KIN YAT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2008

The Board of Directors (the "Board") 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 2008 together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
REVENUE	*4*	**1,637,242**	920,944
Cost of sales		**(1,394,370)**	(761,918)
Gross profit		**242,872**	159,026
Other income and gains	*4*	**20,970**	15,732
Selling and distribution expenses		**(36,092)**	(23,466)
Administrative expenses		**(90,060)**	(69,404)
Finance costs		**(876)**	(782)
Share of profits and losses of associates		**(956)**	(3,505)
PROFIT BEFORE TAX	*5*	**135,858**	77,601
Tax	*6*	**(16,882)**	(6,908)
PROFIT FOR THE YEAR		**118,976**	70,693
Attributable to:			
Equity holders of the Company		**117,268**	67,183
Minority interests		**1,708**	3,510
		118,976	70,693
DIVIDENDS	*7*		
Interim		**18,397**	8,148
Proposed final		**22,485**	20,396
		40,882	28,544
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK28.71 cents**	HK16.57 cents
Diluted		**HK28.66 cents**	HK16.53 cents

CONSOLIDATED BALANCE SHEET
As at 31 March 2008

	Notes	**2008**	2007
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**482,164**	354,998
Investment properties		**35,227**	27,500
Prepaid land lease payments		**14,715**	13,938
Goodwill		**4,650**	4,650
Interests in associates		**(9,604)**	(13,205)
Deferred development costs		**7,730**	6,688
Total non-current assets		**534,882**	394,569
CURRENT ASSETS			
Inventories		**266,145**	186,304
Accounts receivable	*9*	**177,280**	95,968
Prepayments, deposits and other receivables		**21,934**	24,983
Derivative financial assets		**4,784**	–
Deposits with non-bank financial institutions		**8,546**	–
Time deposits		**30,720**	101,786
Cash and bank balances		**57,499**	48,886
Total current assets		**566,908**	457,927
CURRENT LIABILITIES			
Accounts and bills payable, accrued liabilities and other payables	*10*	**240,599**	155,850
Interest-bearing bank borrowings		**36,533**	22,842
Tax payable		**16,235**	7,908
Total current liabilities		**293,367**	186,600
NET CURRENT ASSETS		**273,541**	271,327
TOTAL ASSETS LESS CURRENT LIABILITIES		**808,423**	665,896
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**17,599**	15,901
NET ASSETS		**790,824**	649,995
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**40,882**	40,740
Reserves		**707,282**	570,093
Proposed final dividend	*7*	**22,485**	20,396
		770,649	631,229
Minority interests		**20,175**	18,766
TOTAL EQUITY		**790,824**	649,995

NOTES:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, 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, investment properties and derivative financial instruments, 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.

2.1 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*

The Group has applied the disclosure requirements under HKAS 1 Amendment and HKFRS 7 retrospectively. Relevant comparative information based on the requirements of HKAS 1 Amendment and HKFRS 7 has been presented for the first time in the current year.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 2 Amendments	*Amendments to HKFRS 2 Share-based Payment: Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HKAS 32 and HKAS 1 Amendments	*Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HK(IFRIC)-Int 12	*Service Concession Arrangements*[3]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[1]
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*[3]

[1] *Effective for accounting periods beginning on 1 April 2009*

[2] *Effective for accounting periods beginning on 1 April 2010*

[3] *Effective for accounting periods beginning on 1 April 2008*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 may result in new or amended disclosures, these new and revised HKFRSs should not have any significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

(a) *Business segments*

The following tables present revenue, result and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

