KIN YAT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009

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 2009 together with the comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	4	**1,574,220**	1,637,242
Cost of sales		**(1,309,528)**	(1,394,370)
Gross profit		**264,692**	242,872
Other income and gains, net	4	**12,668**	20,970
Selling and distribution expenses		**(40,344)**	(36,092)
Administrative expenses		**(105,028)**	(90,060)
Other expenses	5	**(29,247)**	–
Finance costs		**(1,790)**	(876)
Share of profits and losses of associates		**(133)**	(956)
PROFIT BEFORE TAX	5	**100,818**	135,858
Tax	6	**(9,766)**	(16,882)
PROFIT FOR THE YEAR		**91,052**	118,976
Attributable to:			
Equity holders of the Company		**89,238**	117,268
Minority interests		**1,814**	1,708
		91,052	118,976
DIVIDENDS	7		
Interim		**18,397**	18,397
Proposed final		**16,353**	22,485
		34,750	40,882
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		**HK21.83 cents**	HK28.71 cents
Diluted		**HK21.82 cents**	HK28.66 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**553,679**	482,164
Investment properties		**36,591**	35,227
Prepaid land lease payments		**14,286**	14,715
Goodwill		**4,650**	4,650
Interests in associates		**(7,028)**	(9,604)
Deferred development costs		**7,429**	7,730
Total non-current assets		**609,607**	534,882
CURRENT ASSETS			
Inventories		**154,842**	266,145
Accounts receivable	9	**120,866**	177,280
Prepayments, deposits and other receivables		**19,594**	21,934
Derivative financial instruments		**–**	4,784
Deposits with non-bank financial institutions		**–**	8,546
Time deposits		**50,131**	30,720
Cash and bank balances		**129,032**	57,499
Total current assets		**474,465**	566,908
CURRENT LIABILITIES			
Accounts and bills payable, accrued liabilities and other payables	10	**146,585**	240,599
Derivative financial instruments		**798**	–
Interest-bearing bank borrowings		**14,583**	36,533
Tax payable		**8,377**	16,235
Total current liabilities		**170,343**	293,367
NET CURRENT ASSETS		**304,122**	273,541
TOTAL ASSETS LESS CURRENT LIABILITIES		**913,729**	808,423

CONSOLIDATED BALANCE SHEET (continued)

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**913,729**	808,423
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**72,361**	–
Deferred tax liabilities		**12,698**	17,599
Total non-current liabilities		**85,059**	17,599
NET ASSETS		**828,670**	790,824
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**40,882**	40,882
Reserves		**752,063**	707,282
Proposed final dividend	*7*	**16,353**	22,485
		809,298	770,649
Minority interests		**19,372**	20,175
TOTAL EQUITY		**828,670**	790,824

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009. 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 income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation.

The acquisition of a subsidiary 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.

2.1 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. The adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement and* HKFRS 7 *Financial Instruments: Disclosures-Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

In addition, the Group has early adopted HKFRS 8 *Operating Segments* with effect from 1 April 2008. HKFRS 8 replaces HKAS 14 *Segment Reporting*, and specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. Additional disclosures about each of these segments are shown in note 3, including revised comparative information. Adoption of this standard did not have any effect on the financial position or performance of the Group.

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

Except for the early adoption of HKFRS 8, 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 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs and* HKAS 27 *Consolidated and Separate Financial Statements-Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standard*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment-Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures-Improving Disclosures about Financial Instruments*[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]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement-Eligible Hedged Items*[2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives and* HKAS 39 *Financial Instruments: Recognition and Measurement-Embedded Derivatives*[1]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[1]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers*[3]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for the Group's accounting period on 1 April 2010, the amendments are effective for the Group's accounting period beginning on 1 April 2009 although there are separate transitional provisions for each standard.

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

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

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

[3] *Effective for transfers of assets from customers received on or after 1 July 2009*

* *Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.*

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 HKAS 1 (Revised) may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) the electrical and electronic products segment consisted of the manufacture and sale of electrical appliances, electronic toys and related products;

(b) the motors segment consisted of the manufacture and sale of motors;

(c) the feature plush and wooden toys segment consisted of the manufacture and sale of feature plush and wooden toys; and

(d) the resource development segment consisted of the manufacture and sale of materials primarily for use in liquid crystal display and mine exploration.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

Inter segment sales and transfers are transacted with reference to the selling prices used for sales made to the third parties at the then prevailing market prices.

