KIN YAT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007

The Board of Directors of Kin Yat Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2007 together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	4	**920,944**	778,293
Cost of sales		**(761,918)**	(628,507)
Gross profit		**159,026**	149,786
Other income and gains	4	**15,732**	13,446
Selling and distribution expenses		**(23,466)**	(20,608)
Administrative expenses		**(69,404)**	(57,297)
Finance costs		**(782)**	(1,116)
Share of profits and losses of associates		**(3,505)**	(15,764)
PROFIT BEFORE TAX	5	**77,601**	68,447
Tax	6	**(6,908)**	(4,017)
PROFIT FOR THE YEAR		**70,693**	64,430
Attributable to:			
Equity holders of the Company		**67,183**	59,901
Minority interests		**3,510**	4,529
		70,693	64,430
DIVIDENDS	7		
Interim		**8,148**	8,096
Proposed final		**20,396**	16,193
		28,544	24,289
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		**HK16.57 cents**	HK14.80 cents
Diluted		**HK16.53 cents**	HK14.76 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**354,998**	298,472
Investment properties		**27,500**	25,800
Prepaid land lease payments		**13,938**	13,017
Goodwill		**4,650**	4,650
Interests in associates		**(13,205)**	(10,501)
Deferred development costs		**6,688**	6,623
Total non-current assets		**394,569**	338,061
CURRENT ASSETS			
Inventories		**186,304**	149,939
Accounts receivable	*9*	**95,968**	53,430
Prepayments, deposits and other receivables		**24,983**	15,893
Time deposits		**101,786**	86,889
Cash and bank balances		**48,886**	51,426
Total current assets		**457,927**	357,577
CURRENT LIABILITIES			
Accounts and bills payable, accrued liabilities and other payables	*10*	**155,850**	80,225
Interest-bearing bank borrowings		**22,842**	9,434
Tax payable		**7,908**	8,357
Total current liabilities		**186,600**	98,016
NET CURRENT ASSETS		**271,327**	259,561
TOTAL ASSETS LESS CURRENT LIABILITIES		**665,896**	597,622
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**15,901**	12,672
NET ASSETS		**649,995**	584,950
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**40,740**	40,482
Reserves		**570,093**	510,819
Proposed final dividend	*7*	**20,396**	16,193
		631,229	567,494
Minority interests		**18,766**	17,456
TOTAL EQUITY		**649,995**	584,950

NOTES:

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and buildings and investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of a subsidiary during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new and revised HKFRSs that are effective for the Group's accounting period commencing on 1 April 2006. The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 and HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*

2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The principal changes in accounting policies are as follows:

(a) HKAS 21 The Effects of Changes in Foreign Exchange Rates

Upon the adoption of HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in the exchange fluctuation reserve in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 March 2007 or 31 March 2006.

(b) HKAS 39 Financial Instruments: Recognition and Measurement

(i) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

(iii) Amendment for financial guarantee contracts

In prior years, financial guarantees provided by the Company to various banks in connection with the bank loans and other banking facilities granted to its subsidiaries and associates were disclosed as contingent liabilities. Upon the adoption of this amendment, the scope of HKAS 39 has been revised to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue. The adoption of this amendment has had no material impact on these financial statements.

The adoption of HK(IFRIC)-Int 4 and HK(IFRIC)-Int 7 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

3. SEGMENT INFORMATION

(a) Business segments

The following tables present revenue and result information for the Group's business segments for the years ended 31 March 2007 and 2006.

Group	Toys and related products		Motors		Electrical appliances		Material development		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**616,809**	491,464	**226,747**	179,701	**50,418**	57,976	**26,970**	49,152	**–**	–	**920,944**	778,293
Inter-segment sales	**–**	–	**4,411**	5,192	**–**	–	**–**	–	**(4,411)**	(5,192)	**–**	–
Other income and gains	**4,482**	4,818	**5,170**	2,834	**–**	–	**19**	125	**–**	–	**9,671**	7,777
Total	**621,291**	496,282	**236,328**	187,727	**50,418**	57,976	**26,989**	49,277	**(4,411)**	(5,192)	**930,615**	786,070
Segment results	**44,055**	44,471	**44,364**	40,872	**867**	(907)	**(3,767)**	2,270	**–**	–	**85,519**	86,706
Interest and unallocated gains											**6,061**	5,669
Unallocated expenses											**(9,692)**	(7,048)
Finance costs											**(782)**	(1,116)
Share of profits and losses of associates											**(3,505)**	(15,764)
Profit before tax											**77,601**	68,447
Tax											**(6,908)**	(4,017)
Profit for the year											**70,693**	64,430

