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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 SUBSCRIPTION OF CONVERTIBLE BONDS**

#### **THE SUBSCRIPTION AGREEMENT**

On 2 November 2020 (after the trading hours of the Stock Exchange), the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the Issuer pursuant to which the Subscriber agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$97,800,000.

Completion is conditional upon the fulfilment of the conditions precedent set out in the paragraph headed “Conditions precedent” below. The Convertible Bonds shall be for a term of 3 years, with the Conversion Price at HK\$0.27 (subject to adjustment), and shall bear interest on the outstanding principal amount at the rate of 8% per annum.

The Issuer is listed on GEM, and its subsidiaries are principally engaged in the provision of diverse integrated new energy services including technological development, construction related and consultancy services regarding heat supply and coal-to-natural gas conversion, supply of liquefied natural gas, as well as trading of new energy related industrial products and leasing of investment properties. Assuming there being no change to the issued share capital of the Issuer after the date of the Subscription Agreement, upon the Subscriber’s exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price, the Subscriber will be interested in approximately 9.09% of the issued share capital of the Issuer as enlarged by the allotment and issue of the Conversion Shares.

## **LISTING RULES IMPLICATIONS**

As certain applicable percentage ratios in respect of the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 2 November 2020 (after the trading hours of the Stock Exchange), the Subscriber, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with the Issuer pursuant to which the Subscriber agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$97,800,000.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

2 November 2020 (after the trading hours of the Stock Exchange)

### **Parties**

Issuer: the Issuer, being Zhonghua Gas Holdings Limited, the issued shares of which are listed on GEM (stock code: 8246)

Subscriber: the Subscriber, being New York Limited, a wholly-owned subsidiary of the Company

As at the date of this announcement, Mr. Hu Yishi is interested in approximately 10.17% of the issued share capital of the Company. As at the date of this announcement, (i) Mr. Hu Yishi is interested in approximately 15.11% of the issued share capital of the Issuer; and (ii) Ms. Lin Min, Mindy (being Mr. Hu Yishi's spouse) is interested in approximately 13.62% of the issued share capital of the Issuer. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the aforesaid, the ultimate beneficial owners of the substantial shareholders of the Issuer are not connected persons of the Group and are third parties independent of the Group and connected persons of the Group.

## **Subscription Price**

Subject to the fulfilment of the conditions precedent set out below, the Subscriber agreed to subscribe for the Convertible Bonds in the principal amount of HK\$97,800,000. The Subscription Price equals to the face value of the Convertible Bonds. The Subscription Price for the Convertible Bonds shall be satisfied in cash by the Subscriber upon Completion.

The Subscription Price will be fully satisfied by the internal resources of the Group.

## **Conditions precedent**

The obligation of the parties to effect Completion is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Conversion Shares, and such approval not having been revoked; and
- (b) any necessary approvals, consents and/or waivers by the relevant governmental or regulatory authorities or bodies, whether in Hong Kong or elsewhere (including but not limited to the Stock Exchange) in favour of the Issuer and/or the Subscriber for the Subscription Agreement and the transactions contemplated thereunder having been obtained, and such approval, consent and/or waiver not having been revoked.

None of the conditions precedent can be waived. If any of the conditions precedent have not been fulfilled on or before 30 November 2020 (or such later date as the parties thereto may agree in writing), then the Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither party thereto shall have any claim against or liability or obligation to the other party under the Subscription Agreement, save for any antecedent breaches thereof.

## **Completion**

Subject to the fulfilment of the above conditions precedent, Completion shall take place on the Completion Date whereby the Issuer shall issue the Convertible Bonds to the Subscriber.

## PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised below:

- Principal Amount:** HK\$97,800,000
- Issue price:** 100% of the principal amount of the Convertible Bonds
- Interest rate:** The Convertible Bonds shall bear interest on the outstanding principal amount thereof from and including the First Issue Date at a rate of 8% per annum accrued on a day to day basis (on a 365-day basis), payable by the Issuer on or before the last day of every six months during the period from the First Issue Date up to and including the Maturity Date.
- Maturity Date:** The date falling on the third anniversary of the First Issue Date.
- Conversion period:** The Bondholder shall have the right during the period from the First Issue Date up to and including the Maturity Date (both dates inclusive) to convert the whole or part of the outstanding principal amount of the Convertible Bonds into the Conversion Shares.
- Conversion Price:** The Conversion Price is HK\$0.27 per Conversion Share, it represents (i) a premium of approximately 8.0% over the closing price of HK\$0.25 per Issuer Share as quoted on GEM on 2 November 2020, being the last trading day immediately prior to the date of the Subscription Agreement; and (ii) a premium of approximately 8.09% over the average closing price of approximately HK\$0.2498 per Issuer Share as quoted on GEM for the last five consecutive trading days up to and including 2 November 2020. The Conversion Price is subject to adjustment as follows:
- (i) an alteration of the nominal amount of the Issuer Shares by reason of any consolidation or subdivision or re-classification;

- (ii) an issue (other than in lieu of a cash dividend) of the Issuer Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) any capital distribution being made by the Issuer to holders of the Issuer Shares in their capacity as such;
- (iv) an offer by the Issuer to all holders of the Issuer Shares any new Issuer Shares for subscription by way of rights, or shall grant to all holders of Issuer Shares any options or warrants to subscribe for new Issuer Shares at a price which is less than the 5-day average closing price prior to the date of the announcement of the terms of the offer or grant;
- (v) an issue wholly for cash being made by the Issuer of any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Issuer Shares, and the total effective consideration per new Issuer Share initially receivable for such securities is less than the 5-day average closing price prior to the date of the announcement of the terms of issue of such securities;
- (vi) modification on the rights of conversion or exchange or subscription attached to any such securities as are mentioned in paragraph (v) above so that the total effective consideration per Issuer Share initially receivable for such securities shall be less than the 5-day average closing price prior to the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;
- (vii) an issue of new Issuer Shares wholly for cash at a price per Issuer Share which is less than the 5-day average closing price prior to the date of the announcement of the terms of such issue;

(viii) an issue of new Issuer Shares for the acquisition of asset at a total effective consideration per Issuer Share which is less than the 5-day average closing price prior to the date of the announcement of the terms of such issue.

The Conversion Price (including the adjustments) was arrived at after arm's length negotiations between the Group and the Issuer taking into account the prevailing market prices of the Issuer Shares as quoted on GEM and the recent market conditions. The Directors are of the view that the Conversion Price (including the adjustments) is fair and reasonable.

**Conversion Shares:**

Based on the Conversion Price of HK\$0.27 per Conversion Share and assuming there being no change to the issued share capital of the Issuer after the date of the Subscription Agreement, 362,222,222 Conversion Shares will be allotted and issued by the Issuer upon exercise in full of the conversion rights attaching to the Convertible Bonds.

Such 362,222,222 Conversion Shares represent:

- (a) approximately 10.00% of the issued share capital of the Issuer as at the date of this announcement; and
- (b) approximately 9.09% of the issued share capital of the Issuer as enlarged by the allotment and issue of such Conversion Shares.

**Restrictions on the ability of the Issuer to issue further securities and other material restrictions after the issue of the Convertible Bonds:**

The Issuer has covenanted:

- (i) not to conduct the following:
  - (a) issue any Issuer Shares or securities, or pay up any of the aforesaid, by way of capitalisation of profits or reserves;

- (b) offer to holders of Issuer Shares new Issuer Shares for subscription by way of rights, or grant to holders of Issuer Shares any options, warrants or other rights to subscribe or purchase any Issuer Shares, save and except where such issue or grant is made at the total effective consideration per Issuer Share of HK\$0.54 or more;
- (c) issue for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Issuer Shares, save and except where such issue is made at the total effective consideration per Issuer Share of HK\$0.54 or more;
- (d) issue for cash any Issuer Shares or any other equity or debt securities, save and except (i) for issue of any Issuer Shares pursuant to options already granted as at the First Issue Date under properly adopted share option scheme in compliance with the GEM Listing Rules, and (ii) where such issue is made at the total effective consideration per Issuer Share of HK\$0.54 or more;
- (e) issue any Issuer Shares or any other equity or debt securities for acquisition of assets, save and except where such issue is made at the total effective consideration per Issuer Share of HK\$0.54 or more;
- (f) grant any options under any share option scheme(s) adopted by the Issuer; and
- (g) any transactions that might lead to any adjustment of the Conversion Price pursuant to the conditions of the Convertible Bonds,

unless prior written consent of the Bondholder has been obtained;