3. SEGMENT INFORMATION (continued)

(a) Operating segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 March 2009 and 2008.

Group	Electrical and electronic products		Motors		Feature plush and wooden toys		Resource development		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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												
Revenue from external customers	1,145,893	1,271,597	315,677	275,074	109,314	85,255	3,336	5,316	–	–	1,574,220	1,637,242
Inter-segment sales	–	–	3,159	6,291	–	–	–	–	(3,159)	(6,291)	–	–
Other income and gains, net	(989)	9,256	8,673	7,206	687	–	7	(1,226)	–	–	8,378	15,236
Total	1,144,904	1,280,853	327,509	288,571	110,001	85,255	3,343	4,090	(3,159)	(6,291)	1,582,598	1,652,478
Segment results	143,425	123,030	515	24,092	7,299	5,621	(11,050)	(13,117)	–	–	140,189	139,626
Interest and unallocated gains											4,290	5,734
Unallocated expenses											(12,491)	(7,670)
Other expenses *(note 5)*											(29,247)	–
Finance costs											(1,790)	(876)
Share of profits and losses of associates											(133)	(956)
Profit before tax											100,818	135,858
Tax											(9,766)	(16,882)
Profit for the year											91,052	118,976
Segment assets	731,004	743,880	250,997	216,527	30,690	36,460	28,907	26,271	(177,233)	(56,403)	864,365	966,735
Unallocated assets											219,707	135,055
Total assets											1,084,072	1,101,790
Segment liabilities	114,698	212,882	150,120	49,328	1,896	1,180	54,647	31,886	(177,233)	(56,403)	144,128	238,873
Unallocated liabilities											111,274	72,093
Total liabilities											255,402	310,966
Other segment information:												
Depreciation and amortisation	46,364	40,317	15,953	13,757	455	466	2,086	1,564	–	–	64,858	56,104
Unallocated amounts											416	204
											65,274	56,308
Capital expenditure	68,095	102,334	77,909	26,420	1,390	5,284	6,146	2,224	–	–	153,540	136,262
Deficit/(surplus) on revaluation of leasehold land and buildings	2,392	445	15	(1,120)	–	–	–	–	–	–	2,407	(675)
Unallocated amounts											(1,364)	(3,723)
											1,043	(4,398)
Deficit/(surplus) on revaluation recognised directly in equity	2,144	(4,520)	856	(856)	–	–	(173)	(68)	–	–	2,827	(5,444)
Unallocated amounts											(416)	(3,804)
											2,411	(9,248)

(b) Geographical information

Group	United States of America		Europe		Asia		Others		Eliminations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	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:												
Revenue from external customers	**764,658**	955,670	**322,445**	246,727	**361,963**	322,211	**125,154**	112,634	**–**	–	**1,574,220**	1,637,242

The revenue information above is based on the location of the customers.

	Hong Kong		Elsewhere in the PRC		Eliminations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Non-current assets	**36,067**	34,133	**580,568**	510,353	**–**	–	**616,635**	544,486

Non-current assets for this purpose consist of property, plant and equipment, investment properties, prepaid land lease payments and intangible assets.

4. REVENUE, OTHER INCOME AND GAINS, NET

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, net is as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of:		
Electrical and electronic products	**1,145,893**	1,271,597
Motors	**315,677**	275,074
Feature plush and wooden toys	**109,314**	85,255
Materials from resource development	**3,336**	5,316
	1,574,220	1,637,242
Other income and gains, net		
Bank interest income	**1,531**	2,970
Gross rental income	**5,842**	6,140
Sale of scrap materials	**9,126**	7,656
Gain on deregistration of a subsidiary	**604**	–
Loss on disposal/write-off of items of property, plant and equipment, net	**(331)**	(1,285)
Fair value gain/(loss) on derivative financial instruments, net	**(5,582)**	4,784
Others	**1,478**	705
	12,668	20,970