Group	Toys and related products		Motors		Electrical appliances		Material development		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**739,347**	616,809	**275,074**	226,747	**617,505**	50,418	**5,316**	26,970	**–**	–	**1,637,242**	920,944
Inter-segment sales	**–**	–	**6,291**	4,411	**–**	–	**–**	–	**(6,291)**	(4,411)	**–**	–
Other income and gains	**9,256**	4,482	**7,206**	5,170	**–**	–	**(1,226)**	19	**–**	–	**15,236**	9,671
Total	**748,603**	621,291	**288,571**	236,328	**617,505**	50,418	**4,090**	26,989	**(6,291)**	(4,411)	**1,652,478**	930,615
Segment results	**53,835**	44,055	**24,092**	44,364	**74,816**	867	**(13,117)**	(3,767)	**–**	–	**139,626**	85,519
Interest and unallocated gains											**5,734**	6,061
Unallocated expenses											**(7,670)**	(9,692)
Finance costs											**(876)**	(782)
Share of profits and losses of associates											**(956)**	(3,505)
Profit before tax											**135,858**	77,601
Tax											**(16,882)**	(6,908)
Profit for the year											**118,976**	70,693
Segment assets	**643,610**	462,011	**216,527**	181,259	**187,954**	49,838	**26,271**	30,845	**(107,627)**	(52,196)	**966,735**	671,757
Unallocated assets											**135,055**	180,739
Total assets											**1,101,790**	852,496
Segment liabilities	**205,941**	129,248	**49,328**	33,803	**59,345**	14,323	**31,886**	29,410	**(107,627)**	(52,196)	**238,873**	154,588
Unallocated liabilities											**72,093**	47,913
Total liabilities											**310,966**	202,501

3. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Group	Toys and related products		Motors		Electrical appliances		Material development		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:												
Depreciation and amortisation	**39,890**	35,132	**13,757**	9,691	**893**	1,623	**1,564**	1,404	**–**	–	**56,104**	47,850
Unallocated amounts											**204**	168
											56,308	48,018
Capital expenditure	**107,618**	57,520	**26,420**	11,492	**–**	2,348	**2,224**	264	**–**	–	**136,262**	71,624
Deficit/(surplus) on revaluation of leasehold land and buildings	**445**	–	**(1,120)**	(239)	**–**	–	**–**	(250)	**–**	–	**(675)**	(489)
Unallocated amounts											**(3,723)**	(1,608)
											(4,398)	(2,097)
Surplus on revaluation recognised directly in equity	**(4,520)**	(2,982)	**(856)**	–	**–**	–	**(68)**	(150)	**–**	–	**(5,444)**	(3,132)
Unallocated amounts											**(3,804)**	(428)
											(9,248)	(3,560)

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2008 and 2007.

Group	United States of America		Europe		Asia		Others		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**955,670**	314,790	**246,727**	272,914	**322,211**	266,494	**112,634**	66,746	**–**	–	**1,637,242**	920,944

	Hong Kong		Elsewhere in the PRC		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Segment assets	**267,188**	244,491	**834,602**	608,005	**–**	–	**1,101,790**	852,496
Capital expenditure	**6,720**	320	**129,542**	71,304	**–**	–	**136,262**	71,624

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:

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of:		
Toys and related products	**739,347**	616,809
Motors	**275,074**	226,747
Electrical appliances	**617,505**	50,418
Material	**5,316**	26,970
	1,637,242	920,944
Other income and gains		
Bank interest income	**2,970**	3,456
Gross rental income	**6,140**	5,255
Sale of scrap material	**7,656**	5,929
Gain/(loss) on disposal/write-off of items of property, plant and equipment, net	**(1,285)**	130
Fair value gains on foreign exchange derivative financial instruments, net	**4,784**	–
Others	**705**	962
	20,970	15,732

5. PROFIT BEFORE TAX

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

	2008	2007
	HK$'000	*HK$'000*
Auditors' remuneration	**1,480**	1,268
Depreciation	**48,838**	40,955
Amortisation of prepaid land lease payments	**277**	254
Amortisation of deferred development costs*	**7,193**	6,809
Minimum lease payments under operating leases in respect of land and buildings	**2,458**	2,468
Loss/(gain) on disposal/write-off of items of property, plant and equipment, net	**1,285**	(130)
Impairment of accounts receivable	**1,279**	–
Impairment of goodwill**	**751**	–
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**206,116**	134,200
Equity-settled share option expenses	**1,627**	1,596
Pension scheme contributions	**1,471**	1,187
	209,214	136,983
Surplus on revaluation of leasehold land and buildings and investment properties, net**	**(4,398)**	(2,097)
Fair value gains on foreign exchange derivative financial instruments, net	**(4,784)**	–
Foreign exchange differences, net	**(294)**	(313)
Bank interest income	**(2,970)**	(3,456)
Net rental income	**(6,140)**	(4,804)