- (ii) save and except for the Issuer obtaining loans from any of its substantial shareholders (as defined in the GEM Listing Rules) or companies wholly-owned by such substantial shareholder (provided that such loans must be made subordinated (including but not limited to the right to repayment and priority) to the Convertible Bonds), not to, and shall procure that its subsidiaries not to, incur any indebtedness if on the date of such incurrence, the consolidated indebtedness of the Issuer and its subsidiaries (including the proposed incurrence and any amount outstanding under the Convertible Bonds) exceeds HK\$100,000,000;
- (iii) not to make any issue, grant or distribution or take any other action or conduct any transactions if the effect thereof would be that on the exercise of the conversion rights attaching to the Convertible Bonds it would be required to issue Issuer Shares at a discount to their nominal value or to adjust the Conversion Price to a level below the nominal value of the Issuer Shares;
- (iv) if an offer is made to the holders of Issuer Shares (or such holders other than the offeror and/or any Issuer controlled by the offeror and/or persons acting in concert with the offeror) to acquire all or a proportion of the Issuer Shares, as soon as practicable, to give notice of such offer to the Bondholder and ensure that a similar offer is extended in respect of the Convertible Bonds or in respect of any Issuer Shares issued on conversion of the Convertible Bonds during the period of the offer.



- Restrictions on conversion:**
- (1) No conversion rights may be exercised by the Bondholder if all the Issuer Shares (including the Conversion Shares issued or to be issued upon the proposed conversion) held by the Bondholder and persons acting in concert (as defined in the Code) with it on the conversion date will trigger a mandatory offer in accordance with Rule 26 of the Code on the part of the Bondholder and its parties acting in concert;
  - (2) No conversion rights may be exercised by the Bondholder if immediately after exercise of such conversion rights, the Issuer Shares held in the public hands is less than the minimum public float requirements under Rule 11.23 of the GEM Listing Rules;
  - (3) No conversion shall be made in amounts less than a whole multiple of HK\$1,000,000 on each conversion unless the principal amount of the outstanding Convertible Bonds is less than HK\$1,000,000 in which case the whole (but not part only) of such outstanding principal amount of the Convertible Bonds shall be converted.

**Redemption on maturity:** Unless previously converted or cancelled as provided in the Instrument, the Issuer shall redeem each Convertible Bond which remains outstanding after 4:00 p.m. on the Maturity Date at 100% of the principal amount.

**Early redemption:** The Issuer will not be entitled to redeem any part of the outstanding principal amount of the Convertible Bonds before the Maturity Date.

**Redemption upon events of default:** If any of the following events of default occurs, the Bondholder may give a written notice to the Issuer declaring the Convertible Bonds it holds to be immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality:

- (a) the Issuer fails to pay any amount of principal in respect of the Convertible Bonds on the due date for payment thereof or fails to pay any amount of interest in respect of the Convertible Bonds on the due date for payment thereof;
- (b) the listing of the Issuer Shares (as a class) on GEM is suspended for a continuous period of twenty (20) Business Days;
- (c) the Issuer having received enquiry from the Stock Exchange as to the compliance of the Issuer and its subsidiaries with Rule 17.26 of the GEM Listing Rules and such enquiry shall continue for more than 30 days;
- (d) a default is made by the Issuer in the performance or observance of any covenant, condition or provision contained in the Instrument or the conditions of the Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal and interest) and such default (i) is incapable of remedy, or (ii) being a default which is capable of remedy remains unremedied for twenty (20) Business Days after service by the Bondholder on the Issuer of notice requiring such default to be remedied;
- (e) any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Convertible Bonds, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the certificate of the Convertible Bonds, the Instrument, the conditions of the Convertible Bonds or the Convertible Bonds admissible in evidence in the courts of the Cayman Islands and Hong Kong is not taken, fulfilled or done;