(b) Geographical segments

The following tables present revenue information for the Group's geographical segments for the years ended 31 March 2007 and 2006.

Group	United States of America		Europe		Asia		Others		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**314,790**	284,523	**272,914**	187,470	**266,494**	246,664	**66,746**	59,636	**–**	–	**920,944**	778,293

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts but excluding intra-group transactions. An analysis of revenue, other income and gains is as follows:

	2007	2006
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of:		
Toys and related products	**616,809**	491,464
Motors	**226,747**	179,701
Electrical appliances	**50,418**	57,976
Material	**26,970**	49,152
	920,944	778,293
Other income and gains		
Bank interest income	**3,456**	3,212
Gross rental income	**5,255**	5,652
Sale of scrap material	**5,929**	3,827
Gain/(loss) on disposal of items of property, plant and equipment, net	**130**	(13)
Others	**962**	768
	15,732	13,446

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Auditors' remuneration	**1,268**	918
Depreciation	**40,955**	42,257
Recognition of prepaid land lease payments	**254**	248
Amortisation of deferred development costs*	**6,809**	7,716
Minimum lease payments under operating leases in respect of land and buildings	**2,468**	1,916
Loss/(gain) on disposal of items of property, plant and equipment, net	**(130)**	13
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**134,200**	109,212
Equity-settled share option expenses	**1,596**	1,000
Pension scheme contributions	**1,187**	1,208
	136,983	111,420
Surplus on revaluation of leasehold land and buildings and investment properties, net**	**(2,097)**	(3,494)
Foreign exchange differences, net	**(313)**	(304)
Bank interest income	**(3,456)**	(3,212)
Net rental income	**(4,804)**	(5,015)

At the balance sheet date, the Group did not have any material forfeited contributions to reduce its contributions to the pension scheme in future years.

* *The amortisation of deferred development costs is included in "Cost of sales" on the face of the consolidated income statement.*

** *The surplus on revaluation of leasehold land and buildings and investment properties, net, is included in "Administrative expenses" on the face of the consolidated income statement.*

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2007	2006
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**6,749**	3,853
Over provision in prior years	**(3,286)**	(1,539)
Current – Elsewhere	**576**	503
Deferred tax	**2,869**	1,200
Total tax charge for the year	**6,908**	4,017

7. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Interim – HK2 cents (2006: HK2 cents) per ordinary share	**8,148**	8,096
Proposed final – HK5 cents (2006: HK4 cents) per ordinary share	**20,396**	16,193
	28,544	24,289

The directors recommend the payment of a final dividend of HK5 cents per share in respect of the year ended 31 March 2007 to shareholders whose names appear on the register of members on 23 August 2007. The proposed final dividend for the year is based on the number of shares in issue as at the reporting date, and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$67,183,000 (2006: HK$59,901,000) and the weighted average number of 405,427,890 (2006: 404,820,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$67,183,000 (2006: HK$59,901,000) and 406,423,827 (2006: 405,880,919) ordinary shares, being the weighted average number of shares outstanding during the year, adjusted for the effects of the dilutive potential ordinary shares outstanding during the year.

