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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)**

## **BANK LOANS WITH SPECIFIC PERFORMANCE COVENANTS OF THE CONTROLLING SHAREHOLDER**

This announcement is made pursuant to Rule 13.18 of the Listing Rules in respect of the Bank Loans with covenants relating to specific performance of the controlling shareholder of the Company.

This announcement is made by Kin Yat Holdings Limited (the “**Company**”) pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

On 17 May 2011, the Company as borrower executed:

1. a facility letter issued by The Hongkong and Shanghai Banking Corporation Limited as lender whereby a term loan facility of HK\$100,000,000 (the “**Loan I**”) is made available to the Company for a term of 60 months and
2. a facility letter issued by Hang Seng Bank Limited as lender whereby a term loan facility of HK\$100,000,000 (the “**Loan II**”) is made available to the Company for a term of 42 months.

In accordance with the relevant facility letters, the proceeds of both the Loan I and Loan II (collectively, the “**Bank Loans**”) shall be used exclusively for the financing of the general corporate funding requirements of the Company and its subsidiaries.

Each of the Loan I and Loan II imposes, inter alia, a condition that Mr. Cheng Chor Kit (“**Mr. Cheng**”), the controlling shareholder of the Company as at the date of this announcement, and the discretionary trust set up by Mr. Cheng for the benefit of his family collectively shall beneficially or directly maintain a shareholding of not less than 50% of the issued share capital of the Company. A breach of the above mentioned condition will constitute an event of default under the relevant facility letter. Upon the occurrence of such event, each of the Loan I and Loan II shall become immediately due and repayable on demand.

As at the date of this announcement, Mr. Cheng and the discretionary trust set up by Mr. Cheng for the benefit of his family collectively, directly or indirectly, own 66.37% of the entire issued share capital of the Company in accordance with Part XV of The Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company will comply with the continuing disclosure requirements under Rule 13.21 of the Listing Rules for so long as the disclosure obligation in relation to the Bank Loans continues to exist.

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

Hong Kong, 17 May 2011

*As at the date of this announcement, the board of directors of the Company comprises four executive directors, namely Mr. Cheng Chor Kit, Mr. Fung Wah Cheong, Vincent, Mr. Liu Tat Luen and Mr. Chui Pak Shing, and three independent non-executive directors, Dr. Chung Chi Ping, Roy JP, Mr. Wong Chi Wai and Ms. Sun Kwai Yu.*