



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 in six months to September 2012
On strong robotic and toy products sales

Financial Highlights:

- Turnover increased 16.0% yoy to HK\$1,031,629,000 (1H FY2012: 888,977,000).
- Reported a profit attributable to owners of the Company of HK\$39,367,000 (1H FY2012: loss of HK\$21,087,000).
- Cash in hand of HK\$273,000,000 (31 March 2012: HK\$239,000,000).
- Current ratio maintained at healthy position of 1.6 times (31 March 2012: 1.8 times).
- Gearing ratio at 28.1% (31 March 2012: 30.7%).

Hong Kong, 29 November 2012 – Artificial intelligence appliances, toys and motors manufacturer Kin Yat Holdings Limited (HKEx: 638) reported a profit attributable to owners of the Company of HK\$39,367,000 during the six months ended 30 September 2012 (“1H FY2013”), against an attributable loss of HK\$21,087,000 for the six months ended 30 September 2011 (“1H FY2012”). Turnover increased 16.0% year on year to HK\$1,031,629,000 (1H FY2012: HK\$888,977,000). Basic earnings per share were HK9.40 cents (1H FY2012: loss of HK5.04 cents). The Group did not declare an interim dividend (1H FY2012: nil) for the period.

The results have included a before tax one-off gain on disposal of non-core underutilized properties of approximately HK\$23,400,000 (1H FY2012: nil). The overall improvement in the interim performance was mainly attributable to an increase in turnover and improvement in the performance of the electrical and electronic products business segment.

The Group’s operations are organised into four business segments: the three research-and-development-based manufacturing disciplines of electrical and electronic products, motors and other manufacturing activities, as well as the resources development operations.

Kin Yat Chairman Mr Raymond Cheng Chor Kit said: “The increase in sales was mainly generated by the core manufacturing activities, but it is notable that the natural resources development business has started to generate sales for the first time. In addition, we are glad that the application for the award of the exploitation licence for the designated Jinshi Exploitation Area (金石劃定開採區) with respect to our lead/zinc polymetallic mine in Xian City, Shaanxi Province (陝西省西安市), has made some satisfactory progress. We endeavour to take this positive development to enhance the performance of the Group.”

During 1H FY2013, electrical and electronic products contributed 68.8% of total turnover (1H FY2012: 60.1%), while the motor business accounted for 24.7% (1H FY2012: 34.0%), the other manufacturing activities generated 4.2% (1H FY2012: 5.4%), and the resources development segment contributed 2.3% (1H FY2012: 0.5%) of total turnover.

The electrical and electronic products segment reported a 33.0% year-on-year increase in segment external turnover to HK\$710,212,000 (1H FY2012: HK\$534,025,000) despite

weak market conditions, producing a segment profit of HK\$102,267,000 (1H FY2012: HK\$43,541,000). Sales increases were generated from both the toy and the robotic vacuum cleaner business lines, attributable to the continuous efforts of the marketing team.

The operating environment has become more accommodating during the period, as reflected in both stabilising material prices and the more stable Renminbi. The Group also continued to use efficiency gains to offset the continuing trend of wage increases and cost inflation in the PRC, leading to an improved margin for the segment.

However, after a levelling-off period, the Renminbi has strengthened against the US dollar once again since October, which may trigger a new round of cost inflation for PRC-based exporters. Also hitting the cost front would be raw materials prices, which have shown upward signs lately. The Group will remain cautious in controlling the cost parameters in the latter half.

The second half of the financial year is a traditional low season for the Group's manufacturing business. The cyclical trend will be particularly marked this year owing to negative market conditions in the United States and Europe, as well as the anticipated lack of compelling product launches.

The Group's profile as a high value-adding manufacturer has helped the segment secure high-end orders. Business development efforts directed at a major toy customer are expected to bring returns to the Group during this fiscal year. For the line of robotic vacuum cleaners, the Group has also been in discussion with the customer to extend the production partnership to other AI products.

On the whole, the Group holds a conservatively optimistic view on the performance of this segment for the second half of the financial year while this segment will continue to be a key source of cash flow contribution to the Group.

During 1H FY2013, the motor segment's external turnover decreased 15.9% year-on-year to HK\$254,695,000 (1H FY2012: HK\$302,673,000) owing to intense market competition and a difficult operating environment in the PRC. Not much different from the position of most of other PRC-based micro-electric manufacturers, the segment was under immense pressure on its margin owing to inflation in various operating costs and shrinking market demand. As a result, the segment recorded an interim loss of HK\$29,854,000 (1H FY2012: HK\$26,467,000).

All motor production lines have now been relocated to the Group's lower-cost facility bases in Shaoguan (韶關) and Shixing (始興). The relocation and centralisation of the production lines have begun to result in the benefits of efficiency gains, to some extent, but the cost-saving effect has yet to be fully reflected.

The resources development segment's external turnover in 1H FY2013 demonstrated a 439.6% year-on-year increase to HK\$23,480,000 (1H FY2012: HK\$4,351,000) and incurred a loss of HK\$33,810,000 (1H FY2012: HK\$21,691,000). The segment loss was mainly due to soft market prices of antimony which have been on a general decline trend since May 2012 and the incurrence of operating expenses in the natural resources development projects at their stage of investment.

The application for the award of the exploitation licence for the designated Jinshi Exploitation Area has made some satisfactory progress. It is expected to have an exploitation licence awarded conferring exploitation rights to the Group for extracting

lead, zinc and other minerals, with a planned production capacity of 60,000 tonnes of ore per annum and an expected service term of approximately six years, with total resources/reserves of 363,000 tonnes of ores.

In preparation for production when the relevant exploitation licence is granted, the Group has started to process through out-sourcing the by-product ores derived from exploration work on a trial basis so as to obtain information including, inter alia, the recovery ratios of different types of metal concentrates yielded.

Notwithstanding the year-on-year improvement of the interim performance, the Group remains highly cautious as to whether this trend of improvement could be sustained throughout the financial year as a whole, given the current volatile business environment in general.

As at 30 September 2012, the Company had aggregate cash in hand of HK\$273 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 kept at 28.1% (31 March 2012: 30.7%).

Financial Highlights

| | Six months ended 30 September | |
|---|-------------------------------|------------------------------|
| | 2012 | 2011 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Turnover | 1,031,629 | 888,977 |
| Electrical and electronic products | 710,212 | 534,025 |
| Motors (sales to external customers only) | 254,695 | 302,673 |
| Other manufacturing activities | 43,242 | 47,928 |
| Resources development | 23,480 | 4,351 |
| Net profit/(loss) attributable to owners of the Company | 39,367 | (21,087) |
| Segment results from operating activities | | |
| Electrical and electronic products | 102,267 | 43,541 |
| Motors | (29,854) | (26,467) |
| Other manufacturing activities | 1,399 | 510 |
| Resources development | (33,810) | (21,691) |
| Dividend | - | <i>Interim</i> |
| Basic earnings/(Loss) per share | HK9.40 cents | HKnil cent HK(5.04) 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.

Issued by: Kin Yat Holdings Limited
 Through: t6.communications limited
 Jenny Lee or Joey Chow
 tel : (852)2511 8388 / fax : (852)2511 8238 / email : kinyat@t6pr.com