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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)

PROFIT WARNING

This announcement is made by Kai Yuan Holdings Limited (the “**Company**”), which 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 “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available to the Company, it is anticipated that the Group may record a loss for the six months ended 30 June 2019 (the “**2019 Interim Period**”) as compared to the profit recorded for the six months ended 30 June 2018 (the “**Comparing Period**”). The aforesaid expected turnaround from profit to loss for the 2019 Interim Period was mainly attributable to (i) the absence of any profit from the discounted operation recorded by the Group during the 2019 Interim Period (The Comparing Period: HK\$338.6 million); and (ii) the expected significant decline in revenue and gross profit of the Paris Marriott Hotel Champs-Élysées during the 2019 Interim Period as compared to the Comparing Period, as the result of the Yellow Vest Movement occurred in Paris.

The information contained in this announcement is subject to finalization and review by the Company's auditors. The results of the Group for the 2019 Interim Period are expected to be released by the end of August 2019. Shareholders and potential investors are advised to read the interim results announcement and interim report of the Company when it is published.

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

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

Hong Kong, 25 June 2019

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).