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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 ON ESTIMATED INCREASE IN PROFIT FOR THE YEAR OF 2018

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 management accounts of the Group for the year ended 31 December 2018 (the “**Year**”) and information currently available to the Company, the profit attributable to shareholders of the Company for the Year is estimated to be significantly increased to approximately HK\$330 million as compared to the year ended 31 December 2017. The estimated significant increase in profit for the Year was mainly attributable to (i) the gain on disposal of approximately HK\$336 million from the disposal of a hotel property including business operation located in Hong Kong and assignment of shareholder’s loan; and (ii) increase in revenue generated from the money lending segment to approximately HK\$13 million, during the Year.

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 2019. 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 January 2019

As at the date of this announcement, the Board comprises Dr. Li Zhiqiang, Mr. Xue Jian and Mr. Law Wing Chi, Stephen (all being executive directors) and Mr. Tam Sun Wing, Mr. Ng Ge Bun and Mr. He Yi (all being independent non-executive directors).