A reconciliation of the weighted average number of shares used in calculating basic and diluted earnings per share is as follows:

	2007	2006
Weighted average number of ordinary shares used in calculating basic earnings per share	**405,427,890**	404,820,000
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	**995,937**	1,060,919
Weighted average number of ordinary shares used in calculating diluted earnings per share	**406,423,827**	405,880,919

9. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, except for new customers, where cash on sale or payment in advance is normally required. The credit period is generally for a period of one month, extending up to two months for certain well-established customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

The ageing of the Group's accounts receivable is analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**64,192**	36,208
31 – 60 days	**11,331**	7,382
61 – 90 days	**11,472**	4,407
Over 90 days	**8,973**	5,433
	95,968	53,430

10. ACCOUNTS AND BILLS PAYABLE, ACCRUED LIABILITIES AND OTHER PAYABLES

	Group	
	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**44,145**	31,374
31 – 60 days	**32,295**	14,458
61 – 90 days	**32,746**	4,422
Over 90 days	**9,951**	3,500
Accounts and bills payable	**119,137**	53,754
Accrued liabilities and other payables	**36,713**	26,471
	155,850	80,225

The accounts and bills payable and other payables are non-interest-bearing and are normally settled within credit terms of two months, extending up to three months.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 17 August 2007 to Thursday, 23 August 2007 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend for the year ended 31 March 2007 and for attending the annual general meeting, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Thursday, 16 August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

This year not only marks the 10th anniversary of the establishment of Hong Kong Special Administrative Region, but also the 10th anniversary of the Group's listing on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On this propitious occasion, I am pleased to announce our record-breaking annual group sales since the Group's listing in 1997 and satisfactory growth in both turnover and net profit for 2006/07.

Turnover for the year under review rose 18% to a record level of approximately HK$920,944,000 (2006: HK$778,293,000). Profit attributable to equity holders of the Group also grew 12% to HK$67,183,000 (2006: HK$59,901,000). The growth in both turnover and net profit was mainly due to the strong order intake during the period under review.

This is good news indeed, and it is only with the dedicated efforts of everyone in the Group that we have been able to achieve this result. However, we should never be complacent, and with the record turnover achieved, our next goal is to improve profitability and hopefully set another new record.

Enhanced Business Strategy

Our 2006/07 performance represented the effectiveness of the Group's proactive three-pronged strategy to broaden revenue base and mix on the basis of core business lines. As previously reported in our interim report, we will continue to strengthen our new product research and development capabilities with the primary focus on movie and entertainment related toys, and artificial intelligent robots for household tasks which are fast gaining popularity.

Secondly, as a buffer to the more cyclical/order-based business nature of our toys and appliances division, we will step up our efforts to expand the end-user markets for the more stable motor division and to grow our materials development business.

Last but not least, while it is important to broaden revenue streams and customer base, it is equally crucial to improve productivity, control cost and enhance bottom line. We will continue to scrutinize our workflow procedures, implement automation and develop vertical integration in appropriate areas to bolster efficiency and profitability.

Toys

We are very encouraged by the performance of the toys division which has been able to achieve satisfactory growth in both segment turnover and profit. The division recorded a 26% increase in turnover to HK$616,809,000 (2006: HK$491,464,000) for the year under review, and this accounted for 67% of the Group's total turnover. However, high material prices and increasing minimum wages have eroded our profit margin. In line with our strategy, we will seek to improve profitability through active product development and work process refinement.

On the product front, the division has received repeat orders for *Star Wars* products as well as new orders for toy products from two blockbuster movies, namely *Spider-Man 3* and *Transformer*. In fact, confirmed orders received for *Transformer* toys exceeded expectation with orders on hand up to September 2007. The Group is confident of securing more orders for production up to the last quarter of 2007 and even the first quarter of 2008.

Confirmed orders have also been received for *Hulk* products which will enter the production line in the second half of the 2007/08 financial year to coincide with the latest *Hulk* movie scheduled for release in mid-2008. In addition, new *Spider-man* and *Star Wars* products in relation to their TV series are actively under development.

Toys (Continued)

Meanwhile, a major customer has obtained a five-year license from a well-known U.S. entertainment group to develop product series on its globally renowned super hero universe characters. With a repertoire of over 5,000 characters, it is one of the world's most prominent character-based entertainment companies. It is a leader in utilizing its character franchises in licensing, entertainment, publishing and toys endeavours. We can expect continued orders from this exciting product initiative arising from movies and other media platforms while this company leverages its character franchises in a growing array of opportunities around the world.

