



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

Operating performance improved in year ended March 2014

Financial Highlights:

- Turnover grew 5.0% yoy HK\$1,852,238,000 (FY2013: HK\$1,763,427,000).
- Profit attributable to owners of the Company of HK\$19,818,000 (FY2013: HK\$39,076,000) after inclusion of one-off provisions/expenses.
- Profit attributable to owners of the Company of HK\$45,322,000 (FY2013: 27,373,000 (also before the one-off gain on disposal of subsidiaries)) before inclusion of one-off provisions/expenses.
- Final dividend of HK3.0 cents (FY2013: HK3.0 cents).
- Cash in hand of HK\$258,412,000 (31 March 2013: HK\$299,236,000).
- Current ratio maintained at healthy position of 1.2 times (31 March 2013: 1.6 times).
- Gearing ratio at 22.3% (31 March 2013: 25.6%).

Hong Kong, 29 June 2014 – Kin Yat Holdings Limited (HKEx: 638), which is engaged in artificial intelligence appliances, toys and motors manufacturing, as well as real estate and resources development businesses, today announced a 5.0% growth in turnover to HK\$1,852,238,000 in the year to 31 March 2014 (“FY2014”) compared with the HK\$1,763,427,000 recorded for the year ended 31 March 2013 (“FY2013”). Turnover growth was mainly driven by the record sales achieved by the electrical and electronic products segment.

During FY2014, the Group reported a profit attributable to owners of the Company of HK\$19,818,000 (FY2013: HK\$39,076,000), representing a decline of 49.3% year on year, which included one-off provisions/expenses of HK\$25,504,000 (FY2013: HK\$7,013,000). Apart from an increase in the one-off provisions/expenses made, the decline in profit was also attributable to the absence of one-off gain on disposal of subsidiaries of HK\$18,716,000 as recorded in FY2013. Before inclusion of one-off provisions/expenses, profit attributable to owners of the Company was HK\$45,322,000.

Basic earnings per share for the year were HK4.73 cents (FY2013: HK9.33 cents). The Group declared a final dividend of HK3.0 cents (FY2013: HK3.0 cents) per share.

During the year, the electrical and electronic products business segment reported a slight drop in segment profit, losses incurred by the motors and resources development segments narrowed while the newly established real estate development business segment recorded a loss on operating expenses incurred during the start-up phase during the year. It is against this backdrop that Kin Yat Holdings Chairman and CEO Mr Cheng Chor Kit said: “The dual challenge of slowing growth in major consumer markets and cost inflation in our production base has imposed continued pressure on the profit margin of our manufacturing businesses. In view of this, we have made consistent efforts in furthering our research and development, level of automation and production capabilities, resulting in a relatively satisfactory performance for our manufacturing business amidst the market challenges, especially the loss in our motors business has shown signs of narrowing.”

The electrical and electronic products business segment’s external turnover in FY2014 increased by 7.5% to a record high of HK\$1,289,886,000 (FY2013: HK\$1,199,515,000), driven mainly by sales of AI robotic cleaners. Segment profit declined by 7.8% to

HK\$151,660,000 (FY2013: HK\$164,527,000) mainly owing to rising labour costs in the PRC.

Order growth for the robotic vacuum cleaner business line was sustained well into the second half of the year, contributing a record level of sales for FY2014. To accommodate the increase in orders for AI products and the subsequent shift in product mix within the segment, the new factory building in the Group's Shenzhen plant went into operation in September 2013. In anticipation of further sales order growth in the coming year, the segment is planning to boost the production capacity in the new factory building in the Shenzhen plant by installing highly automated production lines.

A new generation of robotic vacuum cleaners is currently under development and will be put into production towards the end of 2014. This new product series will help the segment extend its product line further into the high end, and will command the highest price point within the current portfolio. The Group is confident that the launch of this new product series will have the potential to move the market in the next couple of years.

Benefitting from increased market demand, the motors segment's external turnover rose by 13.1% year on year to HK\$524,248,000 (FY2013: HK\$463,346,000) during FY2014. As the negative factors including rising wage rates and other operating costs were partly offset by a relatively stabilised Renminbi and commodity prices, the segment loss reduced to HK\$50,156,000 (FY2013: HK\$53,064,000) including provision for impairment on plant and equipment of HK\$8,447,000 (FY2013: HK\$7,013,000).

The results of the motors segment reflected its continuous efforts put into automation to bring labour content down and organisational streamlining to achieve higher efficiency and hence lower operating costs. As a gradual strengthening of market demand is seen, the segment will expand its capacity. Following the integration of production lines within the facility bases in Shaoguan (韶關) and Shixing (始興), Guangdong Province, the PRC, the cost reduction and capacity expansion plan includes the establishment of a new plant in Guizhou Province (貴州省), the PRC, which will become operational during the second half of 2014.

With the newly added property development activities in FY2014, the non-manufacturing business category currently comprises a real estate development business segment and resources development business segment.

The real estate development business segment is developing a project in Dushan County (獨山縣), the first stage of which is a top-end low-density residential property, *The Royale Cambridge Residence*. This residential property will be rolled out in five phases with the first phase, comprising 36 units with a saleable floor area of approximately 10,500 square metres, scheduled for pre-sale around the latter part of 2014 with a targeted average unit selling price of around RMB4,700 per square metre.

The real estate development business will support the Group's long-term plan of redeveloping certain land for industrial use owned by the Group in the PRC into property development projects at some appropriate time.

The resources development business segment's turnover decreased 52.8% to HK\$18,750,000 (FY2013: HK\$39,765,000) with segment loss also reduced to HK\$37,926,000 (FY2013: HK\$57,384,000). Segment loss narrowed before the inclusion of the non-cash expenses of HK\$13,396,000 (FY2013: nil) for the impairment of property, plant and equipment in relation to the materials development business.

As at 31 March 2014, the Company had aggregate cash in hand of HK\$258 million (31 March 2013: HK\$299 million). Current ratio was maintained at a healthy position of 1.2 times (31 March 2013: 1.6 times), with gearing ratio at 22.3% (31 March 2013: 25.6%).

Financial Highlights

	Year ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Turnover	1,852,238	1,763,427
Electrical and electronic products	1,289,886	1,199,515
Motors (sales to external customers only)	524,248	463,346
Other manufacturing activities	19,354	60,801
Resources development	18,750	39,765
Real estate development	Nil	NA
Net profit attributable to owners of the Company	19,818	39,076
Segment results from operating activities		
Electrical and electronic products	151,660	164,527
Motors	(50,156)	(53,064)
Other manufacturing activities	2,915	2,266
Resources development	(37,926)	(57,384)
Real estate development	(6,923)	NA
Dividend per share	-	Yearly
	-	<i>Final</i>
	-	<i>Interim</i>
		HK3.0 cents
		HK3.0 cents
		Nil
		HK3.0 cents
		Nil
Basic earnings per share		HK4.73 cents
		HK9.33 cents

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About Kin Yat Holdings Limited

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 real estate development and natural resources development and materials development.

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