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)

For immediate release

KIN YAT HOLDINGS LIMITED

Announces results for year to March 2012, declares dividend of HK2 cents

Financial Highlights:

- Turnover declined 5.9% yoy to HK$1,620,460,000 (FY2011: HK$1,722,788,000).
- Reported loss attributable to owners of the Company of HK$28,351,000 (FY2011: profit of HK$114,381,000).
- Attributable loss of HK$9,510,000 (FY2011: profit of HK$114,381,000) before inclusion of one-off provisions or expenses.
- Final dividend of HK2.0 cents (FY2011: HK4.5 cents).
- Cash in hand of HK$239,000,000 (30 September 2011: HK$217,000,000).
- Current ratio maintained at healthy position of 1.8 times (30 September 2011: 1.76 times).
- Gearing ratio at 30.7% (30 September 2011: 37.2%).

Hong Kong, 27 June 2012 – Artificial intelligence appliances, toys and motors manufacturer Kin Yat Holdings Limited (HKEx: 638) today announced that the Group's consolidated turnover declined 5.9% year on year to HK$1,620,460,000 for the year to 31 March 2012 ("FY2012"), after registering a record high of HK$1,722,788,000 in the year ended 31 March 2011 ("FY2011"), reflecting a slackened demand and an excess inventories situation with many vendors.

For FY2012, the Group reported a loss attributable to owners of the Company of HK$28,351,000, compared to an attributable profit of HK$114,381,000 in FY2011. Basic loss per share for the year was HK6.77 cents (FY2011: earnings of HK27.34 cents). For FY2012, the Group recorded certain one-off provisions or expenses of HK$18,841,000 (after excluding the portion shared by minority shareholders) (FY2011: Nil). Before inclusion of one-off provisions or expenses, loss attributable to owners of the Company was HK$9,510,000 (FY2011: profit of HK$114,381,000). The Group declared a final dividend of HK2.0 cents (FY2011: HK4.5 cents).

The Group's results in FY2012 continued to be adversely impacted in respect of its manufacturing businesses by the surge in operating costs caused by the appreciation of the Renminbi and increasing raw material and labour costs in the PRC. In addition, the manufacturing businesses have incurred certain non-recurrent costs which hit the bottom line, including relocation and related costs for the relocation of motors facilities in Dongguan to its lower-cost production base in Shaoguan, as one of the strategic moves to realign the Group's manufacturing lines in the PRC. Furthermore, its portfolio of natural resources development businesses, which is not in revenue stage yet, has basically reached the peak investment period before they could advance into the next stage on the whole, thereby incurring higher operating expenses for and exerting funding pressure on the Group.

In response to the current circumstances, the Group has pledged renewed focus on restoring sustainable financial results from its manufacturing businesses, while continuing prudently to manage its portfolio of other investments.

Measures taken included the disposal of non-core underutilized properties in Songgang Town, Bao An District, Shenzhen. The properties were sold in May 2012 for a total cash consideration of HK$55 million. The disposal will allow the Group to realize this long-term investment, and the cash inflow generated from the disposal will help enhance the Group's cash position and provide additional resources for the expansion and development of its core businesses.

Kin Yat Holdings Chairman and CEO Mr Cheng Chor Kit said: "While remaining cautious over the uncertainties in the macroeconomic environment, we believe our healthy balance sheet will position us well to weather the challenges ahead. We have in place a lean operating structure and a strong and devoted management team determined to mitigate the possible adverse macro impacts. Although full of confidence and starting to see a downward trend of raw material prices lately, we may yet to assure a soon and significant turnaround of our financial results in the year to 31 March 2013 ("FY2013")."

The electrical and electronic products business segment's external turnover decreased by 11.3% to HK$981,037,000 during FY2012 (FY2011: HK$1,105,982,000). Sales of the lines of AI robotic cleaners and toys have both declined amidst weak market sentiments. The segment profit dropped by 37.6% to HK$104,230,000 (FY2011: HK$167,045,000) as the segment margin was affected by lower sales and surging costs.

Despite a slight slowdown in the order book for robotic cleaners during FY2012, the Group has received a possible rebound indication from the client for FY2013. Discussions are also underway with the client on the development of other products in a bid to build new income streams for the segment. New toy product developments for new customers are also expected to bring returns for the segment in FY2013.

Despite strong market headwinds, motors segment's external turnover remained stable at HK$537,863,000 (FY2011: HK$554,567,000) during FY2012. A segment loss of HK$59,398,000 (FY2011: segment profit of HK$6,175,000) was incurred for the first time after including one-off provision or expenses of HK$10,987,000 (FY2011: Nil).

Despite a lack of major revenue breakthrough, the resources development segment has made solid progress over the past year with key activities including the completion of new production lines for the materials development unit, the expansion of natural resources business activities into the Lao People's Democratic Republic and the commissioning of an ore processing plant in Guizhou Province, the PRC.

As the various projects basically entered their peak investment phase as a whole, the Group notes the adverse impact these businesses have on its operating position in general and the higher operating expenses incurred. While striving to rise above the operational difficulties and carve a path-to-revenue for its non-manufacturing businesses, the Group also takes measures to reduce their possible financial burden. In view of this, the Company has resolved not to expand into new natural resources development projects for the time being. Other measures could also include, but are not limited to, the slowing down of the pace of development and/or disposing of certain projects.

During these turbulent times, the Group will exercise great caution in formulating strategies for the management of its resources-related business portfolio.

As at 31 March 2012, the Company had aggregate cash in hand of HK$239 million (30 September 2011: HK$217 million). Current ratio was maintained at a healthy position of 1.8 times (30 September 2011: 1.76 times), with gearing ratio at 30.7% (30 September 2011: 37.2%).

Financial Highlights

			Year ended 31 March	
			2012	2011
			HK$'000	*HK$'000*
Turnover			**1,620,460**	1,722,788
Electrical and electronic products			**981,037**	1,105,982
Motors (sales to external customers only)			**537,863**	554,567
Other manufacturing activities			**94,122**	52,068
Resources development			**7,438**	10,171
Net profit/(loss) attributable to owners of the Company			**(28,351)**	114,381
Segment results from operating activities				
Electrical and electronic products			**104,230**	167,045
Motors			**(59,398)**	6,175
Other manufacturing activities			**1,225**	(3,223)
Resources development			**(46,038)**	(16,902)
Dividend per share	-	Yearly	**HK2.0 cents**	HK9.0 cents
	-	*Final*	**HK2.0 cents**	HK4.5 cents
	-	*Interim*	**Nil**	HK4.5 cents
Earnings/(Loss) per share	-	*Basic*	**HK(6.77) cents**	HK27.34 cents
	-	*Diluted*	**HK(6.77) cents**	HK27.29 cents

About Kin Yat Holdings

Kin Yat Holdings Limited (HKEx: 638) is an industrial group with a niche in electronic and mechanical productions. It has a stretch of smart home appliances, toy and motor manufacturing businesses, all based on its robust R&D and production platform in China and Southeast Asia. As part of its strategic plan, Kin Yat has branched out into non-manufacturing sector by participating in non-ferrous metals exploration and materials development.

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