KIN YAT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The Board of Directors (the "Board") is pleased to report the unaudited condensed consolidated results for Kin Yat Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the six months ended 30 September 2009 together with the comparative figures for the corresponding period in 2008. The interim financial results have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited For the six months ended 30 September	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**789,853**	927,851
Cost of sales		**(623,689)**	(784,961)
Gross profit		**166,164**	142,890
Other income and gains, net	*3*	**7,578**	11,794
Selling and distribution expenses		**(18,736)**	(23,988)
Administrative expenses		**(50,599)**	(55,887)
Finance costs		**(533)**	(1,118)
Share of profits and losses of associates		**–**	(1,681)
PROFIT BEFORE TAX	*4*	**103,874**	72,010
Tax	*5*	**(11,264)**	(8,737)
PROFIT FOR THE PERIOD		**92,610**	63,273
Attributable to:			
Equity holders of the Company		**90,430**	62,189
Minority interests		**2,180**	1,084
		92,610	63,273
DIVIDEND	*6*	**20,645**	18,397
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**HK22.12 cents**	HK15.21 cents
Diluted		**HK22.11 cents**	HK15.20 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**92,610**	63,273
Exchange differences on translation of foreign operations	**(268)**	(8,415)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(268)**	(8,415)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**92,342**	54,858
Attributable to:		
Equity holders of the Company	**90,148**	54,310
Minority interests	**2,194**	548
	92,342	54,858

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited 30 September 2009 *HK$'000***	Audited 31 March 2009 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**532,023**	553,679
Investment properties		**36,591**	36,591
Prepaid land lease payments		**14,147**	14,286
Goodwill		**4,650**	4,650
Exploration and evaluation assets		**6,283**	–
Interests in associates		**(6,972)**	(7,028)
Deferred development costs		**7,492**	7,429
Total non-current assets		**594,214**	609,607
CURRENT ASSETS			
Inventories		**145,693**	154,842
Accounts receivable	*8*	**253,923**	120,866
Prepayments, deposits and other receivables		**21,220**	19,594
Time deposits		**102,480**	50,131
Cash and bank balances		**185,607**	129,032
Total current assets		**708,923**	474,465
CURRENT LIABILITIES			
Accounts and bills payable, accrued liabilities and other payables	*9*	**290,658**	146,585
Derivative financial instruments		**–**	798
Interest-bearing bank borrowings		**16,667**	14,583
Tax payable		**14,927**	8,377
Proposed interim dividend		**20,645**	–
Total current liabilities		**342,897**	170,343
NET CURRENT ASSETS		**366,026**	304,122
TOTAL ASSETS LESS CURRENT LIABILITIES		**960,240**	913,729

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Unaudited 30 September 2009 *HK$'000*	Audited 31 March 2009 *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**960,240**	913,729
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**64,028**	72,361
Deferred tax liabilities	**12,698**	12,698
Total non-current liabilities	**76,726**	85,059
NET ASSETS	**883,514**	828,670
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**40,882**	40,882
Reserves	**822,066**	752,063
Proposed final dividend	**–**	16,353
	862,948	809,298
Minority interests	**20,566**	19,372
TOTAL EQUITY	**883,514**	828,670

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations, Hong Kong Financial Reporting Standards (collectively, the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2009.

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2009 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for periods beginning 1 January 2009. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position. However, the adoption of HKAS1 (revised) "Presentation of Financial Statements" has resulted in certain changes to the format of the Group's accounts in 2009.

2. 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.

2. SEGMENT INFORMATION (continued)

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.

(a) Operating segments

The following table presents revenue and result for the Group's operating segments for the six months ended 30 September 2009 and 2008.

