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 year to March 2010 increased 78% to record high

Financial Highlights:

- Profit attributable to shareholders increased 77.7% to a record high of HK$158,567,000.
- Turnover and attributable profit achieved 5-year CAGR of 16.4% and 27.6% respectively.
- HK8.0 cents final dividend, together with the interim dividend, results in a payout ratio of 34%.
- 5-year average annual return on shareholders' equity of 13.7%.
- Aggregate cash on hand of HK$360,020,000 (FY2009: HK$179,163,000).
- Current ratio maintained at healthy position of 2.5 times (31 March 2009: 2.8 times).
- Gearing ratio maintained at relatively low level of 0.08 time (31 March 2009: 0.11 time).

Hong Kong, July 27, 2010 – Toys, Artificial intelligence appliances and motors manufacturer Kin Yat Holdings Limited (HKEx: 638) announced that during the year ended 31 March 2010, profit attributable to equity holders increased 77.7% to a record high of HK$158,567,000. Beginning FY2009, the Group has taken advanced measures to control production cost, increase the level of automation, optimise sourcing and procurement procedures, improve production and supply chain efficiencies, integrate low-efficiency operations and adjust product mix. As a result, improvements in segmental gross profit margins and results (albeit to varying degrees) were recorded for all manufacturing businesses. Basic earnings per share for the year were HK38.52 cents, up 76.5% year on year. The Group declared a final dividend of HK8.0 cents (FY2009: HK4.0 cents), which together with the interim dividend of HK5.0 cents represents a payout ratio of 34% (FY2009: 39%).

Consolidated turnover decreased 8.2% to HK$1,445,904,000 amidst declining global demand. In light of a softening demand and the rising material, wage and other costs, the Group has acted well ahead to maintain effective cost controls, thereby achieving profit growth against a revenue decrease.

During the five financial years to FY2010, the Group's turnover and profit attributable to equity holders achieved compounded annual growth rates (CAGR) of 16.4% and 27.6% respectively. The five-year average annual return on shareholders' equity was 13.7%. The Group will continue to strive for stable growth in order to bring fruitful returns to shareholders.

The Group operates four major business segments, namely the electrical and electronic products, motors, feature plush and wooden toys, and resources development businesses. During the year, electrical and electronic products contributed 70.6% of total turnover (FY2009: 72.8%), while the motor business accounted for 26.1% (FY2009: 20.1%), and the feature plush and wooden toys business generated 3.0% of total turnover (FY2009: 6.9%). The resources development business, which is under active development, reported external turnover of HK$3,807,000 or 0.3% (FY2009: 0.2%) of Group total.

Kin Yat Chairman Mr Raymond Cheng Chor Kit said: "Building on the Group's competitive strengths, including its modernised management model, years of experience in multi-function mechanical design, production technology and research and development capabilities, as well as the geological expert team in the natural resources sector, the management is committed to vertical and horizontal integration. We are also on the lookout for quality acquisition prospects in order to optimise our overall business and individual product portfolios, thereby mitigating the impact of cyclical economic and industry fluctuations to achieve stable long-term growth."

Orders for toys continued to be driven by the success of blockbuster movies, and the production volume of artificial-intelligence (AI) vacuum-cleaning robots jointly developed with iRobot Corportation remained relatively stable. The Group has also made efforts to broaden its product mix and customer base, including the development of a new line of healthcare equipment. As such, the Group has already started to construct production facilities at its Shaoguan production site to accommodate additional equipment. On the other hand, the Group will actively expand the sales of small home appliances in the PRC in order to expand its customer base and to increase RMB income sources.

Following the completion of the acquisition of productive assets for motors in February 2009, the Group completed the acquisition of the remaining 10% interest in Standard Motor during the year. This enables the Group to further integrate all existing motor operations to provide on-stop services for customers. The Group is expanding the segment's production capacity in Shaoguan and Dongguan by 30%. The Group has also broadened its product portfolio and entered into an agreement to acquire the productive assets for motor encoder film/media and systems located in Johor Bahru, Malaysia.

The manufacturing of DC motors under the "Smart Motor" brand has been in full operation during the year. Since the second half of the year, orders have begun to filter through following the achievement of related accreditations by the newly acquired facilities. This, coupled with clients' restocking requirements, has driven a year-on-year increase in segmental turnover of the motor business.

The resources development business has made remarkable progress during the year. An exploitation license for the lead and zinc polymetallic ore mine located in Jiangjuncha, Lantian County, Shaanxi Province, in which the Group owns 70% interest, was approved in May 2010, with the planned production capacity of 60,000 tonnes of ore per annum for an expected service term of approximately six years in respect of the total resources/reserves of 363,000 tonnes of ores therein. The Group is accelerating the progress of the exploitation work. It intends to identify acquisition opportunities for an existing ore processing plant while continuing to evaluate the option of constructing its own plant in order to realise the potential contribution from the resources development segment as soon as possible.

Mr Cheng concluded: "While strengthening and expanding the existing manufacturing businesses, the Group will continue to work on its non-manufacturing business. Our own geological expert team is actively pursuing business expansion opportunities. During the year, the team has studied more than 20 natural resources projects. We expect to at least add one exploration project to our portfolio in the near future."

As at March 31, 2010, the Company had aggregate cash on hand of HK$3.60 million (FY2009: HK$1.79 million). Current ratio was maintained at a healthy position of 2.5 times (March 31, 2009: 2.8 times). Gearing ratio was kept at a relatively low level of 0.08 time (March 31, 2009: 0.11%).

Financial Highlights

			Year ended March 31,	
			2010	2009
			HK$'000	*HK$'000*
Turnover			**1,445,904**	1,574,220
Electrical and electronic products			**1,020,387**	1,145,893
Motors (sales to external customers only)			**378,262**	315,677
Feature plush and wooden toys			**43,448**	109,314
Resources development			**3,807**	3,336
Net profit attributable to equity holders of the Company			**158,567**	89,238
Segment results from operating activities				
Electrical and electronic products			**194,670**	143,425
Motors			**28,878**	515
Feature plush and wooden toys			**4,497**	7,299
Resources development			**(29,314)**	(11,050)
Dividend per share	-	*Final*	**HK8.0 cents**	HK4.0 cents
	-	*Interim*	**HK5.0 cents**	HK4.5 cents
Earnings per share	-	*Basic*	**HK38.52 cents**	HK21.83 cents
	-	*Diluted*	**HK38.32 cents**	HK21.82 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 toy, smart home appliances and motor manufacturing businesses, all based on its robust R&D and production platform in Shenzhen and Shaoguan, China. 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.

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