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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 pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

For the preceding six months period (the “**Preceding Six Months**”) from 1 July 2008 to 31 December 2008, Kai Yuan Holdings Limited (the “**Company**”) recorded a consolidated profit for the period of approximately HK\$6.054 million and a loss attributable to shareholders of the Company of approximately HK\$15.755 million. The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that, based on its preliminary review of the unaudited consolidated management accounts of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2009, it is estimated that the Group’s unaudited consolidated profit for the period has significantly increased as compared to that of the Preceding Six Months and profit attributable to shareholders of the Company for the period has turned around to a significant profit from the loss of the Preceding Six Months. The improvement in profit is mainly attributable to i) the one month’s contribution in share of profit from the Group’s associates engaged in steel and steel product manufacturing subsequent to the completion of the acquisition of Fame Risen Development Limited on 29 May 2009; and ii) a discount on acquisition of Fame Risen Development Limited.

The positive profit alert announcement is based only on the Company’s preliminary assessment of its unaudited consolidated management accounts for the six months ended 30 June 2009, which are still subject to final review by the Company’s auditors and the Board of Directors. Shareholders of the Company and potential investors should note that the unaudited consolidated interim results of the Group for the six months ended 30 June 2009 is expected to be announced on or after 16 September 2009.

**Shareholders and potential investors should exercise due care in their dealing in the securities of the Company.**

By Order of the board of Directors  
**Kai Yuan Holdings Limited**  
**Yip Kar Hang, Raymond**  
*Executive Director and Chief Executive Officer*

Hong Kong, 28 August 2009

*As at the date of this announcement, the Board comprises Mr. Hu Yishi, Mr. Yip Kar Hang, Raymond and Ms. Kwong Wai Man, Karina (all being executive directors), Mr. Hu Jin Xing and Mr. Xue Jian (both being non-executive directors) and Mr. Tam Sun Wing, Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun (all being independent non-executive directors).*