



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 2014 up 4.7%;
Growth led by electrical and electronic products segment**

Financial Highlights:

- Turnover increased 21.4% to HK\$1,261,741,000 (1H FY2014: HK\$1,039,384,000).
- Reported a profit attributable to owners of the Company of HK\$19,467,000 (1H FY2014: HK\$18,591,000).
- Current ratio maintained at healthy position of 1.2 times (31 March 2014: 1.2 times).
- Gearing ratio at 23.2% (31 March 2014: 22.3%).

Hong Kong, 26 November 2014 – Kin Yat Holdings Limited (HKEx: 638), which is engaged in artificial intelligence appliances, toys and motors manufacturing, as well as real estate development businesses, today reported a profit attributable to owners of the Company of HK\$19,467,000 for the six months ended 30 September 2014 (“1H FY2015”) (1H FY2014: HK\$18,591,000). Basic earnings per share were HK4.65 cents (1H FY2014: HK4.44 cents). The Group did not declare an interim dividend (1H FY2014: nil) for the period.

The growth in net profit was mainly driven by higher production efficiency and increased turnover from the manufacturing business category as well as narrowed losses incurred by the motors operations, which were more than offset the negative impact from the unsatisfactory operating conditions in the resources development business segment. In 1H FY2015, there was an expense of HK\$54,537,000 (1H FY2014: HK\$11,869,000) for the impairment and write-off of assets in relation to the resources development business segment.

The Group’s turnover increased by 21.4% year-on-year to HK\$1,261,741,000 for 1H FY2015 (1H FY2014: HK\$1,039,384,000), mainly contributed by increased sales from the manufacturing businesses.

The Group’s operations are organised into five business segments under two categories. The manufacturing business category comprises three research-and-development-based production disciplines: electrical and electronic products, motors, and other manufacturing activities. The non-manufacturing category, on the other hand, is made up of the resources development and real estate development operations.

With the help of expanded production facilities and a strong order book, the core electrical and electronic products business segment’s external turnover grew 23.8% year-on-year to HK\$909,863,000 (1H FY2014: HK\$735,074,000). Segment profit also delivered 19.7% year-on-year growth to HK\$115,718,000 (1H FY2014: HK\$96,679,000) on enhanced productivity, benefiting from increased capacity and the LEAN manufacturing system.

The order book for the robotic vacuum cleaner product line remained strong in 1H FY2015. The segment has planned well ahead in preparation for the anticipated order growth with new capacity in Shenzhen coming on stream since September 2013. The

smooth operation of the new facilities, together with the furthering of the LEAN system, has helped raise the segment's overall production efficiency and reduce wastage.

With good production planning and a higher level of automation, the segment was able to mitigate the problem of labour shortage as experienced in the same period last year.

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, which will command the highest price point within the current portfolio, will help the segment extend its product line further into the upper end. The segment is confident that the launch of this new product series will have the potential to move the market in the next couple of years.

In addition to the robotic vacuum cleaner series and the toys line, the segment has sought to further diversify its business by developing new products for other sectors. To this end, the segment has succeeded in soliciting new orders for baby care products.

Driven by higher productivity and a gradual shift towards higher-value products, the motors segment's external turnover increased 17.7% year-on-year in 1H FY2015 to HK\$327,618,000 (1H FY2014: HK\$278,267,000). The segment was able to improve its gross profit margin against a backdrop of stabilising raw material prices, despite the continuing trend of rising wages in the PRC. As a result, the segment's interim loss narrowed to HK\$5,184,000 (1H FY2014: loss HK\$18,909,000) including provision for preliminary setup costs for the new production facility in Guizhou Province, the PRC.

The Group is currently engaged in real estate development activities in the PRC, with a focus on the development of a residential and commercial property project located at Dushan Economic Development Zone, Dushan County, Guizhou Province, the PRC.

In its first stage of development, a top-end low-density residential property, *The Royale Cambridge Residences*, will be rolled out in phases with an aggregate saleable floor area of approximately 75,000 square metres, together with auxiliary commercial property of approximately 12,000 square metres.

As sales have yet to commence, the segment incurred a loss of HK\$4,038,000 (1H FY2014: loss of HK\$3,539,000) which primarily reflected the administrative expenses of the operations during the period.

Kin Yat Chairman Mr Raymond Cheng Chor Kit said: "Overall, we are confident of the long-term prospects of our development in the core manufacturing category, and will reduce the scale of the operation of the non-manufacturing activities in an orderly manner. FY2015 will not be without challenges, but our management and staff teams are committed to overcoming the difficulties they face, and to exploring and thriving on the growth opportunities ahead."

As at 30 September 2014, the Company's current ratio was maintained at a healthy position of 1.2 times (31 March 2014: 1.2 times) with gearing ratio kept at 23.2% (31 March 2014: 22.3%).

Financial Highlights

Six months ended 30 September

2014 2013
HK\$'000 **HK\$'000**

Turnover	1,261,741	1,039,384
Electrical and electronic products	909,863	735,074
Motors (sales to external customers only)	327,618	278,267
Other manufacturing activities	8,579	18,481
Resources development	15,681	7,562
Real estate development	Nil	Nil
Net profit attributable to owners of the Company	19,467	18,591
Segment results from operating activities		
Electrical and electronic products	115,718	96,679
Motors	(5,184)	(18,909)
Other manufacturing activities	1,069	(46)
Resources development	(62,149)	(30,262)
Real estate development	(4,027)	(3,539)
Dividend per share - Interim	Nil	Nil
Basic earnings per share	HK4.65 cents	HK4.44 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 non-manufacturing sector by participating in real estate development and natural resources development and materials development.

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