	Unaudited for the six months ended 30 September											
	Electrical and electronic products		Motors		Feature plush and wooden toys		Resources 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	**555,648**	622,907	**201,399**	204,939	**30,961**	97,613	**1,845**	2,392	**–**	–	**789,853**	927,851
Inter-segment sales	**–**	–	**3,128**	1,583	**–**	–	**–**	–	**(3,128)**	(1,583)	**–**	–
Other income and gain	**3,104**	2,900	**2,048**	6,870	**583**	–	**–**	92	**–**	–	**5,735**	9,862
Total	**558,752**	625,807	**206,575**	213,392	**31,544**	97,613	**1,845**	2,484	**(3,128)**	(1,583)	**795,588**	937,713
Segment results	**101,458**	63,671	**14,501**	14,914	**2,740**	6,885	**(10,826)**	(4,986)	**–**	–	**107,873**	80,484
Interest and unallocated gains											**1,843**	1,933
Unallocated expenses											**(5,309)**	(7,608)
Finance costs											**(533)**	(1,118)
Share of profits and losses of associates											**–**	(1,681)
Profit before tax											**103,874**	72,010

(b) Geographical information

	Unaudited for the six months ended 30 September											
	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	**263,079**	440,874	**211,082**	180,938	**250,893**	227,496	**64,799**	78,543	**–**	–	**789,853**	927,851

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

3. 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:

	Unaudited for the six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Revenue		
Manufacture and sale of:		
Electrical and electronic products	**555,648**	622,907
Motors	**201,399**	204,939
Feature plush and wooden toys	**30,961**	97,613
Materials from resource development	**1,845**	2,392
	789,853	927,851
Other income and gains, net		
Bank interest income	**319**	518
Gross rental income	**3,504**	3,267
Sale of scrap materials	**2,064**	7,029
Fair value gain/(loss) on derivative financial instruments, net	**798**	(1,317)
Others	**893**	2,297
	7,578	11,794

4. PROFIT BEFORE TAX

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

	Unaudited for the six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Depreciation	**35,025**	27,444
Amortisation of prepaid land lease payments	**139**	159
Amortisation of deferred development costs	**3,010**	3,201
Amortisation of exploration and evaluation assets	**204**	–
Fair value (gain)/loss on derivative financial instruments, net	**(798)**	1,317
Bank interest income	**(319)**	(518)

5. 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 period. 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 Unaudited for the six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Current period provision:		
Hong Kong	**11,114**	8,462
Elsewhere	**150**	275
Total tax charge for the period	**11,264**	8,737

There was no significant unprovided deferred tax in respect of the period and as at the balance sheet date (2008: Nil).

6. DIVIDEND

The directors have declared an interim dividend of HK5 cents per share in respect of the six months ended 30 September 2009 to shareholders whose names appear on the register of members on 31 December 2009. The dividend will be paid on 8 January 2010.

	Unaudited for the six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Interim – HK5 cents (2008: HK4.5 cents) per ordinary share	**20,645**	18,397

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

The calculation of basic earnings per share amount is based on the profit for the period attributable to equity holders of the Company of HK$90,430,000 (2008: HK$62,189,000) and the weighted average number of 408,816,000 (2008: weighted average of 408,816,000) ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to equity holders of the Company of HK$90,430,000 (2008: HK$62,189,000) and 408,981,926 (2008: 408,923,048) ordinary shares, being the weighted average number of shares outstanding during the period, adjusted for the effects of the dilutive potential ordinary shares outstanding during the period.

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

	Unaudited for the six months ended 30 September	
	2009	2008
Weighted average number of ordinary shares used in calculating basic earnings per share	**408,816,000**	408,816,000
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the period	**165,926**	107,048
Weighted average number of ordinary shares used in calculating diluted earnings per share	**408,981,926**	408,923,048

8. 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 Group's accounts receivable as at the balance sheet date, based on the invoice date, is as follows:

	Unaudited 30 September 2009 *HK$'000*	Audited 31 March 2009 *HK$'000*
0-30 days	**167,259**	84,606
31-60 days	**73,243**	27,232
61-90 days	**10,099**	7,519
Over 90 days	**7,796**	5,982
	258,397	125,339
Less: Impairment allowance	**(4,474)**	(4,473)
	253,923	120,866

The substantial increase in the accounts receivables is owing to the seasonal factor where September (30 September 2008: HK$235,239,000) is the high season and March (31 March 2008: HK$177,280,000) is the low season. The Group considered such balances are normal and healthy.

