors	5-6
Proposed Grant of General Mandates to Issue and Repurchase Shares	6
Annual General Meeting	7
Recommendation	7
General Information	7
Appendix I - Information on Retiring Directors	8-10
Appendix II - Explanatory Statement on Proposed Repurchase Mandate	11-13
Notice of Annual General Meeting	14-17

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM Notice”	notice of the Annual General Meeting which is set out on pages 14 to 17 of this circular;
“Annual General Meeting”	the annual general meeting of the Company to be held at Board Room, Level 1, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong at 9:30 a.m. on Monday, 29 May 2023, to consider and, if appropriate, to approve the resolutions proposed at such meeting or any adjournment thereof;
“Board”	the board of Directors;
“Close associate(s)”	has the same meaning as ascribed in the Listing Rules;
“Code”	the Hong Kong Code on Takeovers and Mergers;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Company”	Kai Yuan Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Existing Issue Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 2 June 2022 to allot, issue and deal with Shares not exceeding 20% of the aggregate number of the issued Shares as at 2 June 2022;
“Existing Repurchase Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held on 2 June 2022 to repurchase Shares not exceeding 10% of the aggregate number of the issued Shares as at 2 June 2022;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars;

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	14 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Issue Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and deal with Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the relevant resolution granting such proposed issue mandate;
“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the aggregate number of the issued Shares as at the date of passing of the relevant resolution granting such proposed repurchase mandate;
“Retiring Directors”	Mr. Law Wing Chi, Stephen, Mr. He Yi and Ms. Kwok Pui Ha;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Subsidiaries”

a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company; and

“%”

per cent.



KAI YUAN HOLDINGS LIMITED
開源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1215)

Executive Directors:

Mr. Xue Jian (*Chief executive officer*)

Mr. Law Wing Chi, Stephen

Independent non-executive Directors:

Mr. Tam Sun Wing

Mr. Ng Ge Bun

Mr. He Yi

Ms. Kwok Pui Ha

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business in Hong Kong:

28th Floor

Chinachem Century Tower

178 Gloucester Road

Wanchai, Hong Kong

21 April 2023

To the Shareholders,

Dear Sir or Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the Annual General Meeting for the approval of (a) proposed re-election of the Retiring Directors; (b) the grant to the Directors of the Proposed Issue Mandate; (c) the grant to the Directors of the Proposed Repurchase Mandate; and (d) the extension of the Proposed Issue Mandate to issue Shares by adding to it the aggregate number of the issued Shares repurchased under the Proposed Repurchase Mandate, together with the AGM Notice.

LETTER FROM THE BOARD

PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to the Bye-laws, Mr. Law Wing Chi, Stephen (“**Mr. Law**”), Mr. He Yi (“**Mr. He**”), and Ms. Kwok Pui Ha (“**Ms. Kwok**”), shall retire from office. All of the Retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

As at the Latest Practicable Date, Mr. He had served as an independent non-executive Director for more than nine years since 18 May 2011. Mr. Tam Sun Wing and Mr. Ng Ge Bun, also independent non-executive Directors, have served the Company since 14 December 2001 and 30 September 2004 respectively; Ms. Kwok was appointed as an independent non-executive Director of the Company since 1 January 2023. Pursuant to Appendix 14 to the Listing Rules, if an independent non-executive director has served for more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders.

The nomination committee of the Company considered and assessed the suitability of Mr. He for re-election in accordance with the nomination policy in terms of Mr. He’s independence and his qualities. In making the assessment, the nomination committee has also taken into account the structure and size, and the diversity policy of the Board. The nomination committee noted that Mr. He was not involved in the daily management of the Group or in any circumstances which would materially interfere with his exercise of independent judgement during his tenure with the Group, nor was there any evidence suggesting Mr. He’s tenure of over nine years has compromised or would compromise his continued independence. The nomination committee of the Company has assessed and is satisfied that Mr. He has demonstrated his abilities to provide an independent view to the Company’s matters. The Company has received Mr. He’s confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed and reviewed Mr. He’s confirmation of independence and affirmed that Mr. He remains independent. The nomination committee is of the view that Mr. He possessed the required qualities as an independent non-executive Director with his substantive and valuable experience, such as in banking, accounting and finance; and his availability and dedication of time to fulfil the commitment as the independent non-executive Director. Together with other independent non-executive Directors, Mr. He has contributed to ensuring the interests of all Shareholders. Mr. He has made objective decisions and has contributed to the Board with his valuable business experience in the PRC, to promote the best interests of the Company and the Shareholders, and has demonstrated a firm commitment to his role.

