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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 SUPPLEMENTAL LOAN AGREEMENT IN RELATION TO EXTENSION OF THE LOAN**

#### **THE SUPPLEMENTAL 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 six months. On 16 October 2018, the Lender and the Borrower entered into the Supplemental Loan Agreement to, among other matters, extend the maturity date of the Loan from 23 October 2018 to 23 January 2019. Save as supplemented by the Supplemental Loan Agreement, all other terms and provisions of the Loan Agreement shall remain in full force and effect. All the interest of the Loan accrued up to 23 September 2018 (being the last interest payment day prior to the date of this announcement) under the Loan Agreement has been paid.

#### **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in the Listing Rules) under Rule 14.07 of the Listing Rules in respect of the provision of the Loan under the Loan Agreement and the Supplemental Loan Agreement exceed 5% but are less than 25%, the extension of the Loan under the Supplemental Loan Agreement constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

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 six months. The principal terms of the Loan Agreement are set out below:

## **THE 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 interest 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**")

The Loan was advanced to the Borrower on the date of the Loan Agreement (the "**Date of Advance**").

### **THE SUPPLEMENTAL LOAN AGREEMENT IN RELATION TO EXTENSION OF THE LOAN**

On 16 October 2018, the Lender and the Borrower entered into the Supplemental Loan Agreement to vary and amend the Loan Agreement. Set out below is a summary of the major terms of the Supplemental Loan Agreement:

The Loan: The Lender agreed to continue to advance to the Borrower the Loan in the principal amount of HK\$160,000,000, and the Borrower confirmed and acknowledged that the Loan had been advanced to him on the Date of Advance.

Security: The Borrower agreed to continue to charge the Properties to the Lender by way of the Legal Charge to secure the Lender's continual advancement of the Loan and the Borrower's repayment thereof.

Repayment: The Lender agreed not to call for repayment of the Loan on 23 October 2018 (the "**Original Repayment Date**") and agreed to extend the Original Repayment Date to 23 January 2019 (the "**New Repayment Date**"). The Borrower agreed to repay the Loan together with the interest accrued thereon on or before the New Repayment Date.

Interest: The Borrower should upon the signing of the Supplemental Loan Agreement pay to the Lender the interest accrued on the Loan for the period from the Date of Advance to the Original Repayment Date, if he had not already done so.

The Borrower shall pay interest on monthly basis to the Lender, which interest shall accrue on the Loan or outstanding balance thereof commencing from the Original Repayment Date at 11% per annum.

Prepayment:

The Borrower may at any time before the New Repayment Date repay the Loan or any outstanding balance thereof in full by giving the Lender not less than one month 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).

All the interest of the Loan accrued up to 23 September 2018 (being the last interest payment day prior to the date of this announcement) under the Loan Agreement has been paid.

Save as supplemented by the Supplemental Loan Agreement, all other terms and provisions of the Loan Agreement shall remain in full force and effect.

## **INFORMATION ON THE GROUP 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 advance of the Loan to the Borrower is in the ordinary course of business of the Lender and on normal commercial terms and is arrived at after arm's length negotiations. Taking into consideration of the increase in the interest income to be received by the Group, the Loan is secured by the Legal Charge and the short tenure of the Loan, the Directors consider that the terms of the Supplemental Loan Agreement and the extension of the Loan pursuant thereto are fair and reasonable, and are in the best interest of the Company and the Shareholders as a whole.

The Loan was funded by internal resources of the Group.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in the Listing Rules) under Rule 14.07 of the Listing Rules in respect of the provision of the Loan under the Loan Agreement and the Supplemental Loan Agreement exceed 5% but are less than 25%, the extension of the Loan under the Supplemental Loan Agreement constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings:

“Board”	the board of 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)
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Lender”	Kai Yuan Capital Limited, a company incorporated in Hong Kong 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 granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 23 April 2018 entered into between the Lender and the Borrower in relation to the grant of the Loan to the Borrower
“Properties”	certain real properties located on the Peak in Hong Kong owned by the Borrower
“Shareholders”	holders of the Shares
“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreement”	the supplemental loan agreement dated 16 October 2018 entered into between the Lender and the Borrower to supplement the Loan Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 16 October 2018

*As at the date of this announcement, the Board comprises Dr. Li Zhiqiang, Mr. Xue Jian and Mr. Law Wing Chi, Stephen (all being executive Directors) and Mr. Tam Sun Wing, Mr. Ng Ge Bun and Mr. He Yi (all being independent non-executive Directors).*