9. 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:

	Unaudited 30 September 2009 *HK$'000*	Audited 31 March 2009 *HK$'000*
0-30 days	**119,456**	45,032
31-60 days	**63,396**	22,988
61-90 days	**32,690**	4,406
Over 90 days	**5,097**	1,716
Accounts and bills payable	**220,639**	74,142
Accrued liabilities	**52,956**	51,989
Other payables	**17,063**	20,454
	290,658	146,585

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 Monday, 28 December 2009 to Thursday, 31 December 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 interim dividend for the six months ended 30 September 2009, all transfers 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 Thursday, 24 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2009, leading economies were pulling the world out of an economic vortex at surprising if modest speed. Although recovery was still in its early stage, the Kin Yat Group succeeded in achieving a sterling performance by maintaining progressive but disciplined business development and proactively managing its multi-pillar business portfolio.

The Group operates three core research-and-development-based industrial disciplines, including an electrical and electronic product unit which develops electronic toys and appliances; an electric micro-motor production unit; and, as a new growth driver, a resources-development operation. In addition, the Group has leveraged its portfolio of clients and its production capacity for electronic toys to gain ground in the plush toy business arena.

Fiscal 2009/10 concluded the first half with a 45% year-on-year growth in profit attributable to equity holders of HK$90,430,000 (2008: HK$62,189,000). The Group's continuous efforts to control costs, automate production procedures, build worker skills to enhance efficiency, and optimize raw material procurement through diversification of vendors, also produced admirable improvements in both the gross and net profit margins. As active business developments across the Group were offset by some order decreases amid the recession, there was a moderate 15% decline in turnover to HK$789,853,000 (2008: HK$927,851,000).

Notwithstanding the macro and operational challenges, the Group has entered the year with a clear strategy, a strong balance sheet and healthy sales performance. With strong management guidance and the support of a sound financial position, we will cope actively with such new challenges as mounting inflation expectations and tighter industry and public scrutiny, in order to navigate the Group through market difficulties and secure sustainable performance.

We are confident that our multi-pillar business strategy, together with timely investments to incubate new business segments, will continue to deliver a healthy and balanced revenue portfolio to ride out segmental business cycles. This combination will also form a solid foundation to maintain positive momentum and to benefit from the upside of improving economic conditions expected towards the end of 2010.

During the six months to 30 September 2009, the electrical and electronic product line contributed 70% (2008: 67%) of the Group's turnover, while the motor division accounted for 25% (2008: 22%) of total turnover. The feature plush and wooden toys segment brought sales contribution amounting to 4% (2008: 11%) of the Group's total.

Business Strategy and Growth Direction

The Group will continue to work on furthering segmental sales performance while exploring new growth opportunities. Customized business plans are under development for the incubation and nurturing of each individual business segment to maximize its development potential.

The stable income streams from the multi-pillar business portfolio have placed the Group on a strong financial footing to support investments to capture longer-term growth opportunities. This leaves the Group well prepared to take advantage of opportunities arising during financial hard times, positioning it to widen its market foothold amid industry consolidation and to seize new market openings.

We also envisage that expanding our presence in new geographical markets, in particular in mainland China, will be an important component of our growth strategy into the future. Further geographical diversification will bring an added element of stability, contributing to the Group's steady-paced long-term development.

While continuously exercising stringent cost controls and tightening efficiency across all its operations, the Group continues its policy of investing in research and development in order to sustain its edge in high-value-added manufacturing. It also continues to progress its plans to upgrade existing facilities, establish testing laboratories and install effective quality-control mechanisms, seeking not just to comply with increasingly stringent environmental and quality standards being imposed on manufacturers, but to keep well ahead of them. Its steady investments in this area have positioned the Group as one of the leading manufacturers capable of meeting the industry's highest levels of sophistication, quality and environmental compliance.