5. PROFIT BEFORE TAX

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

	2009	2008
	HK$'000	*HK$'000*
Auditors' remuneration	**1,810**	1,480
Depreciation	**57,322**	48,838
Amortisation of prepaid land lease payments	**353**	277
Amortisation of deferred development costs*	**7,599**	7,193
Minimum lease payments under operating leases in respect of land and buildings	**6,193**	2,458
Gain on deregistration of a subsidiary	**604**	–
Loss on disposal/write-off of items of property, plant and equipment, net	**331**	1,285
Impairment of accounts receivable	**2,652**	1,279
Impairment of goodwill**	**–**	751
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**234,850**	206,116
Equity-settled share option expense	**2,226**	1,627
Pension scheme contributions	**1,455**	1,471
	238,531	209,214
Deficit/(surplus) on revaluation of leasehold land and buildings and investment properties, net**	**1,043**	(4,398)
Fair value loss/(gain) on derivative financial instruments, net	**5,582**	(4,784)
Foreign exchange differences, net	**924**	(294)
Bank interest income	**(1,531)**	(2,970)
Net rental income	**(5,257)**	(6,140)
Other expenses***	**29,247**	–

5. PROFIT BEFORE TAX (continued)

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 deficit/(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.*

*** *Other expenses represent a one-off cost incurred in the acquisition of productive assets from independent third parties of the Group, which are involved in the motor business, during the year.*

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. 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.

Certain of the Group's subsidiaries operating in the PRC are wholly-owned foreign enterprises and are exempted from the income tax of the PRC for two years starting from the first profitable year of operations, and are entitled to a 50% relief from the income tax of the PRC for the following three years.

	Group	
	2009	2008
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**17,277**	13,672
Underprovision/(overprovision) in prior years	**(332)**	3,907
Current – Elsewhere		
Charge for the year	**275**	123
Overprovision in prior years	**(3,007)**	–
Deferred tax	**(4,447)**	(820)
Total tax charge for the year	**9,766**	16,882

7. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Interim – HK4.5 cents (2008: HK4.5 cents) per ordinary share	**18,397**	18,397
Proposed final – HK4 cents (2008: HK5.5 cents) per ordinary share	**16,353**	22,485
	34,750	40,882

The directors recommend the payment of a final dividend of HK4 cents per share in respect of the year ended 31 March 2009 to shareholders whose names appear on the register of members on 24 August 2009. 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 11 September 2009.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$89,238,000 (2008: HK$117,268,000) and the weighted average number of 408,816,000 (2008: weighted average of 408,475,115) ordinary shares in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$89,238,000 (2008: HK$117,268,000) and 408,931,656 (2008: 409,202,269) ordinary shares, being the 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:

	2009	2008
Weighted average number of ordinary shares used in calculating basic earnings per share	**408,816,000**	408,475,115
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	**115,656**	727,154
Weighted average number of ordinary shares used in calculating diluted earnings per share	**408,931,656**	409,202,269

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 accounts receivable as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**84,606**	127,935
31 – 60 days	**27,232**	18,286
61 – 90 days	**7,519**	14,741
Over 90 days	**5,982**	18,863
	125,339	179,825
Less: Impairment allowance	**(4,473)**	(2,545)
	120,866	177,280

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	
	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**45,032**	85,806
31 – 60 days	**22,988**	52,446
61 – 90 days	**4,406**	35,703
Over 90 days	**1,716**	9,725
Accounts and bills payable	**74,142**	183,680
Accrued liabilities	**51,989**	46,400
Other payables	**20,454**	10,519
	146,585	240,599

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 Tuesday, 18 August 2009 to Monday, 24 August 2009 (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 2009 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 Monday, 17 August 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

I am pleased to report a set of stable results for fiscal 2008/09, attesting to the Group's solid foundation based on a strategic spread of research-and-development-focused industrial disciplines. Confronted with a recession which has dampened global consumer demand, the Group was able to sustain relatively stable results, with turnover decreasing only marginally by 4% year-on-year to HK$1,574,220,000 after a 78% increase in turnover in 2007/08 to the record level of HK$1,637,242,000. Our ongoing target continues to be maintaining a high level of sales in order to achieve economies of scale.