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 impairment of goodwill and surplus on revaluation of leasehold land and buildings and investment properties, net, are 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% (2007: 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	
	2008	2007
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**13,672**	6,749
Under/(over)provision in prior years	**3,907**	(3,286)
Current – Elsewhere	**123**	576
Deferred tax	**(820)**	2,869
Total tax charge for the year	**16,882**	6,908

7. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Interim – HK4.5 cents (2007: HK2 cents) per ordinary share	**18,397**	8,148
Proposed final – HK5.5 cents (2007: HK5 cents) per ordinary share	**22,485**	20,396
	40,882	28,544

The directors recommend the payment of a final dividend of HK5.5 cents per share in respect of the year ended 31 March 2008 to shareholders whose names appear on the register of members on 22 August 2008. 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. The approved final dividend will be paid on 9 September 2008.

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$117,268,000 (2007: HK$67,183,000) and the weighted average number of 408,475,115 (2007: 405,427,890) 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$117,268,000 (2007: HK$67,183,000) and 409,202,269 (2007: 406,423,827) 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:

	2008	2007
Weighted average number of ordinary shares used in calculating basic earnings per share	**408,475,115**	405,427,890
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	**727,154**	995,937
Weighted average number of ordinary shares used in calculating diluted earnings per share	**409,202,269**	406,423,827

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 mainly relate to recognised and creditworthy customers, there is no significant credit risk. Accounts receivable are non-interest-bearing.

An aged analysis of the trade receivable as at the balance sheet date, based on the invoice date, is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**127,935**	64,192
31 – 60 days	**18,286**	11,331
61 – 90 days	**14,741**	11,472
Over 90 days	**18,863**	10,422
	179,825	97,417
Less: Impairment allowance	**(2,545)**	(1,449)
	177,280	95,968

The carrying amounts of accounts receivable approximate to their fair value.

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

An ageing of the Group's accounts and bills payable as at the balance sheet date, based on invoice date, and the balance of accrued liabilities and other payables are as follow:

	Group	
	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**85,806**	44,145
31 – 60 days	**52,446**	32,295
61 – 90 days	**35,703**	32,746
Over 90 days	**9,725**	9,951
Accounts and bills payable	**183,680**	119,137
Accrued liabilities	**46,400**	26,664
Other payables	**10,519**	10,049
	240,599	155,850

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.

11. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date and up to the date of this report, the Group has advanced a total amount of approximately HK$30,000,000 as loan to an independent third party group (the "Vendor Group"). The Group is negotiating with the Vendor Group to acquire certain machinery, equipment and other tangible assets from it and the aforesaid loan advance will become part of the acquisition consideration upon the fulfillment of certain conditions.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 18 August 2008 to Friday, 22 August 2008 (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 2008 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, Tricor 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 Friday, 15 August 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

I am pleased to announce yet another blockbuster year for the Group in 2007/08, as we achieved another all-time high in annual sales since our listing on the main board of the Stock Exchange of Hong Kong Limited in 1997. This is a moment to relish as strong sales have been translated into record profit, beating the odds in a tough operating environment.

Turnover for the year under review rose 78% to a record level of approximately HK$1,637,242,000 (2007: HK$920,944,000). Profit attributable to equity holders of the Group grew 75% to another record level of HK$117,268,000 (2007: HK$67,183,000), primarily benefiting from economies of scale.

Our epic performance in 2007/08 reflects the success of the Group's three-pillar business strategy with segments that are complementary in terms of revenue-generating capabilities. However, even with the best strategy, it takes the dedication of the management team to produce the desired results, and our team at Kin Yat has once again performed excellently.

