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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)

### ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 26 March 2017 (the “**March Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those used in the March Announcement.

As set out in the March Announcement, the Company and the Strategic Partner entered into the MOU on 24 March 2017, pursuant to which the Strategic Partner expressed its intention to subscribe or procure subscription for convertible bonds to be issued by the Company. The parties to the MOU shall endeavour to negotiate, finalise and enter into the Subscription Agreement within 3 months from the date of the MOU (the “**Initial Term**”). Pursuant to the MOU, if the parties to the MOU do not enter into the Subscription Agreement within the Initial Term, the MOU shall terminate.

As at the date of this announcement, no terms on the Subscription have been agreed and the parties to the MOU have not entered into the Subscription Agreement.

On 23 June 2017 (after trading hours of the Stock Exchange), the Company and the Strategic Partner entered into a supplemental memorandum of understanding (“**1st Supplemental MOU**”) to extend the period of the Initial Term, which shall now end on 22 September 2017. In the event the Subscription Agreement has not been signed on or before 22 September 2017, the MOU (as supplemented by the 1st Supplemental MOU) shall terminate.

**The Board wishes to emphasise that the Subscription is subject to, among other things, the signing of formal agreement(s) and the terms and conditions of which are yet to be agreed. As the Subscription may or may not proceed, shareholders and investors of the Company are advised to exercise caution when dealing in securities of the Company. Further announcement will be made by the Company should any legally binding agreement be entered into as and when appropriate in accordance with the Listing Rules.**

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

Hong Kong, 23 June 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).*