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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)

POSITIVE PROFIT ALERT

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 six months ended 30 June 2018 and information currently available to the Company, the Group is expected to record a profit for the six months ended 30 June 2018 (the “**2018 Interim Period**”) as compared to the loss recorded for the six months ended 30 June 2017. The aforesaid turnaround from loss to profit was mainly attributable to the gain on disposal of approximately HK\$330 million from the disposal of the entire issued share capital of Leading Prospect Limited and an assignment of shareholder’s loan completed during the 2018 Interim Period.

The information contained in this announcement is subject to finalization and review by the Company's auditors. The results of the Group for the 2018 Interim Period are expected to be released by the end of August 2018. 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, 20 July 2018

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).