Operational Review

The Group currently operates three major development and manufacturing centers, in Shenzhen and Shaoguan, customized to the production of toys, appliances and motors, of varying technical and manpower requirements. This diversified production base better positions the Group to meet today's demand for just-in-time and cost-effective manufacturing solutions.

Electrical and Electronic Products

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

The financial performance of the electrical and electronic toys stream continued to be fueled by a healthy order book supported by the success of several blockbuster movies, albeit to some extent offset by the adverse impact of the financial tsunami. The segment succeeded in scoring strong advances in profit margins which drove the Group's overall improvement in margins and net earnings. Segmental turnover contracted 11% year on year.

The toys line's strategic focus on the movie-and-entertainment sector has helped fill the Group's order book for the remainder of the year, with momentum continuing to be underpinned by the scheduled release of certain action-hero movies in 2010 and 2011.

The electrical appliances line also delivered stable performance in the first half. While sales contribution of the vacuum-cleaning robot series was still healthy, the Group is actively growing its product range by developing relevant new products.

Preliminary new product development efforts centered on accessories in relation to television games and healthcare appliances. Active business and product development on the line of small home appliances also drove a mild increase in sales in the first half.

As part of its strategy for countering the challenging operating environment, the Group will continue its investments in automation to replace labor-intensive processes, thereby reducing labor costs and assuring quality conformance. On the marketing front, it is taking measured actions to tap further into the mainland's domestic demand for high-quality, sophisticated toys and appliances. The Group's house-designed appliances and plush toys are scheduled to be on shop shelves in China by the first half of 2010.

Motors

The micro-motor segment registered stable results with only a slight 2% year-on-year decrease in turnover during the period under review amid slowed market demand in the wake of the financial crisis. This encouraging set of results reflects the segment's successful penetration into non-toy customer sectors. During the half-year period, the segment achieved notable success in growing sales in the office automation arena. The segment was developed primarily with a toy-focused clientele and business development efforts in the past few years have afforded it a broadened end-user base encompassing customers in the automotive, household and personal-care, as well as office automation and audio-visual equipment sectors.

The acquisition of the productive assets of Sun Motor Group in the previous fiscal year also outlined a distinct path to developing new competences in AC and other types of motors to complement the segment's existing DC product line in serving new customer bases. The half year was the first full period of operation since the acquisition was completed in February 2009, and the segment's results were inevitably affected by the appropriation of resources to realign and strengthen the operation of the new motor division. We expect full-year segment results to be challenged to some extent as restructuring efforts continue to be rolled out in the remainder of the year.

Despite the charging of restructuring-related costs to, and the impact of commodity price hikes on, the bottom line, we are encouraged by the improvement, albeit modest, in the segment's gross and net profit margins. One major contributing factor to the improvement is the segment's successful foray into high-margin products. Consistent efforts in cost control and efficiency enhancement also had a lasting and positive impact on segment results.

The incorporation of Sun Motor Group's competences into the motor division will strengthen its overall competitive position in the aspects of capability, capacity and clientele profile. With an expanded and enhanced operating platform, the segment is also in a sound financial and competitive position to exploit further business opportunities as they arise. We are confident of the future prospects of the segment being developed into another growth driver yielding attractive returns for the Group.

Resources Development

The resources-development division continues to facilitate the Group's strategy to pursue long-term growth and returns, and represents a key component of the management's long-standing commitment to business diversification.

Materials Development

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

Natural Resources Development

In 2007, the Group embarked on geological exploration works on an ore mine of an area of approximately 39.23 square kilometers located in Lantian County, Xian City, Shaanxi Province, China（陝西省西安市藍田縣）, following 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"）.

The exploration works outlined the variations in geologic features, formation background, shape and size of strata, and ore deposit thickness within an area of 1.4 square kilometers. There is also a fundamental understanding of the structure and formation of ore deposits in this polymetallic ore mine. From the results of chemical analysis of the ores, the average metal content ranges from 6.49% to 9.74% for lead, 0.42% to 0.63% for zinc, 0.25% to 0.38% for copper, 1.10 grams/tonne to 1.65 grams/tonne for gold and 36.41 grams/tonne to 54.62 grams/tonne for silver. Such initial findings point to the long-term potential of developing the mine area into a mid-sized project. Under industry classification, a mining project of medium scale has long-term metallic reserve estimates of 100,000 tonnes. This encouraging discovery is of significant and guiding value for the ongoing development of the project.

