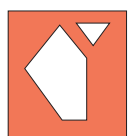


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KIN YAT HOLDINGS LIMITED
建溢集團有限公司

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

CONNECTED TRANSACTION

acquisition of the 8% equity interest in a subsidiary company from a connected person together with the acquisition of the remaining 2% equity interest in such subsidiary company from independent third parties

The Company announces that on 23 March 2010, Cavetto, an indirect wholly-owned subsidiary of the Company, entered into three separate S&P Agreements to purchase from each of Mr Yim, Mr Lee and Mr Hui (together referred to as the “**Vendors**”) 8.0%, 1.0% and 1.0% equity interest in Standard Motor, respectively (together referred to as the “**Acquisitions**”). The issued share capital of Standard Motor is owned as to 90.0% indirectly by the Company, and the remaining 10.0% equity interest is owned by Mr Yim, Mr Lee and Mr Hui in the proportion as referred to above. Subject to the completion of the Acquisitions to purchase the remaining 10.0% interest in Standard Motor not already owned by the Group, Standard Motor will be wholly-owned by the Company and will become its wholly-owned subsidiary.

S&P AGREEMENTS

Pursuant to the S&P Agreements, Cavetto has agreed to purchase and each of Mr Yim, Mr Lee and Mr Hui has agreed to sell 8.0%, 1.0% and 1.0% equity interest in Standard Motor, respectively, for a consideration of HK\$24,000,000, HK\$3,000,000 and HK\$3,000,000, respectively. Completion of the sale and purchase is subject to a condition precedent described below.

LISTING RULES IMPLICATIONS

Mr Yim is a director of Standard Motor, a subsidiary of the Company, and thus is a connected person of the Company. The entering into of the S&P Agreement by the Company with Mr Yim and the transactions contemplated thereunder therefore constitute a connected transaction for the Company under the Listing Rules (the “**Connected Transaction**”). As each of the applicable percentage ratios in respect of the Connected Transaction is less than 2.5%, the Connected Transaction is classified as a connected transaction for the Company exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules but shall be subject to reporting and announcement requirements thereunder.

Since the Company has entered into the S&P Agreements for the acquisition of interest in one particular company, the Acquisitions shall be considered on an aggregate basis for the purpose of classification of the transaction in accordance with Rule 14.23 of the Listing Rules. Each of the applicable percentage ratios, as defined in Rule 14.04 of the Listing Rules, in respect of the Acquisitions on an aggregate basis does not exceed 5%. As such, the Acquisitions as a whole would not be classified as a notifiable transaction for the Company pursuant to the requirements under the Listing Rules.

1. BACKGROUND

The Company announces that on 23 March 2010, Cavetto, an indirect wholly-owned subsidiary of the Company, entered into three separate S&P Agreements with each of Mr Yim, Mr Lee and Mr Hui (together referred to as the “**Vendors**”). Pursuant to the S&P Agreements, Cavetto has agreed to purchase and each of Mr Yim, Mr Lee and Mr Hui has agreed to sell 8.0%, 1.0% and 1.0% equity interest in Standard Motor, respectively (together referred to as the “**Acquisitions**”).

The issued share capital of Standard Motor is owned as to 90.0% indirectly by the Company, and the remaining 10.0% equity interest is owned by Mr Yim, Mr Lee and Mr Hui in the proportion as referred to above. Subject to the completion of the Acquisitions to purchase the remaining 10.0% interest in Standard Motor not already owned by the Group, Standard Motor will be wholly-owned by the Company and will become a wholly-owned subsidiary of it.

2. S&P AGREEMENTS

Set out below are the salient details and the principal terms and conditions of the three S&P Agreements, completion of each of which is subject to the condition precedent described below.

Date: 23 March 2010

Parties: Cavetto, as purchaser, which is engaged in investment holding, and

Mr Yim, Mr Lee and Mr Hui, each individually as vendor.

Subject assets: 3,200,000 SM Shares to be sold by Mr Yim, 400,000 SM Shares to be sold by Mr Lee and 400,000 SM Shares to be sold by Mr Hui, representing 8.0%, 1.0% and 1.0% of the issued share capital of Standard Motor, respectively.

Consideration: The consideration is HK\$24,000,000, HK\$3,000,000 and HK\$3,000,000, respectively, for Cavetto to purchase each of the 8.0%, 1.0% and 1.0% equity interest in Standard Motor from Mr Yim, Mr Lee and Mr Hui, respectively.

Condition Precedent: Completion of each of the S&P Agreements is conditional upon the compliance of relevant requirements under all applicable laws, regulations and rules in Hong Kong or elsewhere.

If the condition precedent is not fulfilled (or otherwise waived by Cavetto) on or before 23 September 2010 or such other date as the parties to the subject S&P Agreements may agree in writing, such S&P Agreement shall terminate and all liabilities of the parties thereto shall cease and neither party shall have any claim against the other but without prejudice to the accrued rights of any party against the other for any antecedent breach prior thereto.

