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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)

INSIDE INFORMATION ADOPTION OF DIVIDEND POLICY

The announcement is made by the board (the “**Board**”) of directors of Kai Yuan Holdings Limited (the “**Company**”, 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 “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

The Board is pleased to announce that the Board has approved and adopted a dividend policy (the “**Dividend Policy**”) on 29 March 2019.

Pursuant to the Dividend Policy, the Board may from time to time propose the payment of a dividend, if any, with respect to the shares of the Company listed on the Stock Exchange. Subject to the relevant laws of Bermuda and the bye-laws of the Company, dividend may be proposed and/or declared by the Board for a financial year or period as:

- (i) interim dividend;
- (ii) final dividend;
- (iii) special dividend; and
- (iv) any distribution of net profits that the Board may deem appropriate.

Any final dividend proposed by the Board for any financial year shall be subject to the approval by the shareholders of the Company.

The declaration of a dividend is subject to the discretion of the Board, which will take into account the following factors, in no particular order of importance, when considering the payment of a dividend:

- (a) the financial results of the Group;
- (b) the cash flow situation and future cash requirements of the Group;
- (c) the general business conditions and strategies of the Group;
- (d) the future capital expenditure or debt settlement requirements of the Group;
- (e) future operations and earnings of the Group;
- (f) the taxation consideration;
- (g) the statutory and regulatory restrictions; and
- (h) any other factors the Board may deem relevant.

Given the fluctuating nature of earnings or loss of the Group, the Board does not recommend setting a target dividend payout ratio, or maintaining a consistent dividend payment over time. There can be no assurance that a dividend will be proposed or declared in any specific period.

The Board will review the Dividend Policy from time to time.

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

Hong Kong, 29 March 2019

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).