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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)

DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF LOAN

THE LOAN AGREEMENT

On 23 April 2018, the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to advance to the Borrower the Loan for a term of 6 months.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Loan exceeds 5% but all of them are less than 25%, the Loan Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 23 April 2018, the Loan Agreement was entered into between the Lender, an indirect wholly-owned subsidiary of the Company and the Borrower. Pursuant to the Loan Agreement, the Lender has agreed to advance to the Borrower the Loan for a term of 6 months. Summarised below are the principal terms of the Loan Agreement.

LOAN AGREEMENT

- Date** : 23 April 2018
- Parties** : (i) Kai Yuan Capital Limited
- (ii) the Borrower, a merchant (who, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, is an Independent Third Party)
- Principal amount** : HK\$160,000,000.00
- Interest** : The Borrower shall pay the interests on a monthly basis
- Interest rate** : 11% per annum
- Maturity date** : 6 months from the date of the Loan Agreement
- Repayment** : The Borrower shall repay in full the principal amount of the Loan, together with interest accrued and unpaid thereof on the maturity date of the Loan.
- Early repayment** : The Borrower may at any time before the last repayment date repay the Loan in full by giving to the Lender not less than seven days' prior written notice. On the date when such repayment is to be made, the Borrower shall pay the Lender the principal amount outstanding, all accrued interest thereon and any other sums due and payable by the Borrower (if any).
- Early redemption** : If the redemption is made within 3 months from the date of the drawdown of the Loan, the Borrower shall pay the Lender 3 months' interest together with the outstanding Loan. For the avoidance of doubt, the Borrower shall at least pay the Lender 3 months' interest on the Loan.
- Security for repayment** : a second legal charge/mortgage in respect of the Properties (the "**Legal Charge**")

INFORMATION ABOUT THE COMPANY AND THE LENDER

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise hotel operation and money lending. The Lender is an indirect wholly-owned subsidiary of the Company and a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

REASONS FOR AND BENEFIT OF PROVISION OF LOAN

The Lender has agreed to advance the Loan to the Borrower in its ordinary course of business. The Group will finance the Loan with its internal resources. The terms of Loan Agreement (including the interest rate) were arrived at after arm's length negotiations between the Lender and the Borrower and would enable the Lender to earn interest income. Given that the provision of credit financing is in the ordinary and usual course of business of the Lender and that the Loan is secured by the Legal Charge, the Directors are of the view that the terms of the Loan Agreement (including the interest rate) are fair and reasonable and the transactions contemplated under Loan Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Loan exceeds 5% but all of them are less than 25%, the Loan Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Board”	board of the Directors;
“Borrower”	the borrower of the Loan, being an individual and an Independent Third Party;

“Company”	Kai Yuan Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 1215);
“Director(s)”	Director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	a third party independent of the Company and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company;
“Lender”	Kai Yuan Capital Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the term loan in the amount of HK\$160,000,000.00 granted by the Lender to Borrower pursuant to the terms of Loan Agreement;
“Loan Agreement”	the loan agreement dated 23 April 2018 entered into between the Lender and Borrower in relation to the grant of the Loan to the Borrower;
“Properties”	certain real estate properties located at the Peak in Hong Kong owned by the Borrower;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the issued Share(s);

“Stock Exchange”

The Stock Exchange of Hong Kong Limited; and

“%”

per cent.

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

Hong Kong, 23 April 2018

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 and Mr. He Yi (all being independent non-executive directors).