



**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**

**Turnover growth driven by strong AI robotic products and motors sales  
in year to March 2016**

**Loss incurred on impairments and other expenses;**

**Final dividend increased to HK5 cents**

### Financial Highlights:

- Turnover increased 6.8% yoy HK\$2,317,504,000 (FY2015: HK\$2,169,285,000).
- Loss of HK\$69,843,000 (FY2015: loss of HK\$121,583,000) attributable to equity holders of the Company, principally reflecting impairments and other expenses.
- Before inclusion of impairments and other expenses, profit for the year (before non-controlling interests) was HK\$70,089,000 (FY2015: HK\$56,566,000).
- Final dividend of HK5.0 cents (FY2015: HK4.0 cents).
- Cash in hand of HK\$211,513,000 (31 March 2015: HK\$170,715,000).
- Current ratio maintained at healthy position of 1.2 times (31 March 2015: 1.1 times).
- Gearing ratio at 22.0% (31 March 2015: 15.3%).

**Hong Kong, 28 June 2016** – Kin Yat Holdings Limited (00638.HK), which is principally engaged in artificial intelligence (AI) appliances and motors manufacturing, today announced a consolidated turnover of HK\$2,317,504,000 for the year ended 31 March 2016 ("FY2016"), a 6.8% increase over the HK\$2,169,285,000 recorded for FY2015, driven by growth of the manufacturing businesses.

The Group reported a loss of HK\$69,843,000 (FY2015: loss of HK\$121,583,000) attributable to equity holders of the Company, principally reflecting impairments and other expenses recognised during the year. Before inclusion of impairments and other expenses of HK\$141,766,000 (FY2015: HK\$205,532,000), a profit (before non-controlling interests) of HK\$70,089,000 (FY2015: HK\$56,566,000) was posted for the year.

Basic loss per share for the year was HK16.67 cents (FY2015: basic loss per share of HK29.03 cents). The Group declared a final dividend of HK5.0 cents (FY2015: HK4.0 cents) per share.

Kin Yat Holdings Chairman and CEO Mr Cheng Chor Kit said: "In addition to adjusting our existing business portfolio, we also continue to invest for long-term growth in line with our risk diversification strategy and while maintaining financial strength. The Group entered the new financial year with good momentum and we remain optimistic for the long term."

The resilient operating results of the core manufacturing category point to sustainable sound performance of the AI robotics business, as well as substantial improvement in that of the motors business.

The electrical and electronic products business segment continued to generate stable turnover and earnings for the Group. Segment external turnover in FY2016 increased by 7.7% to HK\$1,622,773,000 (FY2015: HK\$1,506,466,000), generated mainly by sales of AI robotic products. Segment profit declined by 47.8% to HK\$87,838,000 (FY2015: HK\$168,370,000), after taking into account impairment provisions of HK\$50,761,000 (FY2015: Nil) due to the closure of a factory in northern Guangdong Province.

The Group has closed down one of the toys factories in northern Guangdong Province during FY2016. Production activities in northern Guangdong have been consolidated to one factory in Shixing. This will help the Group concentrate management efforts on upgrading the segment's manufacturing strength and efficiency.

The factory in Shenzhen continues to lead the segment's automation and upgrading drive. A more advanced production system incorporating robotic take-offs, pick-and-place and intelligent sensor devices has been employed into production lines. The Kanban scheduling system for LEAN and just-in-time manufacturing has also been implemented throughout every production floor to seek continuous improvement.

During FY2016, the segment has realigned its products portfolio with a further shift towards the higher technology-based arena. To this end, a new AI robotic product model was granted to the segment by its major customer at the beginning of FY2016. It expects this item to be put into production by early 2017. The segment is also developing a number of Internet of Things (IoT) devices featuring connectivity with smartphones and virtual reality (VR) technology. Production of these items will commence in the second half of FY2017.

With a growing order book and successful forays into higher-value-added products, management is optimistic of the continued earnings potential of this core business segment.

The motors segment was able to turn around its results on the back of growing orders for DC motors, tight control over material costs, and the implementation of an automated production process, as well as the benefit from the devaluation of the Renminbi. It registered an operating profit of HK\$4,416,000 (FY2015: loss of HK\$29,581,000) during the year. However, after taking into account one-off non-cash impairment/write-off losses of HK\$26,472,000 (FY2015: Nil) incurred on the closure of a factory after the financial year end, the segment recorded a loss of HK\$22,056,000 (FY2015: loss of HK\$29,581,000). External turnover increased by 7.7% year on year to HK\$693,855,000 (FY2015: HK\$644,136,000).

In a bid to consolidate its motors manufacturing activities and to scale down the AC motors business which has recorded shrinking profit margins, the factory in Shaoguan was closed down after the financial year end, incurring one-time impairment/write-off losses for the segment. The production lines for AC motors were moved to the other production base in Dushan after the financial year end. The production facilities located in Shixing were upgraded with a higher level of automation, yielding a reduced labour content and greater worker productivity. The Group is satisfied with the progress of the ramping up of production facilities in Dushan, which were set up two years ago, and is expanding its production lines to take advantage of the lower labour costs.

In view of the growing sales order of DC motors, the segment will continue to expand the production scale of the factory in Dushan.

As at 31 March 2016, the Company had aggregate cash in hand of HK\$212 million (31 March 2015: HK\$171 million). Current ratio was maintained at a healthy position of 1.2 times (31 March 2015: 1.1 times), with gearing ratio at 22.0% (31 March 2015: 15.3%).

## Financial Highlights

		Year ended 31 March	
		2016	2016
		HK\$'000	HK\$'000
Turnover		<b>2,317,504</b>	2,169,285
Electrical and electronic products		<b>1,622,773</b>	1,506,466
Motors		<b>693,855</b>	644,136
Resources development		<b>876</b>	18,683
Real estate development		<b>Nil</b>	Nil
Net (loss) attributable to equity holders of the Company		<b>(69,843)</b>	(121,583)
Profit for the year (before non-controlling interests)		<b>70,089</b>	56,566
Segment results from operating activities			
Electrical and electronic products <sup>(Note 1)</sup>		<b>87,838</b>	<b>168,370</b>
Motors <sup>(Note 2)</sup>		<b>(22,056)</b>	<b>(29,581)</b>
Resources development <sup>(Note 3)</sup>		<b>(5,390)</b>	<b>(181,353)</b>
Real estate development <sup>(Note 4)</sup>		<b>(62,235)</b>	<b>(55,779)</b>
Dividend per share	- Yearly	<b>HK5.0 cents</b>	HK4.0 cents
	- Final	<b>HK5.0 cents</b>	HK4.0 cents
	- Interim	<b>Nil</b>	Nil
Basic (loss)/earnings per share		<b>HK(16.67) cents</b>	HK(29.03) cents

Note 1: including impairment losses/provisions of HK\$50,761,000 for FY2016 (FY2015: Nil)

Note 2: including one-off impairment losses/provisions of HK\$26,742,000 for FY2016 (FY2015: Nil)

Note 3: including one-off impairment losses/provisions of HK\$4,763,000 for FY2016 (FY2015: HK\$157,098,000)

Note 4: including one-off impairment losses/provisions of HK\$59,770,000 for FY2016 (FY2015: HK\$48,193,000)

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### About Kin Yat Holdings Limited

Kin Yat Holdings Limited (00638.HK) is an industrial group with a niche in electronic and mechanical productions. It has a stretch of AI robotic products, smart home appliances, toy and motor manufacturing businesses, all based on its robust R&D and production platform in China.

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