



**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**

### **Net profit for six months to Sep 2013 declined on impairment expenses**

Financial Highlights:

- Turnover remained stable at HK\$1,039,384,000 (1H FY2013: HK\$1,031,629,000).
- Reported a profit attributable to owners of the Company of HK\$18,591,000 (1H FY2013: HK\$39,367,000).
- Cash in hand of HK\$225,000,000 (30 September 2012: HK\$273,000,000).
- Current ratio maintained at healthy position of 1.3 times (30 September 2012: 1.6 times).
- Gearing ratio at 23.4% (30 September 2012: 28.1%).

**Hong Kong, 28 November 2013** – Artificial intelligence appliances, toys and motors manufacturer Kin Yat Holdings Limited (HKEx: 638) reported a profit attributable to owners of the Company of HK\$18,591,000 for the six months ended 30 September 2013 (“1H FY2014”) (1H FY2013: HK\$39,367,000). This 52.8% year-on-year decline was mainly attributable to the absence of a one-off gain on disposal of subsidiaries of HK\$20,760,000 (before tax) as recorded in 1H FY2013; as well as the inclusion in 1H FY2014 of the expense of HK\$15,530,000 (1H FY2013: Nil) for the write-off of obsolete assets in relation to the manufacturing business and the impairment of property, plant and equipment in relation to the slower-than-expected materials development business.

Basic earnings per share were HK4.44 cents (1H FY2013: HK9.40 cents). The Group did not declare an interim dividend (1H FY2013: nil) for the period.

With segment losses incurred by the motors and resources development operations narrowing, the overall operating results for the period showed a moderate improvement.

The Group’s turnover remained stable at HK\$1,039,384,000 for 1H FY2014 (1H FY2013: HK\$1,031,629,000), as a result of steady revenues from core manufacturing activities and sales generated from the natural resources development business.

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

Kin Yat Chairman Mr Raymond Cheng Chor Kit said: “One major business development of the electrical and electronic products segment during the period was its admission as a manufacturer under Apple’s MFi program, enabling it to develop electronic accessories for iDevices using licensed technology. The licensing validates the capability of our staff team and the technical competence of our production facilities. We believe that this program can advance our production technology into more high-end devices and to signify and mark the progress of the achievement of the Group’s new levels of capability.”

Despite economic headwinds, the electrical and electronic products segment reported a stable level of external turnover at HK\$735,074,000 (1H FY2013: HK\$710,212,000), delivering a segment profit of HK\$96,679,000 (1H FY2013: HK\$102,267,000). The first half saw an increase in orders for the robotic vacuum cleaner business lines, whereas there was a drop in toys sales due to weak market sentiments in the toys sector.

The electronic products line kick-started some new projects for newly engaged customers in 1H FY2014 with satisfactory results. While the scale of orders from these new customers was relatively small during the first half, the segment is confident of deriving more fruitful results from these projects in the second half. The Group also expects to see the commencement of sales for more new customers within this financial year.

Apart from the vacuum cleaner product line, the segment is expanding into other robotic products with deliveries scheduled to begin in the second half. The segment is working with its client to develop new product series for 2014 and 2015. Development work is currently actively under way.

With a robust order book and highly positive business developments, the segment is optimistic about the second half and the coming few years. This segment will continue to be a key source of cash flow contribution to the Group.

During 1H FY2014, motor segment external turnover grew 9.3% year-on-year to HK\$278,267,000 (1H FY2013: HK\$254,695,000). While the segment was under the negative impact of rising wages and the appreciation of the Renminbi, it was able to offset part of the pressure with an improvement in the efficiency of AC motors operations following the completion of relocation of all facilities from higher-cost sites to the more cost-effective facility base in Shaoguan and Shixing, Guangdong Province, the PRC.

As a result, the motor segment's interim loss narrowed to HK\$18,909,000 (1H FY2013: HK\$29,854,000). The segment expects to sustain the path of performance improvement into the second half, but has yet to achieve a turnaround for the whole year.

The Group is newly engaged in the real estate development business in the PRC, in relation to the development of residential and commercial properties in a project located at Dushan Economic Development Zone (獨山經濟開發區), Dushan County, Guizhou Province, the PRC. "*The Royale Cambridge Residences*" is planned to be a low-density residential project with an expected saleable floor area of approximately 57,810 square metres (excluding underground structures) for residential units and approximately 15,377 square metres for the auxiliary commercial properties. The Group aims at launching the pre-sale of the phased residential units next year.

The resources development segment's external turnover in 1H FY2014 decreased 67.8% year-on-year to HK\$7,562,000 (1H FY2013: HK\$23,480,000) with a segment loss of HK\$30,262,000 (1H FY2013: HK\$33,810,000). The decrease in turnover was mainly attributable to reduced processing and trading activities for antimony mineral products in the natural resources development business. However, the segment's operating loss significantly narrowed before the inclusion of an expense of HK\$11,869,000 (1H FY2013: Nil) for the impairment of property, plant and equipment in relation to the materials development business.

The non-manufacturing unit remains a strategic platform for the Group to achieve long-term growth and performance by rebalancing the business portfolio away from the cyclical economic and industry fluctuations of the manufacturing operations.

However, as the natural resources development projects have been faced with various uncertainties and challenges, the Group will remain prudent in further investments in these projects.

As at 30 September 2013, the Company had aggregate cash in hand of HK\$225 million (30 September 2012: HK\$273 million). Current ratio was maintained at a healthy position of 1.3 times (30 September 2012: 1.6 times) with gearing ratio kept at 23.4% (30 September 2012: 28.1%).

## Financial Highlights

	Six months ended 30 September	
	<b>2013</b>	2012
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	<b>1,039,384</b>	1,031,629
Electrical and electronic products	<b>735,074</b>	710,212
Motors (sales to external customers only)	<b>278,267</b>	254,695
Other activities	<b>18,481</b>	43,242
Resources development	<b>7,562</b>	23,480
Net profit attributable to owners of the Company	<b>18,591</b>	39,367
Segment results from operating activities		
Electrical and electronic products	<b>96,679</b>	102,267
Motors	<b>(18,909)</b>	(29,854)
Other activities	<b>(3,585)</b>	1,399
Resources development	<b>(30,262)</b>	(33,810)
Dividend	- <i>Interim</i>	HKnil cent
Basic earnings per share	<b>HK4.44 cents</b>	HK9.40 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 the non-manufacturing sector by participating in non-ferrous metals exploration, materials development and real estate development.

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