



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 surged 69.7% in six months to September 2016

On strong robotic manufacturing business

Financial Highlights:

- Turnover up 2.2% to HK\$1,249,863,000 (1H FY2016: HK\$1,223,138,000).
- Profit attributable to equity holders of the Company surged 69.7% to HK\$70,755,000 (1H FY2016: HK\$41,695,000).
- Current ratio maintained at healthy position of 1.4 times (31 March 2016: 1.2 times).
- Gearing ratio at 36.8% (31 March 2016: 22.0%).

Hong Kong, 28 November 2016 – Kin Yat Holdings Limited (00638.HK), which is principally engaged in artificial intelligence (AI) appliances and motors manufacturing, today announced that during the six months ended 30 September 2016 (“1H FY2017”), the Group posted a profit attributable to equity holders of the Company of HK\$70,755,000 (1H FY2016: HK\$41,695,000), a year-on-year increase of 69.7%. The increase in profit was mainly attributable to the improvements in the operating results of the electrical and electronic products and motors segments, together with the recognition of certain subsidy income during 1H FY2017.

Basic earnings per share also went up by 69.6% to HK16.88 cents (1H FY2016: HK9.95 cents). The Group declared an interim dividend of HK5.0 cents per share (1H FY2016: Nil) for the period. The Board has also approved to pay a special dividend of HK15.0 cents per share to commemorate the 20th anniversary of the listing of the Company in Hong Kong and in view of the satisfactory interim results for 1H FY2017.

Turnover was up by 2.2% year-on-year to HK\$1,249,863,000 (1H FY2016: HK\$1,223,138,000).

Kin Yat Holdings Chairman and CEO Mr. Cheng Chor Kit said: “With stabilising labour costs and depreciating Renminbi, the general operating environment in Mainland China is becoming more favourable to the manufacturing sector. We are equipped with a highly automated setup to stay relevant in the new era of robotic manufacturing. We are optimistic that our manufacturing business category is well positioned to enjoy more upside going forward.”

The electrical and electronic products business segment’s external turnover for 1H FY2017 gained 0.3% year on year to HK\$871,257,000 (1H FY2016: HK\$868,987,000), on the back of higher business volume and an output of higher average value. Segment profit increased to HK\$94,381,000 (1H FY2016: HK\$81,367,000). Profit margin has improved partly owing to a further advance of the segment’s product portfolio towards higher technology and value-added content.

On the solid foundation of robotic manufacturing, the segment ventured into the research and development of a new IoT product series during FY2016. The new products feature connectivity with smartphones and virtual reality/augmented reality (VR/AR) technology. During 1H FY2017, IoT products were put into production and shipment. A few new devices are currently under development for production in the second half of the year.

The IoT products now under production were developed jointly with clients in the technological arena, but the segment is extending its business development efforts for this new product line. While it is actively building a new client base, the segment is also pitching IoT orders from its existing robotic appliances and toys customers.

The AI robotic products category also recorded growth in its order book as well as in the product range. The segment continued to drive growth from the vacuum cleaning robot series, which has gained market prominence in export and Mainland domestic markets. Additionally, it has worked with the client to develop new product variety other than vacuum cleaning robot to maximise the use of its automated production setup and capability in robotic manufacturing.

Along with its strategy of moving towards higher-value-adding manufacturing, the segment has gradually phased out or outsourced the production of basic toy items. The toys line will thus be focused on high-value technology-based production.

The electrical and electronic products business segment strives to maintain a stable order book for the second half of the year. As the segment enters the new robotic manufacturing era, management continues to hold an optimistic outlook of the earnings contribution of this core business.

Motors segment's turnover increased by 7.2% year on year to HK\$378,594,000 (1H FY2016: HK\$353,261,000) on a robust order book for direct-current (DC) motors. Benefitting from efforts to consolidate and relocate the facilities to a lower-cost production base, and as a result of effective operating cost control and relatively stable material costs, the segment has successfully turned around its results and achieved an operating profit of HK\$10,510,000 (1H FY2016: loss of HK\$5,933,000) during the first half of the year.

In view of the growing sales orders of DC motors, the segment will continue to expand the production scale of the factories in Shixing and Dushan. Efforts have also been ongoing to increase automation in both plants. Management is much encouraged by the turnaround of this segment and holds a cautiously optimistic view of its ongoing performance.

While the manufacturing business category's sales to export markets may be affected by the United States' more aggressive trade policy, its domestic sales have registered substantial growth. This shift in geographical mix will hopefully help to mitigate the impact of more restrictive trade measures in future.

With increasing confidence in the development of Dushan in the medium term, the Group, through the real estate development business segment, entered into a non-legally-binding letter of intent ("LOI") on 30 September 2016 with the 貴州獨山經濟開發區管理委員會 (English translation: Guizhou Dushan Economic Development Zone Management Committee) (the "Dushan EDZ Administration").

Pursuant to the LOI, the real estate segment is in the process of achieving workable deals to sell 100 units of *The Royale Cambridge Residences*, to develop a residential project with a saleable area of not less than 600,000 square metres for Shanty-town Reformation Project, and co-develop with the Dushan EDZ Administration a property development project of a landmark super high-rise commercial and luxury 5-star hotel complex in Dushan County.

As at 30 September 2016, the Company had aggregate cash in hand of HK\$339 million (31 March 2016: HK\$212 million). Current ratio was maintained at a healthy position of 1.4 times (31 March 2016: 1.2 times) with gearing ratio standing at 36.8% (31 March 2016: 22.0%).

Financial Highlights

	Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Turnover (Sales to external customers only)	1,249,863	1,223,138
Electrical and electronic products	871,257	868,987
Motors	378,594	353,261
Resources development	12	890
Real estate development	Nil	Nil
Net profit attributable to equity holders of the Company	70,755	41,695
Segment results from operating activities		
Electrical and electronic products	94,381	81,367
Motors	10,510	(5,933)
Resources development	(1,937)	(4,429)
Real estate development	(3,053)	(3,686)
Dividend per share - Interim	HK5.0 cents	Nil
- Special	HK15.0 cents	Nil
Basic earnings per share	HK16.88 cents	HK9.95 cents

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About Kin Yat Holdings Limited

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

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