

For immediate release

**KIN YAT HOLDINGS LIMITED**  
**Announces Interim Results for the Six Months Ended 30 September 2019**

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**Profit Attributable to Equity Holders Increased by 43.0%**  
**Proactively Explore New Business Opportunities and**  
**Maintain Market Competence**

Financial Highlights:

- Turnover decreased 10.3% yoy to HK\$1,892,147,000 (2018: HK\$2,109,790,000).
- Profit attributable to equity holders of increased by 43.0% to HK\$78,377,000 (2018: HK\$54,803,000).

Hong Kong, 28 November 2019 - **Kin Yat Holdings Limited (00638.HK)** (the "Company"), together with its subsidiaries (collectively, the "Group"), which is principally engaged in robotics, motors and smart products manufacturing, today announced its unaudited condensed consolidated results for the six months ended 30 September 2019 (the "Period"). Contracting global trade and regressing economy continued to cast shadow to the consumer sentiment. Two of the key major contributing markets of the Group's sales, the U.S.A. and Europe, were adversely and inevitably impacted by political and economic uncertainties due to the Sino-US trade tension and Brexit. Consequently, the Group's turnover for the Period recorded a year-on-year decrease of 10.3%, from approximately HK\$2,109,790,000 to approximately HK\$1,892,147,000, as a result of more conservative orders from our customers.

Despite the challenging operating environment, the overall gross profit margin increased, albeit the Group's gross profit suffered a drop from HK\$182,722,000 of last period to HK\$179,775,000 of this Period. The increase in gross profit margin was attributed to the Group's sincere effort in maintaining proper costs control, optimisation of manpower and labour efficiency, and the mild depreciation in the Renminbi ("RMB") exchange rate against the US dollars during the Period. The Group's profit attributable to equity shareholders of the Company increased by 43.0% to HK\$78,377,000 (2018: HK\$54,803,000). The Board believes that it is prudent to grow and maintain a war chest to respond to the impact of the Sino-US trade tension in the near future, and hence does not recommend the payment of any interim dividend for the six months ended 30 September 2019 (1HFY2018: HK3.0 cents per share).

The Group has successfully managed to improve its financial position despite the challenging trading environment. During the Period, the Group has successfully achieved better inventory management and reduced inventory 45.9% to HK\$333,175,000 (2018: HK\$615,365,000). As at 30 September 2019, the Group's current ratio stood at 1.04 times (as at 31 March 2019: 0.91 times). Such improved financial position and flexibility will be critical for the Group to prevail in the volatile global economy and pursue future opportunities.

**Mr. Cheng Chor Kit, the Chairman and CEO of the Company** said: "In spite of these circumstances, the Group strives to leverage on its long standing relationship with international renowned brands and expertise in offering value-added product solutions to alleviate the external impact, while proactively explores new business opportunities and continues to maintain market competence with stringent cost control over operation. The Group remains cautiously optimistic about its long-term development and prudent towards formulation and implementation of corporate strategies to create long-term value for stakeholders."

**Electrical and Electronic Products Segment**

With volatile external business environment, sentiment for consumer products slowed down and hence, dragged down demand of our customers products during the Period. Affected by sales volume decrease of RVC, segment external turnover decreased by 10.5% to HK\$1,397,142,000 during the Period (2018: 1,560,377,000). This segment remained a major contributor, accounting for 73.8% of the overall turnover of the Group. Significant efforts in the reduction of selling and administrative expenses offset the decrease in turnover, and segment operating profit increased by 69.7% to HK\$78,342,000 during the Period (2018: HK\$46,163,000).

**Robotics sector**

As the Sino-US trade tension escalated and continued to fluctuate, sales of RVC products dropped due to the application of tariff. Order placement to the sector continued to become more conservative as competition in the market intensified and the concern about US tariffs continued to emerge. In order to improve the profitability, the sector has adopted a two-pronged strategy, namely strategic production planning and automation upgrade. The sector rearranged its production schedules and balanced them across the Period. Previous overlapping of orders and production schedules have been ameliorated. During the year, the sector remained its sincere commitment to upgrading its automatic production towards industry 4.0, with an aim to enhance flexibility in mobilising the production lines, as well as escalate production capacity. In May 2019, the sector has achieved "1i" under the assessment model built by Hong Kong Productivity Council.

**Juvenile products and smart products sectors**

Being an integrated one-stop personal consumer product solutions provider, the sector plays an active role in offering a wide spectrum of differentiating and customised OEM+ services towards internationally renowned robotics product brands. OEM+ services range from market research, concept creation, product design and development to raw material sourcing, production engineering, quality assurance to order tracking and logistics. This comprehensive and bespoke OEM+ service platform, coupled with the segment's shrewd market acumen, outstanding technical know-how, extensive industry experience and long term partnership with internationally renowned consumer electronic products brands, have not only successfully differentiated the sector in the industry and gained us the trust from brands owners across North America, Europe and Asia, but also placing the sector at an advantageous position to gain business opportunities with start-ups brands from more diversifying industries and grow with these potential rising stars.