3. INFORMATION ON STANDARD MOTOR

Established in 1995, Standard Motor is principally engaged in the manufacturing and sale of direct current micro-electric motors. Standard Motor has long been the business unit of the Group in micro-electric motor business with a recognised brand of “Standard Motor” in the industry. Based on the audited consolidated financial statements of Standard Motor for the years ended 31 March 2008 and 31 March 2009, the net profit before and after taxation of Standard Motor were as followings:

<i>HK\$</i>	For the year ended 31 March	
	2008	2009
Audited consolidated profit before tax	25,478,000	21,856,000
Audited consolidated profit after tax	23,496,000	19,758,000

The unaudited consolidated net assets value of Standard Motor as at 31 December 2009 was approximately HK\$212,368,000.

4. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The principal activities of the Group consist of the design, manufacture and sale of (i) electrical and electronic products, (ii) motors, (iii) feature plush and wooden toys, and (iv) development of materials primarily for use in liquid crystal display, and mine exploration. The Acquisitions are in line with the Company’s strategy to expand its interest in the motor business which is one of the core businesses of the Group. Furthermore, since Standard Motor has been continuously an important contributor to the Company’s profit, the Acquisitions, thereby increasing the Company’s stake in Standard Motor, may help contribute to the cash flow and profitability of the Group should Standard Motor continue to perform in future.

Since early 2009, when the Group has completed the acquisition of the productive assets for micro-electric motor manufacturing mainly from Sun Motor Industrial Company Limited, the Group was not only able to increase its production capacity with respect to micro-electric motor business but also to embark into the business of the design, manufacture and sale of alternating current micro-electric motors. Given the current status of development of our micro-electric motor business as a whole, the Acquisitions will enable the Company to further consolidate its interest in Standard Motor which gives the Company greater flexibility for implementing integration strategies to release the potential and value of our motor business and for leveraging the established brand of “Standard Motor” for future development and expansion.

5. CONSIDERATION OF THE ACQUISITIONS

The consideration of the acquisition from each of the Vendors under the S&P Agreements the equity interest in Standard Motor was determined after arms’ length negotiations between the Company and each of the Vendors with reference to (i) the net assets value of Standard Motor as at 31 December 2009, (ii) the demand from each of the Vendors and (iii) the potential benefits of the acquisition to the Group.

The Board considers the S&P Agreements to be on normal commercial terms and the Acquisitions are in the ordinary and usual course of business of the Company in the context of expanding its core business. The Board is of further view that the terms of the S&P Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group will satisfy the consideration of the Acquisitions by internal resources in cash.

6. LISTING RULES IMPLICATIONS

Mr Yim is a director of Standard Motor, a subsidiary of the Company, and thus is a connected person of the Company. The entering into of the S&P Agreement by the Company with Mr Yim and the transactions contemplated thereunder therefore constitute a connected transaction for the Company under the Listing Rules (the “**Connected Transaction**”).

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, each of Mr Lee and Mr Hui is a third party independent of the Company and its connected persons and each of the Vendors is not connected (within the meaning under the Listing Rules) with each other. In addition, the three separate S&P Agreements are not inter-conditional upon each other.

The acquisitions of 1.0% equity interest each in Standard Motor from Mr Lee and Mr Hui (together the “**Other Transactions**”) are not required to be aggregated with the Connected Transaction in respect of Rule 14A.26 of the Listing Rules in determining the classification of the connected transaction with respect to the Acquisitions as a whole.

Each of the applicable percentage ratios, as defined in Rule 14A.10 of the Listing Rules, in respect of the Connected Transaction is less than 2.5%. As such, the Connected Transaction is classified as a connected transaction for the Company exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules but shall be subject to reporting and announcement requirements thereunder.

Since the Company has entered into the S&P Agreements for the acquisition of interest in one particular company, the Connected Transaction and the Other Transactions shall be considered on an aggregate basis for the purpose of classification of the transaction in accordance with Rule 14.23 of the Listing Rules. Each of the applicable percentage ratios, as defined in Rule 14.04 of the Listing Rules, in respect of the Acquisitions on an aggregate basis does not exceed 5%. As such, the Acquisitions as a whole would not be classified as a notifiable transaction for the Company pursuant to the requirements under the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Cavetto”	Cavetto Investments Limited, a company incorporated in British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Company”	Kin Yat Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Mr Hui”	the shareholder of Standard Motor owning 400,000 SM Shares, representing 1% of the issued share capital of Standard Motor
“Mr Lee”	the shareholder of Standard Motor owning 400,000 SM Shares, representing 1% of the issued share capital of Standard Motor
“Mr Yim”	the shareholder of Standard Motor owning 3,200,000 SM Shares, representing 8% of the issued share capital of Standard Motor
“Shareholders”	holders of the shares in the issued share capital of the Company
“SM Shares”	ordinary shares of HK\$1.00 each in the share capital of Standard Motor
“Standard Motor”	Standard Motor Company Limited, a company incorporated in Hong Kong and an indirect 90% owned subsidiary of the Company
“S&P Agreement(s)”	each of or collectively the sale and purchase agreements entered into between Cavetto and each of Mr Yim, Mr Lee and Mr Hui on 23 March 2010 in relation to the acquisition by Cavetto of the 8.0%, 1.0% and 1.0% equity interest in Standard Motor from each of them

“The Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Percentage

By Order of the Board
Kin Yat Holdings Limited
Cheng Chor Kit
Chairman

Hong Kong, 23 March 2010

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