The Board, having considered the recommendation of the nomination committee, considers that the long service of Mr. He would not affect his exercise of independent judgement and is satisfied that Mr. He has the required character, integrity, experience and knowledge to continue fulfilling the role of an independent non-executive Director effectively.

LETTER FROM THE BOARD

Taking into consideration of the above factors, the Directors consider Mr. He to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years as an independent non-executive Director. Accordingly, Mr. He shall retire by rotation and, being eligible, would offer himself for re-election by way of a separate resolution to be approved by the Shareholders at the Annual General Meeting.

Brief biographies of the Retiring Directors, who will offer themselves for re-election, are set out in Appendix I to this circular.

PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 2 June 2022, ordinary resolutions were passed granting the Existing Issue Mandate and the Existing Repurchase Mandate to the Directors.

In accordance with the provisions of the Listing Rules and the terms of the Existing Issue Mandate and the Existing Repurchase Mandate, the Existing Issue Mandate and the Existing Repurchase Mandate shall lapse if, inter alia, they are revoked or varied by ordinary resolutions of the Shareholders in general meeting.

Ordinary resolutions set out as resolutions 4(1)(d) and 4(2)(c) in the AGM Notice will be proposed at the Annual General Meeting to revoke the Existing Issue Mandate and the Existing Repurchase Mandate respectively. Resolutions to consider, and if thought fit, to approve a general mandate to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the relevant resolution and a general mandate to be granted to the Directors to repurchase Shares not exceeding 10% of the aggregate number of the issued Shares as at the date of passing of the relevant resolution will also be proposed at the Annual General Meeting. With reference to the Proposed Issue Mandate and the Proposed Repurchase Mandate, the Directors wish to state that they have no immediate plans to issue or repurchase any Shares pursuant thereto. As at the Latest Practicable Date, the number of Shares in issue was 12,778,879,806 Shares. Subject to the passing of the resolution granting the Proposed Issue Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to issue a maximum of 2,555,775,961 Shares upon exercise of the Proposed Issue Mandate in full. Ordinary resolution set out as resolution 4(3) in the AGM Notice will also be proposed at the Annual General Meeting to extend the Proposed Issue Mandate by adding to it the aggregate number of the issued Shares repurchased under the Proposed Repurchase Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate is set out in the Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the Annual General Meeting.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Board Room, Level 1, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong at 9:30 a.m. on Monday, 29 May 2023 is set out on pages 14 to 17 of this circular. Pursuant to Rules 13.39(4) to 13.39(5) of the Listing Rules, any voting of the Shareholders at the Annual General Meeting will be taken by way of poll and an announcement on the poll results of the Annual General Meeting will be made by the Company after the Annual General Meeting.

A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend and vote at the Annual General Meeting in person, you are requested to complete the form of proxy and return it to the office of the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the Annual General Meeting or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors consider that the proposed resolutions for approval of (a) proposed re-election of the Retiring Directors; (b) the grant to the Directors the Proposed Issue Mandate; (c) the grant to the Directors the Proposed Repurchase Mandate; and (d) the extension of the Proposed Issue Mandate to issue Shares by adding to it the aggregate number of the issued Shares repurchased under the Proposed Repurchase Mandate are in the interests of the Company, the Shareholders and, in particular, the Group as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Kai Yuan Holdings Limited
Law Wing Chi, Stephen
Executive Director

This appendix sets out the information, as required to be disclosed by the Listing Rules, on the Retiring Directors proposed to be re-elected at the Annual General Meeting.

Mr. Law Wing Chi, Stephen (“Mr. Law”)

Mr. Law, aged 52, was appointed as an executive Director on 18 May 2011. He has also been appointed as members of the remuneration committee and nomination committee of the Company as well as chief financial officer, process agent and company secretary of the Company. Mr. Law also serves as director, company secretary and legal representative to a number of Group companies. Mr. Law has extensive experience in financial management and professional accounting. Prior to joining the Company, Mr. Law was the chief financial officer of Diamondlite Group, one of the leading jewelry manufacturers in the PRC. Having started his career as a professional accountant in an international accountancy firm, Mr. Law has undertaken key financial management positions in companies engaged in a variety of industries. Mr. Law is an associate member of the Hong Kong Institute of Certified Public Accountants and holds a Bachelor of Arts Degree in Accountancy from the City University of Hong Kong. Mr. Law is also appointed as an independent non-executive director of KML Technology Group Limited, the issued shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8065).