Based on the positive results of the exploration work, the Group is expanding and expediting the exploration of other veins within the mine area. Documents to apply for an exploitation license have already been submitted to the Land and Resources Bureau of Shaanxi Province（陝西省國土資源廳）in September 2009, with approval expected by mid-2010.

In preparation for the award of the exploitation license, the Group is currently moving forward plans to build a beneficiation plant for the processing of ore excavated from the mine. The site for the plant has been identified and related land acquisition work is now under way.

Progress of the project has been satisfactory. The Group holds an optimistic outlook for the ongoing development of this project and expects it to grow into a new earnings contributor in the future.

Feature Plush and Wooden Toys

This segment, a spin-off from the core electronic toys operation, produces a broad range of feature plush, wooden and educational toys. The plush toy line, built on Kin Yat's premise of innovation and quality, has quickly made inroads into both the conventional toy and movie-and-entertainment sectors. The non-electronic toys segment experienced a decrease in turnover due to the lack of hot movie-related items during the first half.

To mitigate the business fluctuations tied in with movie releases, the segment has moved forward to develop ODM and OBM lines of plush and wooden toys on the back of its expertise in design and engineering, as well as strong manufacturing capabilities. The first batch of ODM plush toys will be on the shelves by the first half of 2010. Initially the segment seeks to establish sales channels for its house-designed non-electronic toys in major mainland cities.

Outlook

Since its inception the Group has established a strong niche in research-and-development-driven production. This has allowed it to rise above the fierce competition in the lower-end segment and gain a firm foothold in the high-value-added market. By building up expertise, we are able to deliver high-quality services to customers at competitive prices, while operating within ever more stringent quality and environmental constraints. We are confident that our strong fundamentals will be key to our robust performance for the year.

We are mindful of the risks and uncertainties in today's operating environment. As such, the Kin Yat Group will continue to remain meticulous in seeking new opportunities for sustaining steady growth. The outlook for the medium term remains promising as the Group will continue to benefit from its strong fundamentals.

The diverse income-base spread as a result of timely investments, and as directed by the strong vision of the management, has also formed a solid platform to support the Group's new business pursuits with an aim of consistently optimizing shareholder value.

Kin Yat's management will vigorously prepare steps to move the Group's business strategies forward and execute them during uncertain times ahead. At the same time, as inflationary pressures are building in key sectors, we will continue to tightly control costs through custom-designed production processes and increased automation.

The most effective way of dealing with the new market reality is with a determined yet highly disciplined stand. Kin Yat has always fulfilled its promise of delivering return to shareholders while remaining a disciplined enterprise resilient to economic cycles. This pledge to shareholders remains unchanged.

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 period. The Group adopts a prudent and conservative policy in its financial management. At the end of the financial period, the Group's aggregated time deposits and cash and bank balances amounted to HK$288 million (31 March 2009: HK$179 million). In addition, the Group currently maintains aggregate composite banking facilities of approximately HK$169 million (31 March 2009: HK$252 million) with various banks, of which HK$81 million (31 March 2009: HK$87 million) has been utilised as at 30 September 2009.

The Group continues to enjoy healthy financial position. As at 30 September 2009, the current ratio (current assets divided by current liabilities) was 2.1 times (31 March 2009: 2.8 times) and the gearing ratio (total interest-bearing bank borrowings divided by total equity) was 9.1% (31 March 2009: 10.5%).

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 period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions as set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules of the Stock Exchange throughout the six months ended 30 September 2009 except for the deviation 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 interim report.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim 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 interim report for the six months ended 30 September 2009 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

BOARD OF DIRECTORS

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

On behalf of the Board
Cheng Chor Kit
Chairman

Hong Kong, 3 December 2009