These confirmed orders and exciting product development prospects have placed the Group on solid platform for turnover performance. However, whether these orders will transform into higher profitability for the Group is hinged on our capability to raise productivity and improve cost effectiveness. As our new industrial plants in Shaoguan has commenced production, we will continue to relocate more of our toys production facilities from Shenzhen to Shaoguan where the production cost is significantly lower.

We will further strengthen our existing central procurement framework to maximize economies of scale, and to step up our efforts to seek alternative vendors that can offer better prices.

Streamlining production process and work flow is an ongoing cost control and productivity enhancement initiative. Apart from pursuing automation with the installation of more sophisticated machinery, we also place great emphasis on improving workforce quality to maximize synergy.

Motors

The motors division also reported satisfactory growth in segment turnover and profit despite continuous challenging market environment. Rising copper and steel prices and minimum wage rates drove up cost overheads but the division was able to mitigate the impact with a successful shift in product mix to those of higher margin. The division contributed external sales of HK$226,747,000 (2006: HK$179,701,000) for the reporting year, up 26%.

Part of the increased turnover was attributable to orders placed by new customers from non-toys sectors upon satisfactory completion of product testings and trials. These non-toys customers are largely engaged in industries relating to automotives, household and personal care products, office automation and AV equipment.

We are confident of the division's long term development and believe that more new orders will be confirmed for the coming financial years.

Electrical Appliances

Tremendous growth is expected in this division which cooperates with iRobot Corporation ("iRobot"), a NASDAQ-listed company, to manufacture artificial intelligent vacuuming robots on a ODM (original design manufacturing) basis. The Group is pleased to be able to work with iRobot as a partner by contributing not only the manufacturing services but also the technology expertise.

These highly sophisticated, practical and easy to use high-value adding electrical appliances have entered production lines and is on schedule for planned market launch in late 2007. More orders are expected for the remaining time of 2007, 2008 and coming few years.

Turnover of the Group derived from these products should contribute a tremendous increase in group turnover in the coming years. The division also looks forward to co-operating further with iRobot and other name brand owners to capture the tremendous market potential.

Materials Development

In respect of the other business activities, the Group continues to strengthen the new product development process for its materials development division, and at the same time step up marketing and sales activities.

This segment, which was developed by the Group as a strategic vehicle to moderate the cyclical fluctuations of the core toys business, is currently in transition as a more sophisticated business platform is taking shape. During the past few years, the Group was in active development pursuits for more high technology products, such as Indium Tin Oxide ("ITO") powder and target. ITO powder is used in the production of cathode ray tube ("CRT") displays for television ("TV") sets and computers, transparent electricity conductive glue, radiation protection and antistatic coating. ITO target, made from ITO powder, is used to produce thin transparent electricity conductive film for LCD TV sets and computer monitors. The range of LCD products includes TN, STN and TFT.

Materials Development (continued)

The Group is very excited about the tremendous market demand and extensive applications of ITO products. To fully capitalize on the opportunities, there are plans to expand its present ITO product research and development capabilities which are currently applied in mobile phone colour displays. To advance its product development competence, the division has collaborated with Guangzhou Research Institute of Non-ferrous Metals which will serve as a technical support unit to equip the division with the capability to produce ITO products for TFT-LCD used in TV and monitors.

As a result of investments in research and development and promotional trial sales to attract new customers, the division recorded a loss of HK$3.8 million (2006: Segmental profit of HK$2.3 million) in the year under review. However, the Group is confident of the potential of the new advanced products which are expected to contribute significantly to the segment's future turnover and profitability.

Outlook

2006/07 was a fruitful year for the Group as we began to see the result of our strategic planning and implementation of development strategies over the years. During the year under review, we saw benefits from economies of scale which partially mitigated the increasing labour and material costs. This also reminds us that there is a constant need for everybody to look ahead, stay alert to market trends and keep our growth drive in full force, especially when our industry remains highly competitive and our operating environment is very challenging.

All four core operations project positive prospects in their respective ongoing developments. The toys segment will continue to thrive on the back of strong orders of entertainment toys. The motors division is steadily penetrating into non-toys sectors for more robust growth momentum. With the new revenue stream derived from the artificial intelligent vacuuming robots, the electrical appliances segment will become another growth driver for the Group. And finally, the materials development division also looks forward to a quicker pace of growth as the market is set for a replacement demand boom for new LCD TV in view of the migration to high-definition standards.