In the smart products sector, the sector is committed to the development of electronic products who interrelate computing devices like smartphone and tablet. During the Period, existing products, especially an entertainment products of theme park based on a blockbuster movie was popularly welcomed by retail consumers and resulted in a boost to sales.

With a strong commitment in providing differentiated services and reinforcing its competitive advantages, the segment continued to invest in its product design and engineering capabilities R&D. The Group believes these products would become rising stars and will stay devoted to uncovering more potential ones in the future ahead.

### Motors Business Segment

During the Period, affected by the weakened global consumption atmosphere, the overall demand from various customers declined. Segment external turnover decreased by 10.8% to HK\$463,770,000 (1HFY2018: HK\$519,772,000). The decreased capacity utilisation rate as a result of the reduction in sales volume put up the unit costs of production and lessened the benefits of our relentless efforts to even increase the level of automation in production, adding pressure to the gross profit margin. However, the segment adopted a more stringent cost control policy during the Period to closely monitor the direct materials cost and direct labour cost. This, to a certain extent, successfully mitigated the negative impact from the decreased sale volume. Together with the benefits from the RMB exchange rate depreciated against US dollar, and the terms of government subsidies further recognised, this segment made the segment profit increased by 32.3% to HK\$31,662,000 (1HFY2018: HK\$23,934,000).

Looking forward, despite the existing uncertain global economic environment, the segment will continue to actively expand its business through implementing three strategies, including (1) boost up sales by exploring new customers and address added applications markets; (2) continue to expand R&D team in product development and production process; and (3) diversify our production base to secure our cost advantage and competitiveness.

The segment business has been categorised into four sector markets for motors, namely automobiles, office appliances, toys, household appliance. Aiming to extending motor segment's revenue stream, the segment had been implementing various plans in expanding clientele network as well as penetrating into more added application markets in existing four segment sectors.

After years of continuous improvement in streamlining production process and cost, the segment is now equipped with sufficient capacity and technical capability to capture more market shares by producing higher quality products with cost advantage.

In order to achieve increased performance, reliability and durability, the segment has been under R&D of brushless direct current motors constructed with electrical components and the brushless motor is expected to commercialise in 2020. The advantages of brushless motors over brushed motors include higher efficiency, reduced operational noise, longer lifespan. Due to its higher average sales price, brushless motors are commonly applied in high end consumer products which will lead the segment towards high end consumer products. Meanwhile, the segment has been in active engagement with the potential clients and it is believed that brushless DC motor will be a significant extension of the segment's revenue streams.

During the Period, the segment moved a motor production line to our existing facility in Malaysia facility for the business with major customers in Korea and proposed to operate the segment in 2HFY 2020. This is our initial step toward the production outside China which expected to induce demands from other customers from Association of Southern Asian Nations or the Trans-Pacific Partnership member countries. Meanwhile, the segment will further explore alternative production base at locations with lower production costs and prior target would be South East Asia. Meanwhile, the segment will continue to adopt internal measures to enhance cost effectiveness.

### Financial Highlights

|  | Six months ended 30 September |  |
|--|-------------------------------|--|
|  | 2019                          | 2018                                       |
|  | HK\$'000                      | HK\$'000                                   |
| Turnover   | <b>1,892,147</b>              | 2,109,790                                  |
| Electrical and electronic products                       | <b>1,397,142</b>              | 1,560,377                                  |
| Motors   | <b>463,770</b>                | 519,772                                    |
| Glass technology and application                         | <b>31,235</b>                 | 29,641                                     |
| Net profit attributable to equity holders of the Company | <b>78,377</b>                 | 54,803                                     |
| Segment results:   | <b>98,725</b>                 | 68,076                                     |
| Electrical and electronic products                       | <b>78,342</b>                 | 46,163                                     |
| Motors   | <b>31,662</b>                 | 23,934                                     |
| Glass technology and application                         | <b>(8,024)</b>                | 1,471                                      |
| Real estate development                                  | <b>(2,847)</b>                | (3,492)                                    |
| Others   | <b>(408)</b>                  | -  |
| Dividend per share                                       | -                             | Interim - HK3.0 cents                      |
| Earnings per share                                       | -                             | Basic <b>HK17.88 cents</b> HK12.49 cents   |
|  | -                             | Diluted <b>HK17.88 cents</b> HK12.47 cents |

**About Kin Yat Holdings Limited**

Kin Yat Holdings Limited (00638.HK) is an industrial enterprise specialising in the technology-driven production of electrical and electronic products, including robotics, juvenile products and smart products, along with a diverse portfolio of motor drives and related products. The latest addition of a glass technology and application segment has further extended the Group's manufacturing scope. The Group is also engaged in certain real estate development projects in Guizhou Province, the People's Republic of China.

This press release is issued by DLK Advisory Limited on behalf of Kin Yat Holdings Limited.

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