Profit attributable to equity holders of the Group was down 24% to HK$89,238,000 (2008: HK$117,268,000), mainly due to an item under other expenses of HK$29,247,000 from the acquisition of the productive assets of Sun Motor Industrial Company Limited (in liquidation) and its related group of companies ("Sun Motor Group"). The Sun Motor Group is engaged in the motor business. Excluding this one-off expenses item, both the gross and net profit margins improved further as a result of continuous enhancements to production efficiency and of higher levels of automation and vertical integration.

At the height of the global economic crisis that is only now beginning to show the first signs of gradually receding, the challenges faced by Mainland-based manufacturers were exacerbated by inflation in wages and other production costs. However, we are confident that our multi-pillar business strategy, together with efforts to incubate new business segments, will continue to generate a healthy revenue mix.

The Mainland government's efforts to step up support for labor-intensive enterprises, when the US financial meltdown struck in 2008, have also brought relief to exporters such as the Group. With strong management to guide our businesses, we will stay alert to signs of ongoing market turbulence in order to navigate the Group through the crisis and secure our medium- and long-term success.

The Group operates three core research-and-development-based industrial disciplines, including an electrical and electronic product unit, which encompasses the development of electronic toys and appliances; an electric micro-motor production unit; and, as a new growth driver, a resources-development operation. In addition, the Group is building on its existing clientele portfolio and production capacity for electronic toys to tap further into the plush-toy arena.

Business Strategy and Portfolio

This multi-pillar business structure helps build management and marketing resilience within the Group. The complementary nature of the businesses mitigates market fluctuations and cyclical setbacks to individual operations to bring an element of stability to overall sales, contributing to a Group moving ahead at an overall steady pace.

During the reporting year, the electrical and electronic product line contributed 73% (2008: 78%) of turnover to the Group, while the micro-motor division accounted for 20% (2008: 17%) of total turnover. Efforts to develop the feature plush and wooden toys segment have resulted in a sales contribution of 7% (2008: 5%).

These stable income streams have placed the Group in a strong financial position from which to fund investments to capture medium- to long-term growth opportunities. This is particularly advantageous during bad times, which can present opportunities for companies with strong positions and sound preparedness. The Group will thus seek to widen its market foothold, creating new market openings or winning market share amid inevitable industry consolidation.

The management will also continue to draw up and customize business plans to incubate and nurture each individual business segment to maximize its development potential.

Operational Review

Electrical and Electronic Products

This segment consists of an electronic toy development, engineering and manufacturing business and an electrical appliances operation specializing in artificial-intelligence (AI) products.

Thanks to consistent efforts to grow and sharpen the technological edge of the segment while managing existing operations to ride out unprecedented and worldwide disorders, the Group was able to contain the impact of the financial crisis on sales. The electrical and electronic product segment reported a 10% year-on-year decrease in turnover to HK$1,145,893,000 (2008: HK$1,271,597,000), following last year's unprecedented peak in sales.

The performance of the toys line continued to be underpinned by its strategic focus on the movie-and-entertainment sector with tie-ins with the release of major action-hero and other films. The success of these blockbuster movies helped fill the Group's order book during the year.

The focus on movie-related toys also brought higher utilization of facilities and manpower as such products help extend the traditional peak season, for Thanksgiving and Christmas shipments, to virtually all year round. This allows us to fully utilize our capacity and increase manpower productivity.

The electrical-appliances line continued to perform well, driven mainly by the AI appliances, highlighted by the line of vacuum-cleaning robots developed with NASDAQ-listed iRobot Corporation.

Sales momentum of the vacuum cleaning robot series remains robust, but the division is prepared for a leveling-off in demand as the product moves along the cycle from the initial phenomenal sales bursts to a more mature long-term development phase. The division will continue to invest in technology-driven engineering capabilities to sustain its niche in the appliances sector.

The division will also continue to drive cost savings through constant streamlining of production processes, enhanced equipment and automation, and further vertical integration. At the same time, the Group's compelling vision to uphold premium quality will help it secure development opportunities as the financial meltdown reshapes the market.

As the world charts its way out of a recession with demand recovering at a very slow pace in the year ahead, the division will strive to maintain its resilience whilst staying responsive to market opportunities.

