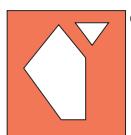


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KIN YAT HOLDINGS LIMITED
建溢集團有限公司

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

DISCLOSEABLE TRANSACTION

Disposal of a wholly-owned subsidiary

The Board is pleased to announce that the Company, through its indirect wholly-owned subsidiary, KYHK, as vendor, entered into the Agreement dated 26 April 2012 with, *inter alia*, the Purchaser pursuant to which KYHK agreed to sell and the Purchaser agreed to acquire the entire equity interests in NEIL (an indirect wholly-owned subsidiary of the Company) for a consideration of HK\$55 million in cash with the following major terms and conditions:

- (i) all existing principal businesses and activities (including all related assets and liabilities) of NEIL shall be transferred to other member(s) of the Group so that the sole asset to be owned by NEIL at Completion shall be the investment by NEIL in SZNE which in turn owns mainly the Songgang Property and is engaged in the leasing out of it;
- (ii) a sum of HK\$10 million, being the partial payment of the consideration, will be paid by the Purchaser to KYHK on Completion which shall take place within ten business days after the date of the Agreement (or other later date as agreed by the Purchaser and KYHK); and
- (iii) the balance of the consideration of HK\$45 million shall be paid by the Purchaser to KYHK on or before 31 December 2012.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Company, through its indirect wholly-owned subsidiary, KYHK, entered into the Agreement dated 26 April 2012 with, *inter alia*, the Purchaser in respect of the Disposal by KYHK of the entire equity interests in its wholly-owned subsidiary, NEIL, to the Purchaser for a consideration of HK\$55 million in cash.

NEIL was engaged in the manufacture of electrical household appliances in the Songgang Property up to around 2003. The manufacturing base of NEIL was in Songgang Town, Bao An District, Shenzhen City, Guangdong Province, the PRC during the period from 1992 to around 2003. NEIL has operated the manufacturing facilities in Songgang Town Bao An District, Shenzhen City, Guangdong Province, the PRC through a cooperative joint venture company, 深圳新法電器實業有限公司 (English translated name: Shen Zhen Newway Electrical Industries Co., Ltd.) (“SZNE”) in the PRC, which owns certain landed property including factory buildings, dormitory buildings and residential/commercial complex buildings (the “**Songgang Property**”). Following the transfer of NEIL’s manufacturing base to other production facilities of the Group in around 2003, the Songgang Property was no longer used by SZNE for production purposes and SZNE has leased out part of the Songgang Property since then.

Upon Completion, the Group will continue the existing principal businesses and activities of NEIL, being the sale and manufacture of electrical household appliances, through other operating entity(ies) of the Group.

THE AGREEMENT

Date: 26 April 2012

Parties:

Vendor: KYHK, the principal activity of which is investment holding

Purchaser: Glory Gate Technology Limited, the principal activity of which is investment holding

Guarantor 1: Kin Yat Industrial Company Limited, an indirect wholly-owned subsidiary of the Company, the principal activity of which is trading

Guarantor 2: Mr. Wen Jialong

Guarantor 3: 史蒂文服裝 (深圳)有限公司, the principal activity of which is the sale and manufacture of garment and property management

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, Guarantor 2 (Mr. Wen Jialong) and Guarantor 3 (史蒂文服裝 (深圳)有限公司) and their respective ultimate beneficial owners are Independent Third Parties of the Company.

Assets to be disposal of:

Pursuant to the Agreement, KYHK agreed to sell and the Purchaser has agreed to acquire the entire issued shares of 3,000,000 shares with a par value of HK\$1.0 each in NEIL subject to the terms and conditions of the Agreement.

The Disposal is on the basis that all existing businesses and activities (including all related assets and liabilities) of NEIL shall be transferred to other member(s) of the Group so that the sole asset to be owned by NEIL at Completion shall be the investment by NEIL in SZNE which in turn owns mainly the Songgang Property and is engaged in the leasing out of it. Pursuant to the relevant Building and Land Certificates, the Songgang Property consists of two parcels of land, with site areas of approximately 9,231.3 square metres for factory and dormitory usage and 4,208.7 square metres for residential/commercial usage, located at 中國廣東省深圳市寶安區松崗鎮 (Songgang Town, Bao An District, Shenzhen City, Guangdong Province, the PRC). The gross floor area attributable to factory buildings, dormitory buildings, and residential/commercial buildings with respect to the Songgang Property is 6,412.22 square metres, 5,078.54 square metres and 11,416.86 square metres respectively. The land for factory and dormitory usage is held for a term up to 28 February 2041 whilst the land for residential/commercial usage is held for a term up to 28 February 2061.

Consideration and Completion:

Completion of the transfer of the shares in NEIL shall take place within ten business days after the date of the Agreement (or other later date as agreed by the Purchaser and KYHK) (the “**Completion**”). On Completion, a sum of HK\$10 million, being the partial payment of the consideration, shall be paid by the Purchaser to KYHK.

