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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)

POSITIVE PROFIT ALERT

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors of the Company that the Group is expected to record an increase in profit attributable to the owners of the Company for the Year by approximately 50% (as compared to the last corresponding period) after the inclusion of a one-off gain of approximately HK\$48,000,000 in aggregate on disposal of the Properties in Hong Kong.

The disposal was announced by the Company in January 2020, and we estimated the gain or loss based on the carrying values of the Properties under the fair value model then adopted by the Group. With the adoption of HKFRS 16 for the current financial year, a cost model has been adopted to replace the fair value model in calculating the carrying value of the land portion of the Properties at the beginning of the Year. So far as the disposal of the Properties is concerned, such a change from fair value model to cost model results in a reversal of approximately HK\$44,000,000 asset revaluation reserve and an increase in the profit of approximately similar amount, but does not give rise to a corresponding change in the overall net asset value of the Group.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Kin Yat Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

The Board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that based on the information currently available, the profit attributable to the owners of the Company for the year ended 31 March 2020 (the “**Year**”) is expected to increase by approximately 50% (as compared to the last corresponding period) after the inclusion of a one-off gain of approximately HK\$48,000,000 in aggregate on disposal of the Properties in Hong Kong.

Reference is made to the announcement of the Company dated 21 January 2020 and the circular of the Company dated 11 March 2020 (collectively, the “**Documents**”) in relation to the disposal of the Properties. Pursuant to the Documents, the estimated gain on the disposal of Property 1 (as defined in the Documents) was approximately HK\$5,800,000 and the estimated loss on the disposal of Property 2 (as defined in the Documents) was approximately HK\$1,950,000 (together as “**Net Gain**”). These estimated figures were based on the then fair value model adopted to account for the cost of Property 1 and Property 2 (together as “**Properties**”) and there was an asset revaluation reserve of approximately HK\$44,000,000 in relation to the land portion of Properties (“**Property Reserve**”) recorded in equity in the consolidated financial statements at the beginning of the Year.

The Group had always adopted a cost model to account for land assets in the PRC classified as prepaid land lease payments; and a fair value model to account for land assets in Hong Kong classified as property, plant and equipment. After the adoption of the new accounting standards -- Hong Kong Financial Reporting Standard 16 Leases (“**HKFRS 16**”) -- by the Group in the Year, it has lately come to the attention of the management that in compliance of the requirements of HKFRS 16, the Group has to apply one single measurement model for all its land assets classified as right-of-use assets, either at the cost model or the fair value model. In this connection, the Group decided to apply the cost model to all its land assets in both Hong Kong and the PRC under the right-of-use assets to ensure the compliance. The basis to arrive at the gain or loss on disposal of Properties has thus been changed from the then fair value model to cost model. As such, the disposal of Property 1 and Property 2 would appear on the Group’s Statement of Income as a gain of approximately HK\$31,000,000 and HK\$17,000,000 (together an aggregate of HK\$48,000,000) calculated based on their respective carrying values measured under cost model, including a reversal of approximately HK\$44,000,000 asset revaluation reserve and an increase in the profit of approximately similar amount. However, so far as the disposal of the Properties is concerned, such a change from fair value model to cost model does not give rise to a corresponding change in the overall net asset value of the Group.

The Company is still in the process of finalising the Group’s results for the Year. The information contained in this announcement is based on the information currently available. Such information has not been audited by the auditors of the Company nor has it been reviewed by the Audit Committee to the Board and is therefore subject to possible adjustments. Detailed financial information and performance of the Group for the Year will be disclosed in its final results announcement which is expected to be published by the end of June 2020.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Kin Yat Holdings Limited
Cheng Chor Kit
Chairman and chief executive officer

Hong Kong, 22 June 2020

As at the date of this announcement, the Board comprises nine Directors, of which five are executive Directors, namely Mr. CHENG Chor Kit, Mr. FUNG Wah Cheong, Vincent, Mr. LIU Tat Luen, Mr. CHENG Tsz To and Mr. CHENG Tsz Hang; and four independent non-executive Directors, namely Mr. Wong Chi Wai, Dr. Sun Kwai Yu, Vivian, Mr. CHENG Kwok Kin, Paul and Mr. CHEUNG Wang Ip.