We have raised the bar for all of us to outperform ourselves in the coming years, and it is not going to be plain sailing, with continued concerns over tightening labor legislation in China, spiraling raw material costs, a weakening US economy, and the strengthening RMB. We have to stay vigilant and be quick to respond to the changing operating environment in order to continue to achieve turnover and profit growth.

The Group's recipe for success lies in its three-pillar business strategy encompassing a balanced portfolio of steady revenue contributors, return-generating operations, growth drivers and a range of future development projects.

This strategy is being implemented through three core research-and-development-based industrial disciplines – a vertically integrated toy development, engineering and manufacturing business; an electrical appliances operation specializing in artificially intelligent ("AI") gadgets; and an electric motor production unit. In addition, the Group has also invested in resources development and actively pursues upstream business opportunities to mitigate the shortage of raw materials.

The core operations of toys, electrical appliances and motors contributed respectively 45% (2007: 67%), 38% (2007: 6%) and 17% (2007: 25%) of turnover to the Group during the year under review. Particularly worthy of note is the healthy shift towards a more balanced portfolio mix.

Business Strategy

The Group's three-pillar business structure ensures the Group a steady income stream that provides a solid platform for the Group to engage in projects with higher earnings potential. This business strategy gives us a forward-looking window which is critical to the future development prospects of the Group. It is the management's ongoing mission and task to incubate and nurture each individual business segment to maximize its growth potential and generate contribution to the Group.

The complementary nature of the business streams is multi-faceted. The toys and appliances divisions are more order-driven; while the motors unit helps bring an element of stability to the Group's overall sales.

Operational Review

Toys

Amid a weakening US economy and general apprehension over the quality of China-made products, we are pleased to report solid growth in segment turnover to HK$739,347,000 (2007: HK$616,809,000), up 20% from last year.

Market concerns over product quality have resulted in even more stringent requirements being imposed on the manufacturing and quality assurance processes, leading to an industry consolidation which is driving out weaker players. Building on its driving strategy to uphold premium quality, complemented by advanced facilities and expertise, the Group has maintained an excellent record in quality management. It is therefore expected that the Group will be able to identify appropriate development opportunities as this consolidation process reshapes the market situation.

As the development of the toys segment is largely driven by the movie-and-entertainment industry, we always welcome the launch of action hero films and other movies that provide toy production opportunities. The Group was very pleased with the toy products sales derived from some blockbuster movies released in 2007. Such orders have exceeded forecasts, as the movies received excellent box office sales. New releases in 2008 have also already created orders and generated sales for the Group in the 2007/08 financial year, and this momentum is expected to be sustained to contribute to the performance in fiscal 2008/09.

It is obvious that our strategy to focus on movie-related toys has been proved productive, as we have been able to extend the traditional peak season, from June to September for Thanksgiving and Christmas shipments, to virtually all year round. This allows us to fully utilize our manufacturing capabilities and increase manpower productivity. There are also additional reorder benefits when the movies are box office successes.

We remain confident in the prospects of our toys division. Faced with the challenges ahead, we will keep our team motivated to seek improvements and alert to innovative ideas.

Electrical Appliances

The electrical appliances segment was a star performer in the financial year under review, with turnover totaling HK$617,505,000 (2007: HK$50,418,000), 11 times over the previous year. It specializes in AI appliances, highlighted by the range of vacuum cleaning robots developed with the NASDAQ-listed iRobot Corporation ("iRobot").

As market acceptance of the new vacuum cleaning robots is very positive, the segment will step up cooperation with iRobot to produce iRobot Roomba and to develop and manufacture other AI electrical household appliances. We are optimistic about the progress of such negotiations. It is expected that strong sales will continue to play a pivotal role in driving this segment's further development. Our investments in technology-driven engineering capabilities and production strength will continue to generate rewards, and our strong working relationship with our customer is expected to translate into a sustainable source of competitive strength. Based on such robust fundamentals, we continue to hold a positive outlook for the segment, and after the initial burst of phenomenal growth, we expect the pace of sales to ease off to a healthy longer term level of sustainable growth.

Motors

The motors operation provides a steady income base for the Group. While we are pleased to report satisfactory turnover growth for this segment, a spike in production costs as a result of sharp increases in copper and steel prices has resulted in a profit drop.