Mr. Law has entered into a contract of employment with the Company, pursuant to which he is entitled to a fixed annual emoluments of HK\$1,690,000, with bonus payable at the discretion of the Board. Mr. Law is also entitled to a fixed director’s fee of HK\$200,000 per annum. The contract of employment entered into between Mr. Law and the Company has no fixed term, but may be terminated by either party giving two months’ written notice or payment in lieu. Mr. Law’s appointment is subject to retirement by rotation and re-election in accordance with the Bye-laws. Mr. Law’s emoluments were determined by the Board with reference to the prevailing market conditions and on his anticipated effort and expertise to be exercised on the Company’s affairs. Such emoluments are subject to review by the Board from time to time pursuant to the power conferred on it in the annual general meeting of the Company.

As at the Latest Practicable Date, Mr. Law (i) did not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company; (ii) did not have any interest in the Shares within the meaning of Part XV of the SFO; (iii) did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) did not hold other positions with other members of the Group. Save as disclosed above, there is no information in relation to the re-election of Mr. Law that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters that need to be brought to the attention of holders of securities of the Company.

Mr. He Yi (“Mr. He”)

Mr. He, aged 50, was appointed as an independent non-executive Director on 18 May 2011. He has been appointed as member of the audit committee, the remuneration committee, and the nomination committee of the Company. Mr. He is the chief executive officer of Shanghai YAOXIN Asset Investment and Management Limited. Prior to this, he was the general manager of Barclays Bank Shanghai Branch and has extensive experience in the financial industry. Mr. He started his career with the Credit Agricole Indosuez in Shanghai and was the head of treasury department and financial institutions department of First Sino Bank, the head of global markets China and deputy general manager of the Shanghai branch of Australia and New Zealand Banking Group Limited. Mr. He is a member of the Chinese Institute of Certified Public Accountants and a certified economist accredited by The Ministry of Personnel of China. Mr. He also holds a postgraduate master degree of economics from Fudan University, Shanghai, China. Mr. He is an independent non-executive director of both Sunshine Oilsands Limited (“**Sunshine Oilsands**”) (Stock Code: 2012) and Future World Holdings Limited (“**Future World**”) (Stock Code: 572). The issued shares of both Sunshine Oilsands and Future World are listed on the Stock Exchange.

As at the Latest Practicable Date and save as disclosed above, (a) Mr. He did not hold other positions with any member of the Group; (b) Mr. He did not hold any directorship in any other listed public companies in the three years immediately preceding the Latest Practicable Date; (c) Mr. He did not have any relationships with any Directors, senior management or substantial or controlling Shareholders; and (d) Mr. He did not have any interest in the Shares within the meaning of Part XV of the SFO. Mr. He has not entered into any service contract with the Company in relation to his appointment as an independent non-executive Director. There is no specific length of service in respect of his appointment, but he is subject to retirement by rotation and re-election in accordance with the Bye-laws. Mr. He is entitled to a director’s fee of HK\$200,000 per annum. The emoluments were mutually agreed upon between the Board and Mr. He by reference to the prevailing market conditions. There is no other information in relation to the re-election of Mr. He which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. Save as disclosed above, there are no other matters in relation to the re-election of Mr. He that need to be brought to the attention of holders of securities of the Company.

Ms. Kwok Pui Ha (“Ms. Kwok”)

Ms. Kwok, aged 53, was appointed as an independent non-executive Director on 1 January 2023. Ms. Kwok has also been appointed as member of the nomination committee, remuneration committee and audit committee of the Company with effect from 1 January 2023.

Ms. Kwok started her career with Deloitte Touche Tohmatsu and she has more than 28 years of experience in investment management, accounting and financial management. Being a finance executive, Ms. Kwok has taken up a broad range of responsibilities including accounting, financing, tax planning, strategic planning, deal analysis, treasury, legal and company secretarial matters, as well as human resources management. Ms. Kwok is currently director of Adanti Limited, a company which is principally engaged in the provision of business advisory services. Ms. Kwok was appointed as the head of finance and company secretary of CCIAM Future Energy Ltd (“CCIAMFE”), the issued shares of which are listed on the Stock Exchange, from January 2022 to April 2023. Ms. Kwok had also worked as head of finance in CITIC International Assets Management Limited, an affiliate of CITIC Group for 10 years. Ms. Kwok has accumulated extensive experience in listed companies, including serving as an independent non-executive director of and as head of finance and company secretary of a number of main-board listed companies in Hong Kong for more than 20 years. Ms. Kwok is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and a member of Hong Kong Securities and Investment Institute.

Ms. Kwok has not entered into any service contract with the Company in relation to her appointment as an independent non-executive Director. There is no specific length of service in respect of her appointment, but she is subject to retirement by rotation and re-election in accordance with the Bye-laws. Ms. Kwok is entitled to a director’s fee of HK\$200,000 per annum. The emoluments were mutually agreed upon between the Board and Ms. Kwok by reference to the prevailing market conditions. As at the Latest Practicable Date, Ms. Kwok did not (a) hold other positions with any member of the Group; (b) hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; (c) have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company; and (d) have any interest in the Shares within the meaning of Part XV of the SFO. There is no other information in relation to the re-election of Ms. Kwok which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. Save as disclosed above, there are no other matters in relation to the re-election of Ms. Kwok that need to be brought to the attention of holders of securities of the Company.

This appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the Proposed Repurchase Mandate.

(1) SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue was 12,778,879,806 Shares. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 1,277,887,980 Shares during the period ending on the earliest of the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required to be held by law, or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

(2) SOURCE OF FUNDS

Repurchases must be funded out of fund legally available for the purpose and in accordance with the Bye-laws and the laws of Bermuda, being the jurisdiction in which the Company is incorporated.

(3) REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the prevailing market value, it would have a material adverse impact on the working capital position and gearing position of the Company, as compared with the positions disclosed in the audited consolidated accounts of the Company for the year ended 31 December 2022, being the date to which the latest published accounts of the Company were made up. The Directors do not propose to exercise the mandate to repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels of the Company.

(4) SHARE PRICES

The following table shows the highest and lowest prices at which the Shares had been traded on the Stock Exchange in each of the 12 months immediately preceding the Latest Practicable Date:

Month	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
April	0.030	0.024
May	0.028	0.023
June	0.050	0.023
July	0.028	0.022
August	0.023	0.019
September	0.021	0.019
October	0.023	0.017
November	0.021	0.017
December	0.024	0.016
2023		
January	0.030	0.020
February	0.025	0.018
March	0.020	0.016
April (up to and including the Latest Practicable Date)	0.019	0.015

(5) GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their close associates currently intend to sell any Shares to the Company in the event that the Proposed Repurchase Mandate is approved.

The Directors have undertaken to the Stock Exchange that they will exercise the Proposed Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event the Proposed Repurchase Mandate is approved.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (as defined in the Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, Mr. Zhang He Yi and his parties acting in concert (as defined in the Code) were interested in 2,708,000,000 Shares, representing approximately 21.19% of the issued share capital of the Company. In the event the Directors shall exercise the Proposed Repurchase Mandate in full and assuming there is no change in the issued share capital of the Company from the date of passing of relevant resolution granting the Proposed Repurchase Mandate, the percentage shareholding of Mr. Zhang He Yi and his parties acting in concert would be increased to approximately 23.55% of the issued share capital of the Company. Thus, no Shareholder would be required to make a mandatory offer under Rule 26 of the Code.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.



KAI YUAN HOLDINGS LIMITED
開源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1215)

NOTICE IS HEREBY GIVEN that an annual general meeting of Kai Yuan Holdings Limited (the “**Company**”) will be held at Board Room, Level 1, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong at 9:30 a.m. on Monday, 29 May 2023 (or at any adjournment thereof) for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2022;
2. To re-elect directors who offer themselves for re-election and to authorise the board of directors to fix the remuneration of directors;
3. To re-appoint Ernst & Young as the auditors of the Company and to authorise the board of directors to fix their remuneration;
4. To consider and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

- (1) “**THAT:**
 - (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with shares of the Company (the “**Shares**”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant any offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate number of the Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any options granted under any share scheme or similar arrangement for the time being adopted for the grant or issue to eligible person of Shares or right to acquire Shares;
 - (iv) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company;

shall not exceed 20% of the aggregate number of the Shares in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting;

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

- (2) “**THAT:**
- (a) subject to paragraph (b) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company (the “**Shares**”) on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Buy-backs, and subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
 - (b) the aggregate number of Shares which may be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate number of the Shares in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;
 - (c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
 - (d) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

- (3) “**THAT** conditional upon the passing of the Resolutions 4(1) and 4(2) as set out in the notice of this meeting, the general mandate granted to the directors of the Company (the “**Directors**”) to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company (the “**Shares**”) pursuant to Resolution 4(1) above be and is hereby extended by the addition to the aggregate number of the Shares which may be allotted by the Directors pursuant to such general mandate an amount representing the aggregate number of Shares repurchased by the Company under the authority granted pursuant to Resolution 4(2) above, provided that such amount shall not exceed 10% of the aggregate number of the Shares in issue as at the date of passing of this Resolution.”

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

Hong Kong, 21 April 2023

Principal place of business in Hong Kong:
28th Floor
Chinachem Century Tower
178 Gloucester Road
Wanchai, Hong Kong

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. A shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the annual general meeting (the “**AGM**”) may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a Shareholder.
2. Where there are joint registered holders of any share of HK\$0.10 each in the capital of the Company (the “**Share**”), any one such persons may vote at the AGM, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM.

As at the date of this notice, the board of directors of the Company consists of 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).