Motors

The micro-motor segment continued to perform its key role of providing a steady income base for the Group. In the year under review, the division delivered external sales of HK$315,677,000 (2008: HK$275,074,000), up 15% as efforts to forge trial orders from non-toy customers began to materialize into more substantial sales orders. Established initially with a toy-focused clientele, the division has made persistent efforts to broaden its customer base to embrace a wider range of end-user sectors, such as automotive, household and personal-care products, as well as office automation and audio-visual equipment.

Business diversification was also helped by the division's acquisition of the productive assets of Sun Motor Group. Sun Motor Group designs and manufactures both standard and custom-designed electric micro-motors. The acquisition of its productive assets has enabled the Group to form a new motor division, which will provide a new avenue for the Group to tap into new customer bases complementing its existing clientele. The new motor division also commands synergistic production capabilities, in particular for AC motors.

The acquisition was completed on 28 February 2009 and, in the initial period of operation, the Group has appropriated substantial resources to smoothen and strengthen the operation of this new motor division, in order to lift it from its operational disarray. As a result, this new motor division remained loss making in fiscal 2008/09, driving down the segmental results to a near break-even level.

The acquisition has resulted in a one-off cost of HK$29,247,000 impacting on the Group's profit and loss account during the year.

Management believes that the acquisition will enable the division to expand the depth and breadth of its resources and expertise. As the rise in commodity and production costs, coupled with wage inflation due to a shortage of labor, continue to pose a threat to segment earnings, the ability to constantly hone one's competitive edge becomes the key to resilience. The division pledges to seek continuous efficiency improvements and further cost savings to counter the difficult business environment and sustain the profit margin. These tactics also involve the continued shift of the product mix to higher-margin items to mitigate escalating costs.

The acquisition and initial investments will inevitably have an impact on the segment's short-term results. Management holds the positive view that this new line of business will complement the existing motors operation in terms of clientele and product range, with the distinct potential to be developed into another growth driver yielding attractive returns for the Group.

Resources Development

The resources-development division is the Group's strategic vehicle for seeking long-term growth and returns, and represents a key component of the management's long-standing commitment to business diversification.

Materials Development

The segment was actively engaged in the research and development into more technologically advanced products, such as Indium Tin Oxide ("ITO") target. ITO target is used in the production of transparent electricity conductive glue for liquid-crystal display ("LCD") monitors.

Natural Resources Development

The segment's upstream development followed the acquisition of a 70% equity interest in Xian Jinshi Mining Company Limited (西安金石礦業有限公司, "Xian Jinshi") in September 2007. The Group was awarded an exploration licence for a polymetallic ore mine, conferring the right to explore within a mining area of approximately 39.23 square kilometers, containing primarily lead, zinc and gold deposits, in Lantian County, Xian City, Shaanxi Province (陝西省西安市藍田縣). The mine is located on the western end of Xiao Qin Ling (小秦嶺) Mineral Belt and to the northwest of Jindui Cheng (金堆城) Fault Zone. The license holds a three-year exploration right to the mine ore commencing April 2008, extendable upon expiry. General geological exploration works on the ore mine have led to the discovery of 21 mine veins. From the results of chemical analysis of the ores, the metal content ranges from 5.10% to 13.25% for lead, 2.00% to 8.53% for zinc, and 0.00051% to 0.00141% for gold. Based on the PRC partner's geological investigation of three of the veins up to mid-2009, total inferred and indicated mineral resources in accordance with the classification for resources/reserves of solid fuels and mineral commodities in the PRC (Standards 333 and 332) amounted to a minimum of 360,000 tonnes.

Based on the positive results of the exploration work, the Group is preparing the necessary documents to apply for an exploitation license. The Group expects to submit the application to the Land and Resources Bureau of Shaanxi Province (陝西省國土資源廳) in September 2009, with approval expected by 2010.

Studies have been undertaken by the Sixth Geological Team of the Shaanxi Provincial Bureau of Geological Minerals Exploration (陝西省地質礦產勘查開發局第六地質隊), the Group's PRC partner, which holds 30% of Xian Jinshi. The PRC partner specializes in mineral-related geological studies, drilling, well construction and engineering geology. Formerly based in Jindui Cheng, the team successfully discovered and reported one of the largest molybdenum deposits in the world. The team's previous works also include a study on the Xiao Qin Ling gold mine in Tongguan County (潼關縣), laying the foundation for the development of this deposit into China's third largest gold mine, earning the name of "Huaxia Gold City" for the county. The PRC partner has over 40 years of experience in geological exploration and engineering, as well as over 20 years of experience in minerals development.

