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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)

GRANT OF SHARE OPTIONS

This announcement is made by Kai Yuan Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) pursuant to Rule 17.06A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**”) the Company is pleased to announce that on 15 December 2017, the Company has granted to eligible participants (the “**Grantees**”), subject to acceptance by the Grantees, certain options (the “**Share Options**”) to subscribe for up to a total of 145,780,000 ordinary shares (the “**Option Shares**”) of nominal value of HK\$0.10 each (each a “**Share**”) in the share capital of the Company under its share option scheme adopted on 17 May 2012. A summary of the grant of the Share Options is set out below:

Date of grant:	15 December 2017 (the “ Date of Grant ”)
Exercise price for each Option Share:	HK\$0.10 per Option Share (being the highest of: (i) the closing price of HK\$0.047 per Share as stated in the Stock Exchange’s daily quotations sheets on the Date of Grant; (ii) the average closing price of HK\$0.0512 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share)

Number of Option Shares to be allotted and issued upon exercise in full of the Share Options granted: 145,780,000

Closing price of each Share on the Date of Grant: HK\$0.047

Validity period of the Share Options: The Grantees, subject to acceptances of the Share Options, may exercise the subscription right attached to the Share Options from 15 Decmeber 2017 until 16 May 2022 (both dates inclusive)

Among the Share Options granted above, Share Options to subscribe for up to a total of (i) 137,780,000 Option Shares were granted to two Directors; and (ii) 8,000,000 Option Shares were granted to other employees of the Group, details of which are set out as follows:

Name of Grantees	Position held with the Company	Number of Option Shares to be allotted and issued upon exercise in full of the Share Options granted
1. Directors		
(a) Xue Jian	Executive Director & CEO	127,780,000
(b) Law Wing Chi, Stephen	Executive Director	10,000,000
2. Other employees of the Group		8,000,000
Total:		145,780,000

The grant of the Share Options to the above Directors has been approved by the independent non-executive Directors, whereupon the Grantee Directors did not attend such meeting.

Save as disclosed in this announcement, none of the Grantees is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, nor associates (as defined in the Listing Rules) of any of them.

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

Hong Kong, 15 December 2017

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).