- (f) save and except for loans from any substantial shareholders (as defined in the GEM Listing Rules) of the Issuer or their wholly-owned companies (provided that such loans have been made subordinated (including but not limited to the right to repayment and priority) to the Convertible Bonds), (i) any indebtedness exceeding HK\$1,000,000 of the Issuer or any of its subsidiaries is not paid when due; or (ii) any indebtedness exceeding HK\$1,000,000 of the Issuer or any of its subsidiaries becomes (or becomes capable of being declared) due and payable prior to its stated maturity; or (iii) the Issuer or any of its subsidiaries fails to pay when due any amount payable by it under any guarantee of any indebtedness exceeding HK\$1,000,000;
- (g) it is or will become unlawful for the Issuer to perform or comply with any one or more of their respective material obligations under the Instrument, the conditions of the Convertible Bonds or the Convertible Bonds;
- (h) one or more judgment(s) or order(s) for the payment of any amount exceeding HK\$1,000,000 is rendered against the whole or a substantial part of the property, assets or revenue of the Issuer or any of its subsidiaries;
- (i) an encumbrancer takes possession of or a receiver, manager or other similar officer is appointed over the whole or a material part of the assets, undertaking or revenues of the Issuer or any of its subsidiaries;

- (j) (1) the Issuer or any of its subsidiaries becomes insolvent (either on the basis of cashflow test or net asset test) or bankrupt or is unable to pay its debts as they fall due, or (2) an administrator or liquidator or trustee in bankruptcy is appointed (or application for any such appointment is made) in respect of the Issuer or any of its subsidiaries or the whole or part of the undertaking, assets and revenues of the Issuer or any of its subsidiaries, or (3) the Issuer or any of its subsidiaries takes any action for a rescheduling or readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (4) the Issuer or any of its subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business;
  
- (k) proceedings shall have been initiated against the Issuer or any of its subsidiaries under any applicable bankruptcy, reorganisation, insolvency or winding up law and such proceedings shall not have been discharged or stayed within a period of 21 days, save for the purpose of voluntary corporate restructuring of the subsidiaries of the Issuer which do not constitute cessation or substantial disposal of the business of the Issuer and its subsidiaries or its consolidated assets or undertakings;
  
- (l) a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer or any of its subsidiaries be wound up, liquidated, bankrupt or dissolved, save for the purpose of voluntary corporate restructuring of the subsidiaries of the Issuer which do not constitute cessation or substantial disposal of the business of the Issuer and its subsidiaries or its consolidated assets or undertakings;

- (m) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property or assets of the Issuer or any of its subsidiaries and is not discharged within 7 Business Days thereof;
- (n) if Mr Hu Yishi and Ms Lin Min, Mindy together cease to hold, directly or indirectly, at least 28.73% of the voting rights of the issued share capital of the Issuer, save where such dilution is caused by the Issuer's corporate actions, the exercise of any options under any share option schemes of the Issuer (both otherwise than in breach of the covenants of the Issuer given under the Instrument and the conditions of the Convertible Bonds), or the issue of Issuer Shares pursuant to the exercise of the conversion rights attaching to the Convertible Bonds,

provided that notwithstanding the foregoing, if the Issuer shall fail to issue the Conversion Shares in accordance with the Instrument and the conditions of the Convertible Bonds, the Bondholder shall be entitled to bring an action against the Issuer for either specific performance or damages.

**Status of the Convertible Bonds:**

The Convertible Bonds constitute senior, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Issuer.

**Listing:**

No application will be made for the listing of the Convertible Bonds on any stock or securities exchange. An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

**Ranking of the Conversion Shares:**

The Conversion Shares allotted and issued will be fully paid and will rank pari passu in all respects among themselves and with all other issued Issuer Shares at the date of conversion and be entitled to all dividends and distributions which may be declared made or paid after the date of conversion.