The division generated external sales of HK$275,074,000 (2007: HK$226,747,000) for the year under review, up 21% year on year.

We are expecting that the momentum of shifting trial orders to confirmed orders from new business customers such as office equipment and automobile manufacturers will continue, as we step up rapport with prospective customers from the early stages of engagement.

We will continue to accelerate our strategic shift to higher margin products to mitigate the dampening impact of high production costs. This also involves the broadening of our predominantly toys-focused customer base to include customers from other sectors, including automotive, household and personal care products, and office automation and audio-visual equipment. To cope with business growth and market development requirements, the Group plans to increase machinery and equipment for this segment.

Another task during the year under review was to engage in negotiations with customers with a view to reflecting part of our cost increases in product prices. This will help the Group mitigate surging costs, thereby enhancing the profitability of this segment.

Resources Development

The resources development segment is the Group's strategic platform to pursue long-term growth and returns, as well as a further move towards diversification. It is also an upstream investment for the Group to mitigate the shortage of raw materials for downstream operations. The segment is currently engaged in intensive research and development.

Following the Group's acquisition of a 70% equity interest in Xian Jinshi Mining Company Limited in September 2007, the Group was awarded an exploration licence for a polymetallic ore mine containing primarily lead, zinc and gold deposits in Lantian County, Xian city, Shaanxi Province. Exploration work is in progress, and the Group plans to apply for an exploitation licence within the financial year 2008/09.

Management maintains a positive outlook for the ongoing development of this new upstream business initiative, and will actively pursue other business opportunities in resources mining.

Outlook

The Group has been blessed with record turnover and record profit, and this is the moment of truth for our business strategy. While we relish and celebrate the success of our efforts, we must recognize that the tasks ahead to ensure sustainable growth are more strenuous and challenging.

There are signs that the operating environment may get worse. Looking ahead, we will have to continue to try to thrive against the challenges of high material prices, increasing minimum wages in the Pearl River Delta region, a weakening US economy and strong competition, all of which pose a potential impact on our profit margin. We must keep costs down through more efficient production processes, enhanced equipment and automation, and higher closer vertical integration. The commencement of our third manufacturing base in Shaoguan since the last quarter of 2007 also provides timely relief when it comes to controlling our production costs, expanding capacity and upgrading our industrial capabilities to support future growth.

In addition, we will continue to take forward business development plans to expand into new markets in order to reduce reliance on any particular geographical region. For example, to explore the development of sales activities in Mainland China which will enable us to enjoy further upside from the anticipated appreciation of the RMB. The shift to high value-adding products and a more diversified product portfolio is also an ongoing initiative for the Group.

Order books for our core operations are strong, and we are poised to enjoy another year of good performance. However, we must keep our feet firmly on the ground and continue to expand our product and customer mix along our core business lines to further optimize our earnings capability and ensure future growth. Our ongoing sales target is to maintain the high levels of orders achieved during the current reporting year.

We have proved our ability to identify new business opportunities and we should stay sharp as always. We must therefore continue to maintain a strong financial position to support our business development activities. Turning these opportunities into real growth drivers has made us stand tall in the world of business acumen, and we will continue to broaden our revenue base by planning and investing in businesses that provide long-term prospects for growth and profitability.

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$97 million (2007: HK$151 million). In addition, the Group currently maintains aggregate composite banking facilities of approximately HK$271 million (2007: HK$156 million) with various banks, of which HK$37 million (2007: HK$23 million) has been utilised as at 31 March 2008.

The Group continues to enjoy healthy financial position. As at 31 March 2008, the current ratio (current assets divided by current liabilities) was 1.9 times (2007: 2.5 times) and the gearing ratio (total interest-bearing bank borrowings divided by total equity) was 4.6% (2007: 3.5%).

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 of Hong Kong Limited throughout the year ended 31 March 2008 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.

The roles of the chairman and the CEO of the Company are 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 2007 and the interim financial report for the six months ended 30 September 2007.

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 2008 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, 18 July 2008

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