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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)

COMPLETION OF THE VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF HOTEL PROPERTY AND OPERATIONS OF PARIS MARRIOTT HOTEL CHAMPS-ÉLYSÉES, FRANCE

Reference is made to the announcements of Kai Yuan Holdings Limited (the “**Company**”) dated 16 June 2014, 5 August 2014, 22 August 2014, 26 August 2014, 29 August 2014, and the circular of the Company dated 29 August 2014 (the “**Circular**”) in relation to a very substantial acquisition of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those used in the Circular.

THE PROPERTY ACQUISITION

The Board is pleased to announce that all conditions precedent under the Purchase Option Agreement have been fulfilled and the Property Completion took place on 13 October 2014. Upon the Property Completion, the Group has become owner of the Property.

THE SHARES ACQUISITION

The Board is also pleased to announce that all conditions precedent under the Share Purchase Agreement have been fulfilled and the Shares Completion took place on 13 October 2014. Upon the Shares Completion, HoldCo and OpCo have become wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's financial statements.

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

Hong Kong, 13 October 2014

As at the date of this announcement, the Board comprises Mr. Xue Jian and Mr. Law Wing Chi, Stephen (both being executive Directors), Mr. Hu Yishi (being non-executive Director) and Mr. Tam Sun Wing, Mr. Ng Ge Bun and Mr. He Yi (all being independent non-executive Directors).