Outlook (Continued)

Going forward, we will, on the one hand, continue to work very hard to tackle increasing costs such as rising material cost and minimum wages in the Pearl River Delta, and, on the other hand, to diversify the Group's core operations. As regards cost control, stringent cost management comes in the combined form of more efficient production procedures and work flow, increased automation, enhanced workforce productivity and further vertical integration in appropriate areas.

As for diversification, the management is geared to develop new revenue streams as well as new products for the existing core operations.

We are very aware of the cyclical nature of core operations and the vulnerability of our operating and market environment. This makes our dedication to pursue greater competitiveness and more stable revenue and profit base an ongoing commitment.

With a strong financial position, we are in a good position to put our forward-looking vision in action by pursuing new investment opportunities in businesses other than our core operations to tap new potential and to stabilize the Group's financial performance.

Since the Group was engaged in the production of ITO products, it has explored opportunities in investing in upstream materials of Indium in order to secure an efficient supply. Such initiative has led to a pursuit for investments in the PRC's natural resources sector, including but not limited to zinc and lead mines, the output of which is used for Indium refinement. By leveraging on the Group's available resources and relationship with PRC government bodies built over the past four years, the Company is now well placed to pursue investment opportunities in the natural resources sector via such feasible means as mergers and acquisitions. Through these long term investments, the Group seeks to constantly enhance shareholders' value.

LIQUIDITY AND FINANCIAL POSITION

The Group primarily used its internally generated cash flow and banking facilities to finance its operations and business development during the year. The Group adopts a prudent and conservative policy in its financial management. At the end of the financial year, the Group's aggregated time deposits and cash and bank balances amounted to HK$151 million (2006: HK$138 million). In addition, the Group currently maintains aggregate composite banking facilities of approximately HK$156 million (2006: HK$147 million) with various banks, of which HK$23 million (2006: HK$9 million) has been utilised as at 31 March 2007.

The Group continues to enjoy healthy financial position. As at 31 March 2007, the current ratio (current assets divided by current liabilities) was 2.5 times (2006: 3.6 times) and the gearing ratio (long term liabilities divided by total equity) was 2.4% (2006: 2.2%).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the directors, the Company has complied with the code provision set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange throughout the year ended 31 March 2007 except for the deviations from provision A.2.1 of the CG Code.

Under the code provision A.2.1, the role of chairman and chief executive officer ("CEO") shall be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

After the resignation of Chui Pak Shing, the CEO, from the Company on 12 April 2006, the roles of the chairman and the CEO of the Company are then not separated and performed by the same individual, Cheng Chor Kit. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meets regularly to discuss issue affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of the Company's directors, all directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the accounting period covered by the annual report.

AUDIT COMMITTEE

The Company has an audit committee with terms of reference revised to align with the provisions of the CG Code as set out in Appendix 14 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

As at the date of this report, the audit committee comprised Sun Kwai Yu, Vivian (Chairman of the committee), Chung Chi Ping, Roy and Wong Chi Wai, Albert, the three independent non-executive directors, and the Chairman of the audit committee has the required appropriate professional financial qualifications and experience.

During the year, the audit committee reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of audited accounts for the year ended 31 March 2006 and the interim financial report for the six months ended 30 September 2006.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of the Stock Exchange at *www.hkex.com.hk* and at the website of the Company at *www.kinyat.com*. An annual report for the year ended 31 March 2007 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above website in due course.

On behalf of the Board
Cheng Chor Kit
Chairman

Hong Kong, 20 July 2007

As at the date of this announcement, the Board consists of five executive directors, Mr. Cheng Chor Kit, Mr. Fung Wah Cheong, Mr. Wong Wai Ming, Mr. Wong Weng Loong and Mr. Yuen Wai Kwong and three independent non-executive directors, Mr. Chung Chi Ping, Roy, Mr. Wong Chi Wai, Albert and Ms. Sun Kwai Yu, Vivian.