The deferred payment of the balance of the consideration of HK\$45 million shall be made by the Purchaser to KYHK on or before 31 December 2012.

Other major terms and conditions:

The subject of the Disposal shall be disposed of on an “as is” basis where the Purchaser has conducted investigations with satisfactory results of the subject assets to be disposed of under the Disposal. In addition, KYHK shall indemnify the Purchaser against any financial or other obligations or liabilities incurred or to be incurred by NEIL before the Completion.

In accordance with the Agreement, Kin Yat Industrial Company Limited shall guarantee the due and proper performance by or on the part of KYHK as required under the Agreement, while Mr. Wen Jialong and 史蒂文服裝（深圳）有限公司 shall jointly and severally guarantee as primary guarantor the due and proper performance by or on the part of the Purchaser as required under the Agreement. According to the information provided by the Purchaser, Mr. Wen Jialong is the ultimate controlling shareholder of both the Purchaser and 史蒂文服裝（深圳）有限公司.

INFORMATION ON NEIL

In the context of the Disposal, the net asset value of NEIL (excluding the assets and liabilities of all existing operating businesses and activities of NEIL except for the leasing out and holding of the Songgang property) was HK\$50,481,928 as at 31 March 2012 based on the unaudited combined financial information of NEIL and SZNE. In the financial years ended 31 March 2012 and 2011, SZNE received rental income (before applicable taxes) of RMB2,142,825 (equivalent to HK\$2,581,717 at an exchange rate of HK\$1.2048/RMB) and RMB2,465,543 (equivalent to HK\$2,883,676 at an exchange rate of HK\$1.1696/RMB) respectively. The unaudited combined net profit before and after taxation and extraordinary items of NEIL and SZNE (excluding all existing operating businesses and activities of NEIL) for each of the financial years ended 31 March 2011 and 2012 are set out as follows:

	For the year ended	
	31 March	
	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
Net profit before taxation and extraordinary items	1,602,773	2,044,145
Net profit after taxation and extraordinary items	7,778,897	3,579,761

BASIS FOR DETERMINING THE CONSIDERATION

The consideration of HK\$55 million cash for the Disposal was arrived at after arm's-length negotiations amongst the parties to the Agreement on normal commercial terms and on a willing buyer willing seller basis after having taken into account the carrying value of the Songgang Property of RMB41,900,000 (equivalent to HK\$50,481,928 at an exchange rate of HK\$1.2048/RMB) by the Group as at 31 March 2012 (RMB35,000,000 as at 31 March 2011 (equivalent to HK\$42,168,675 at an exchange rate of HK\$1.2048/RMB)) based on the valuation of the said property by property valuer which is Independent Third Party of the Company.

REASONS AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the business of (i) sale and manufacture of electrical and electronic products and motors, and (ii) materials development and natural resources development.

The Disposal has provided an opportunity for the Group to realise the investment by NEIL in SZNE which has been considered as underutilised non-core asset of the Group. With the cash inflow of HK\$55 million generated as a result of the Disposal, the Directors believe that the Disposal will enhance the cash position of the Group and provide additional resources for the expansion and development of its core businesses. The proceeds from the Disposal will be used for general working capital purposes.

Upon Completion, NEIL will cease to be a subsidiary of the Company. As a result of the Disposal, a gain of approximately HK\$4.5 million (before revaluation gain, taxation and expenses and subject to audit) is expected to be realised by the Group. The gain is calculated based on the difference between the consideration of the Disposal and the expected carrying value of the Songgang Property by the Group as at 31 March 2012.

Accordingly, the Directors are of the view that the terms of the Disposal are fair and reasonable and in the interest of the Company and its shareholders as a whole and are on normal commercial terms.

DISCLOSEABLE TRANSACTION

Based on the applicable size tests performed regarding the Disposal, one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%. Accordingly, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but does not require the approval by the shareholders of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	The board of Directors
“Agreement”	the sale and purchase agreement dated 26 April 2012 entered into by, inter alia, Glory Gate Technology Limited, as purchaser, and KYHK, as vendor, pursuant to which KYHK agreed to sell and the Purchaser agreed to acquire the entire equity interests in NEIL for a consideration of HK\$55 million
“Company”	Kin Yat Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning as given to it in the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“Disposal”	the disposal of the entire equity interests in NEIL by KYHK to the Purchaser pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	Independent third party(ies) who is(are) not connected person(s) of the Company and is(are) independent of and not connected with (as defined in the Listing Rules) the Company and any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Purchaser”	Glory Gate Technology Limited, a company incorporated under the laws of Hong Kong with limited liability

“NEIL”	Newway Electrical Industries Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China
“KYHK”	Kin Yat (HK) Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China

By order of the Board
Kin Yat Holdings Limited
Cheng Chor Kit
Chairman and Chief Executive Officer

Hong Kong, 7 May 2012

As at the date of this announcement, the Board 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, namely Prof. Chung Chi Ping, Roy BBS JP, Mr. Wong Chi Wai and Ms. Sun Kwai Yu.