



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

Achieves turnaround on record turnover in year to March 2013

Financial Highlights:

- Record-high turnover of HK\$1,763,427,000 (FY2012: HK\$1,620,460,000), up 8.8% yoy.
- Reported profit attributable to owners of the Company of HK\$39,076,000 (FY2012: loss of HK\$28,351,000).
- Final dividend of HK3.0 cents (FY2012: HK2.0 cents).
- Cash in hand of HK\$299,236,000 (31 March 2012: HK\$239,364,000).
- Current ratio maintained at healthy position of 1.6 times (31 March 2012: 1.8 times).
- Gearing ratio at 25.6% (31 March 2012: 30.7%).

Hong Kong, 28 June 2013 – Artificial intelligence appliances, toys and motors manufacturer Kin Yat Holdings Limited (HKEx: 638) yesterday announced that the Group's consolidated turnover hit record high in the year to 31 March 2013 ("FY2013") to HK\$1,763,427,000, an 8.8% increase over the HK\$1,620,460,000 recorded for the year ended 31 March 2012 ("FY2012").

For FY2013, the Group reported a profit attributable to owners of the Company of HK\$39,076,000, compared to an attributable loss of HK\$28,351,000 in FY2012. Basic earnings per share for the year were HK9.33 cents (FY2012: basic loss per share of HK6.77 cents). The attributable profit in FY2013 took into account the gain on disposal of an indirect wholly-owned subsidiary which ultimately owns non-core underutilised properties in Shenzhen and the reversal of prior years' losses shared from the CDR business. Before inclusion of one-off provisions or expenses of HK\$7,013,000 (FY2012: 10,987,000) in relation to the closure of Dongguan factories, profit attributable to owners of the Company was HK\$46,089,000 (FY2012: loss of HK\$17,364,000). The Group declared a final dividend of HK3.0 cents (FY2012: HK2.0 cents) per share.

The overall turnover increase was not only accounted for by increased sales from its manufacturing activities, but also the first-time major sales recorded from the natural resources development business. The Group's turnaround in FY2013 was achieved on sales growth of the electrical and electronic products segment on the top line, while efficiency gains and stabilising of both material prices and the Renminbi during the first half of the year have helped the segment improve on the bottom line, albeit to some extent offset by wage increases and inflation in other cost factors.

Kin Yat Holdings Chairman and CEO Mr Cheng Chor Kit said: "Having achieved our pledge of restoring the financial performance of the Group as set out at the onset of FY2013, we will continue on our pathway to building a sustainable business. The Board and management will constantly look out, and devise the right strategy and action in preparation for new challenges and promising opportunities ahead."

The electrical and electronic products business segment's external turnover in FY2013 increased by 22.3% to HK\$1,199,515,000 (FY2012: HK\$981,037,000), with sales growth generated by both the AI robotic cleaners and toys lines. Segment profit also rose 57.8% to HK\$164,527,000 (FY2012: HK\$104,230,000) as the segment margin improved.

In addition to the successful engagement of one of the giant players in the toy industry with business commencing during this financial year, the Group is also in active discussion with the AI line's major customer to extend its production partnership beyond the robotic vacuum cleaner category. Such discussions have yielded positive results and the segment looks forward to starting production of more categories of AI products for this customer towards the end of the financial year ending 31 March 2014 ("FY2014").

The construction of a new building in Shenzhen has been substantially completed with the installation of new machinery currently under way. These new facilities will mainly be dedicated to the expected increase in orders from the AI product line, as well as to support active business development efforts coming into fruition in FY2014.

As manufacturing activities in the PRC moderated amidst weak market sentiments, the motor segment's external turnover decreased by 13.9% year on year to HK\$463,346,000 (FY2012: HK\$537,863,000) during FY2013. With the margin under further pressure from rising wages and other operating costs, a segment loss of HK\$53,064,000 (FY2012: HK\$59,398,000) was recorded after including one-off provision or expenses of HK\$7,013,000 (FY2012: HK\$10,987,000) in relation to the closure of Dongguan factories.

As the efforts the segment has placed on furthering automation and efficiency improvement began to yield results, the operating loss of the motor segment in the second half has diminished, a signal of a steady improvement on the segment's margin.

The resources development business segment's external turnover in FY2013 increased by 434.6% year on year to HK\$39,765,000 (FY2012: HK\$7,438,000). A segment loss of HK\$57,384,000 (FY2012: HK\$46,038,000) was incurred during the year, which was mainly attributable to the expenses incurred from exploration activities and the initial preparatory expenses incurred by the materials development business.

The Group holds a 70% interest in an exploration project in a zinc/lead polymetallic tenement area located in Xian City, Shaanxi Province (陝西省西安市) (the "Jinshi Exploration Area", 金石劃定開採區). This project is the one with highest potential to secure a path-to-revenue, since the proven reserves are ready for exploitation once the relevant exploitation licence is obtained. The Group is looking forward to such a breakthrough to boost the operational revenues and/or valuation of its natural resources development business.

In view of the slower-than-expected progress to reach a path-to-revenue for the natural resources development business as a whole, the Company has frozen investments in new projects in order to mitigate the adverse impact of higher operating expenses for the Group. While it has slowed down the pace of development of certain projects in order to channel resources into selected strategic project(s), it strives to promote revenue-generating activities through better utilisation of existing production facilities.

As at 31 March 2013, the Company had aggregate cash in hand of HK\$299 million (31 March 2012: HK\$239 million). Current ratio was maintained at a healthy position of 1.6 times (31 March 2012: 1.8 times), with gearing ratio at 25.6% (31 March 2012: 30.7%).

Financial Highlights

		Year ended 31 March	
		2013	2012
		HK\$'000	HK\$'000
Turnover		1,763,427	1,620,460
Electrical and electronic products		1,199,515	981,037
Motors (sales to external customers only)		463,346	537,863
Other manufacturing activities		60,801	94,122
Resources development		39,765	7,438
Net profit/(loss) attributable to owners of the Company		39,076	(28,351)
Segment results from operating activities			
Electrical and electronic products		164,527	104,230
Motors		(53,064)	(59,398)
Other manufacturing activities		2,266	1,225
Resources development		(57,384)	(46,038)
Dividend per share	- Yearly	HK3.0 cents	HK2.0 cents
	- <i>Final</i>	HK3.0 cents	HK2.0 cents
	- <i>Interim</i>	Nil	Nil
Earnings/(Loss) per share	- <i>Basic</i>	HK9.33cents	HK(6.77) cents
	- <i>Diluted</i>	HK9.33cents	HK(6.77) cents

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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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