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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 latest 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 year ending 31 December 2019 (the “**Year**”) as compared to the profit recorded for the year ended 31 December 2018 (the “**Preceding Year**”). The aforesaid anticipated loss for the Year is mainly attributable to (i) the absence of any profit from the discounted operation recorded by the Group during the Year (The Preceding Year: HK\$338.6 million); and (ii) the decline in revenue and gross profit of the Paris Marriott Hotel Champs-Élysées during the Year as compared to the Preceding Year, as the result of the continued Yellow Vest Movement and citywide strike occurred in Paris, France.

The information contained in this announcement is subject to finalization and review by the Company's auditors. The full final results of the Group for the Year are expected to be released by the end of March 2020. Shareholders and potential investors are advised to read the final results announcement and annual 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, 31 December 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).