Leveraging the PRC partner's extensive experience and expertise, the Group maintains a positive outlook for the ongoing development of this new upstream business initiative. The Group will also actively pursue other business opportunities in resources mining.

Feature Plush and Wooden Toys

This segment is a spin-off from the core electronic toys operation and offers a broad range of feature plush, wooden and educational toys. Built on Kin Yat's premise of innovation and quality, the plush toy line has quickly established itself to make inroads into both the conventional toy and movie-and-entertainment sectors.

The Group is now utilizing its expertise in design and engineering, as well as strong manufacturing capabilities, to create a range of safe, high-quality merchandise at price points designed to be competitive across broad channels of trade.

The non-electronic toys segment reported a 28% year-on-year increase in turnover to HK$109,314,000 (2008: HK$85,255,000) during the year.

Outlook

Despite an improved outlook for the world economy as the financial system begins to stabilize and emerging markets such as China help power a revival, the world is still in recession and merely inching towards a recovery. Reduced trade credits and fragile consumer confidence have held back demand in the traditional markets for toys and electrical appliances. Economists forecast that any pick-up will be sluggish. The toys operation will engage in active promotion of its offerings in order to further its penetration into comics, animation and movies-related sectors, as well as to make advances into the PRC's domestic market.

For manufacturers, while overseas buyers are expected to place small orders to replenish their stocks, a more stable external trade environment cannot yet be discerned. Orders for products from our core operations, although currently stable, are expected to be affected during the coming year. Nevertheless we will take steps to maintain a healthy order book amid ongoing difficulties.

Drastic scaling back of inventories by overseas buyers, amid falling consumer demand and an appetite for low-priced products, has also led to downward price pressures observed since the global crisis emerged. These challenges have also been accentuated by inflated operating costs in Mainland China following the enactment of more stringent labor and environmental laws.

In the face of cost inflation, we will continue to tightly control costs through custom-designed production processes and increased automation to enhance efficiency. Supply-chain strengthening is another source of competitive advantage for the Group.

We are therefore dealing with the rough world of business ahead with insight and preparedness. Over the past years of operation, the Group has laid down clear strategies as guidelines to continuously deliver results while investing to secure the future. During the course of development, the Group has built a balanced industrial business portfolio across selected segments, providing steady income streams to support carefully conceived development plans.

We have also persistently invested in research and development to ensure that our team is always on top of the latest market trends. By building up a talent pool and leadership strength, we are able to deliver high-quality services to customers at competitive prices, while operating within the ever more stringent safety and environmental requirements.

New growth drivers are being established through our participation in resources development businesses. With mining exploration proceeding smoothly, the Group is confident of the future success of this diversification initiative.

We now aim to build on the skills and reputation which the Group has established over the past decade, in order to exploit further opportunities as they arise. At a time when risk and uncertainty rule, great caution will be exercised in taking forward our development plans, but we are optimistic that the expertise and commitment of our team will be reflected in positive results in the years ahead.

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$179 million (2008: HK$97 million). In addition, the Group currently maintains aggregate composite banking facilities of approximately HK$252 million (2008: HK$271 million) with various banks, of which HK$87 million (2008: HK$37 million) has been utilised as at 31 March 2009.

The Group continues to enjoy healthy financial position. As at 31 March 2009, the current ratio (current assets divided by current liabilities) was 2.8 times (2008: 1.9 times) and the gearing ratio (total interest-bearing bank borrowings divided by total equity) was 10.5% (2008: 4.6%).

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 2009 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 annual report for the year ended 31 March 2009 and the interim report for the six months ended 30 September 2008.

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.hk. An annual report for the year ended 31 March 2009 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, 22 July 2009

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, Dr. Chung Chi Ping, Roy JP, Mr.Wong Chi Wai, Albert and Ms. Sun Kwai Yu, Vivian.