**Transferability:**

The Convertible Bonds may be assigned or transferred subject to (a) the Bondholder shall give a written notification to the Issuer at least three Business Days prior to each proposed assignment or transfer informing the Issuer the proposed assignment or transfer; (b) the proposed assignee or transfer shall give a written confirmation to the Issuer confirming it is not a connected person of the Issuer; and (c) the principal amount to be transferred or assigned must be at least HK\$1,000,000 or integral multiples of HK\$1,000,000.

**Voting:**

The Bondholders will not be entitled to attend or vote at any meetings of the Issuer by reason only of them being the Bondholders.

**INFORMATION ON THE ISSUER**

The Issuer is a company incorporated in the Cayman Islands and the Issuer Shares are listed on GEM (stock code: 8246). According to the annual report of the Issuer for the year ended 31 December 2019, the principal activities of the Issuer and its subsidiaries are provision of diverse integrated new energy services including technological development, construction related and consultancy services regarding heat supply and coal-to-natural gas conversion, supply of liquefied natural gas, as well as trading of new energy related industrial products and leasing of investment properties.

As stated in the annual report of the Issuer for the year ended 31 December 2019, the Issuer had audited consolidated net assets of approximately RMB486.5 million (equivalent to approximately HK\$553.6 million) as at 31 December 2019. The net profit before taxation and the net profit after taxation from continuing operations of the Issuer for the year ended 31 December 2019 were approximately RMB85.7 million (equivalent to approximately HK\$97.5 million) and RMB53.74 million (equivalent to approximately HK\$61.16 million) respectively. The net profit before taxation and after taxation from continuing operations of the Issuer for the year ended 31 December 2018 were approximately RMB147.5 million (equivalent to approximately HK\$167.9 million) and RMB100.6 million (equivalent to approximately HK\$114.5 million) respectively.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise hotel operation and money lending.

The terms of the Subscription has been determined by the Group and the Issuer on an arm's length basis with reference to, among other things, the historical financial performance of the Issuer, the prevailing market price of the Issuer Shares and recent market conditions.

The interest rate of the Convertible Bonds is higher than the interest rates of fixed deposits offered by well-recognised financial institutions in Hong Kong. The Directors are of the view that the Subscription would broaden the Group's source of income and provide the Group with a stable and attractive recurring income which in turn can better utilise the Group's currently available financial resources. The Subscription also provides the Group an opportunity to obtain additional benefits by exercising the conversion rights attaching to the Convertible Bonds into the Issuer Shares.

The Directors are of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the conversion rights attaching to the Convertible Bonds, the interest rate as well as the Conversion Price and its adjustments) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As certain applicable percentage ratios in respect of the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the content otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	a day (other than a Saturday, Sunday, public holiday, or days on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted or in effect in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong
“Code”	Hong Kong Code on Takeovers and Mergers
“Company”	Kai Yuan Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription
“Completion Date”	the second Business Day after fulfilment of the conditions precedent to the Subscription
“connected person”	has the meaning ascribed to it in the Listing Rules
“Conversion Price”	HK\$0.27, being the initial price at which each Conversion Share will be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“Conversion Shares”	new Issuer Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds



“Convertible Bonds”	the 8% convertible bonds in the aggregate principal amount of HK\$97,800,000 for a term of 3 years at the initial conversion price of HK\$0.27 per Conversion Share to be issued by the Issuer pursuant to the Subscription Agreement
“Directors”	the directors of the Company
“First Issue Date”	the date of issue of the Convertible Bonds
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Instrument”	the instrument to be executed by the Issuer by way of deed poll constituting the Convertible Bonds to be issued upon Completion
“Issuer”	Zhonghua Gas Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8246)
“Issuer Shares”	the shares of a nominal value of HK\$0.00125 each in the capital of the Issuer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the third anniversary of the First Issue Date
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Share(s)”	ordinary share(s) of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	New York Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“Subscription”	subscription of the Convertible Bonds pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 November 2020 entered into between the Subscriber as subscriber and the Issuer as the issuer in respect of the Subscription
“Subscription Price”	an aggregate of HK\$97,800,000 for the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.1380. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ and RMB have been, could have been or may be converted at such rate or any other exchange rate.*

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

Hong Kong, 2 November 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).*