

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **KAI YUAN HOLDINGS LIMITED**

**開源控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1215)**

### **BUSINESS UPDATE ON THE IMPACT OF THE CORONAVIRUS DISEASE AND PROFIT WARNING**

The announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Kai Yuan Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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).

#### **BUSINESS UPDATE**

Reference is made to the announcements of the Company dated 17 March 2020, 3 April 2020, 4 May 2020, 12 June 2020, 7 July 2020, 6 August 2020 and 7 September 2020 in relation to, among other things, the temporary closure of the Paris Marriott Hotel in Paris (the “**Hotel**”) until October 2020.

#### **Temporary closure of the Hotel**

The Company would like to update its shareholders and investors that the French government has declared public health state of emergency again, and that from 17 October 2020 curfew from 9pm to 6am has been put in place in Paris. Air passengers travelling from countries other than the European space, including the United States of America and the Middle East, remain required to present results of a negative virology COVID-19 test before boarding. In addition, general travel from the United States of America and the Middle East is not yet

allowed in France. As customers from these locations constituted a significant proportion of the revenue of the Hotel, the Board has decided to further delay the Hotel's re-opening. As at the date of this announcement, the earliest date to consider re-opening the Hotel will be in November 2020. Since the traditional low season will start thereafter and continue for the first quarter of each year, the Board might consider further delaying the re-opening date depending on the then circumstances. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Group will continue to monitor the development of the COVID-19 pandemic, and will assess its impact on the operations and financial performance of the Group. The Group will take all appropriate measures as necessary, and make further announcement(s) as and when appropriate.

## **Financing**

As disclosed in the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”), due to outbreak of the COVID-19 pandemic, certain financial ratios in the Group's financial arrangement of EUR175 million bank borrowings could not be fulfilled. The Group is in the process of negotiating a waiver from the lenders. As at the date of this announcement, written requests have been sent to the lenders and the Group has received verbal confirmation that the lenders shall not treat the non-fulfilment of certain financial ratios as an event of default under the financing arrangement. The Group is awaiting the written confirmation from the lenders.

## **PROFIT WARNING**

As disclosed in the 2020 Interim Report, the loss of the Group for the six months ended 30 June 2020 exceeds the loss of the Group for the year ended 31 December 2019. Since the Hotel will continue to be temporarily closed at least until November 2020, the Company expects that the loss of the Group for the year ending 31 December 2020 would increase as compared to that for the year ended 31 December 2019.

In addition, as a result of the COVID-19 pandemic, the latest valuation obtained by the Group in relation to the Hotel is lower than that obtained in 2019, and based on the information available to the Company thus far, the Company expects an impairment loss of approximately EUR41.7 million might be recorded for the year ending 31 December 2020. The Company would like to stress that the above is an estimate only and might need to be further updated upon further discussions with its auditors. The Company takes the view that such impairment loss is a non-cash item and will not have an effect on the cash flow of the Group.

The information contained in this announcement is only based on the information currently available. The same has not been reviewed by the audit committee of the Company or reviewed or audited by the Company's auditors.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 20 October 2020

*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).*