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 announcement of the Company dated 17 March 2020 and 3 April 2020 in relation to, among others, the temporary closure of the Paris Marriott Hotel in Paris (the "**Hotel**") until 3 May 2020.

Temporary closure of the Hotel

The Company would like to update its shareholders and investors that France will remain in lockdown until 11 May 2020. Notwithstanding the lockdown policy may be relaxed by then, the Board expects that international travellers will delay their business and leisure travel plans to Paris for at least six months. The hotel manager and the asset manager of the Hotel also expect that there might be lack of demand for the Hotel guest rooms in May 2020. As such, after due and careful consideration, the Board has decided that the earliest re-opening of the Hotel will be in June 2020, subject to the then circumstances.

PROFIT WARNING

Based on the unaudited consolidated management accounts of the Group for the three months ended 31 March 2020, the unaudited loss of the Group for the three months ended on 31 March 2020 exceeds the unaudited loss of the Group for the six months ended 30 June 2019 (the "**Preceding Period**"). As a result of the lack of revenue from the Hotel due to its temporary closure since 17 March 2020, the Board expects that the loss of the Group for the six months ending 30 June 2020 (the "**Interim Period**") will increase significantly as compared to the Preceding Period.

The information contained in this announcement is only based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the three months ended 31 March 2020 as well as 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, 4 May 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).