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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\$2.0 million for the year ended 31 December 2023 (the “**Year**”) (for the year ended 31 December 2022: approximately HK\$41.1 million).

The reduction in the expected loss for the Year is mainly attributable to the increase in the Group's revenue and gross profit contributed by the Paris Marriott Hotel Champs-Elysees to approximately HK\$293.6 million and approximately HK\$70.5 million, respectively for the Year (for the year ended 31 December 2022: revenue of approximately HK\$153.5 million and gross loss of approximately HK\$0.8 million); but compensated by (i) the increase in the provision of the expected credit loss on the loan granted to an associate to approximately HK\$8.2 million for the Year (31 December 2022: approximately HK\$3.5 million); and (ii) the record of the fair value loss from the unsecured convertible bonds invested by the Company of approximately HK\$11.3 million for the Year as opposed to a fair value gain of approximately HK\$0.4 million recorded for the year ended 31 December 2022. Each of the aforesaid provision of expected credit loss and the fair value 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 2024. 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, 26 February 2024

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).