



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

**Strong robotics and motors performance leads to turnaround
in the year to March 2017
Final dividend HK5.0 cents**

Financial Highlights:

- Turnover increased 6.7% yoy HK\$2,472,193,000 (FY2016: HK\$2,317,504,000).
- Achieved a turnaround and posted a profit attributable of equity holders of HK\$196,375,000 (FY2016: loss of HK\$69,843,000).
- An underlying profit (before non-controlling interests) of HK\$131,297,000 (FY2016: HK\$70,089,000) was recorded.
- Final dividend of HK5.0 cents (FY2016: HK5.0 cents).
- Cash in hand of HK\$289,018,000 (31 March 2016: HK\$211,513,000).
- Current ratio at 1.2 times (31 March 2016: 1.2 times).
- Gearing ratio at 37.4% (31 March 2016: 22.0%).

Hong Kong, 29 June 2017 – Kin Yat Holdings Limited (00638.HK), which is principally engaged in robotics, motors and IoT manufacturing, today announced a consolidated turnover of HK\$2,472,193,000 for the year ended 31 March 2017 (“FY2017”), a 6.7% increase over the HK\$2,317,504,000 recorded for FY2016, led by strong performance in both of its manufacturing segments.

The Group achieved a turnaround and posted a profit attributable to equity holders of the Company of HK\$196,375,000 during FY2017 (FY2016: loss of HK\$69,843,000). Before inclusion of the write-back of impairment of properties under development of HK\$66,950,000 (FY2016: Nil) and Impairments and Other Expenses of HK\$2,006,000 (FY2016: HK\$141,766,000), a profit (before non-controlling interests) of HK\$131,297,000 (FY2016: HK\$70,089,000) was recorded.

Basic earnings per share for the year were HK46.53 cents (FY2016: basic loss per share of HK16.67 cents). The Group proposed a final dividend of HK5.0 cents (FY2016: HK5.0 cents) per share.

Kin Yat Holdings Chairman and CEO Mr Cheng Chor Kit said: “The year 2017 marks the twentieth anniversary of the Group’s listing on the Main Board of the Stock Exchange of Hong Kong Limited. In this landmark year, the Group is on course to enter a new phase of growth by building on our solid foundation.”

This electrical and electronic products business segment remained a strong revenue and earnings contributor for the Group. Segment external turnover in FY2017 went up by 6.9% to HK\$1,734,190,000 (FY2016: HK\$1,622,773,000), contributed mainly by sales of AI robotic products. Segment operating profit rose by 22.2% to HK\$169,309,000 (FY2016: HK\$138,599,000). After taking into account impairment/write-off losses of HK\$1,017,000 (FY2016: HK\$50,761,000), the segment recorded a profit of HK\$168,292,000 (FY2016: HK\$87,838,000).

Robotics manufacturing continued to drive growth from the vacuum cleaning robot product series. The management is confident that the robotics line is on track to extend from household to other end-user segments, with newly developed items starting to contribute to the segment’s revenue in FY2017.

The segment's skill sets in robotics are the building blocks for its development in the Internet of Things ("IoT") sphere. Substantial efforts and resources will be directed towards developing business in this area in the coming years. Substantial efforts and resources will be directed towards developing business in this area in the coming years. Despite the relatively short time span of projects initiation, the segment has already established a diverse portfolio of products under development. Its current scope falls into four product categories, namely wearable, home, education and gaming. Among the various projects, a robot construction kit for educational use has been delivered during the year to a positive market reception.

With a view to tapping further into the potential of the global growth of IoT, the Group is considering various options including investing in start-ups that offer a promising outlook and synergies with the segment.

The toys line remains an important component of the segment. As it moves forward in the direction of high-value and technology-driven production, the segment is working with existing and new clients to explore new avenues in toy and game development. Product development work in collaboration with a major toys vendor is actively ongoing to create new and innovative play experiences.

The motors segment's external turnover increased slightly by 6.4% year-on-year to HK\$737,992,000 (FY2016: HK\$693,855,000) while the product mix continued to shift to the higher-margin DC motors line.

The management is much encouraged by the segment's further improvement in profitability. Benefitting from the consolidation and relocation of facilities to the lower-cost production base in Dushan, Guizhou Province, and as a result of tight operating cost control, relatively stable material costs and the devaluation of the Renminbi ("RMB"), the segment's operating profit significantly improved further to HK\$43,799,000 (FY2016: HK\$4,416,000). Taking into account impairment and other one-off items, the segment achieved a turnaround and produced a profit of HK\$43,677,000 (FY2016: loss of HK\$22,056,000).

The segment has moved forward a number of plans to actively develop its motors business. In view of the positive market response to our product and business development efforts, it is anticipated that segment sales will continue to grow in the years to come. The segment will thus continue to expand its production plants in Dushan and Shixing, Guangdong Province.

The Group is currently engaged in the development of a residential and commercial property project located at 貴州獨山經濟開發區 (English translation: Dushan Economic Development Zone) (the "Dushan EDZ"), Dushan. A considerable portion of the phase I residential units of this residential development project were pre-sold with an average achieved selling price of more than RMB5,300 per square metre.

Given that the final acceptance certificates for the residential units have not yet been obtained, no revenue was recognised in FY2017. Based on the recently transacted price and projected cost to completion of the current project, a total of HK\$66,950,000 in impairment loss provided has been written back. As a result, the segment recorded a profit of HK\$61,673,000 (FY2016: loss of HK\$65,573,000).

As at 31 March 2017, the Company had aggregate cash in hand of HK\$289 million (31 March 2016: HK\$212 million). Current ratio stood at 1.2 times (31 March 2016: 1.2 times), with gearing ratio increased to 37.4% (31 March 2016: 22.0%).

Financial Highlights

	Year ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
Turnover	2,472,193	2,317,504
Electrical and electronic products	1,734,190	1,622,773
Motors	737,992	693,855
Resources development	11	876
Real estate development	Nil	Nil
Net profit/(loss) attributable to equity holders of the Company	196,375	(69,843)
Profit for the year (before non-controlling interests)	131,297	70,089
Segment results from operating activities		
Electrical and electronic products <i>(Note 1)</i>	168,292	87,838
Motors <i>(Note 2)</i>	43,677	(22,056)
Real estate development <i>(Note 3)</i>	61,673	(65,573)
Resources development <i>(Note 4)</i>	(7,823)	(5,390)
Dividend per share	-	Yearly
	-	<i>Final</i>
	-	<i>Interim</i>
	-	<i>Interim Special</i>
Basic earnings/(loss) per share	HK25.0 cents	HK5.0 cents
	HK5.0 cents	HK5.0 cents
	HK5.0 cents	Nil
	HK15.0 cents	Nil
	HK46.53 cents	HK(16.67)cents

Note 1: including impairment/write-off losses of HK\$1,017,000 for FY2017 (FY2016: HK\$50,761,000)

Note 2: including one-off impairment/write-off losses of HK\$122,000 for FY2017 (FY2016: HK\$26,472,000)

Note 3: including write-back of impairment of properties under development of HK\$66,950,000 (FY2016: Nil) and no one-off impairment losses and loss from changes in fair value for FY2017 (FY2016: HK\$59,770,000)

Note 4: including one-off impairment/write-off losses of HK\$505,000 for FY2017 (FY2016: HK\$4,763,000)

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About Kin Yat Holdings Limited

Kin Yat Holdings Limited (00638.HK) operates two main business streams. In the manufacturing arena, it is engaged in the research-and-development-based production of electrical and electronic products and motors. The non-manufacturing category comprises mainly real estate development business activities.

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