



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 record high turnover in year to March 2011

Financial Highlights:

- Turnover increased 19.1% yoy to HK\$1,722,788,000 (FY2010: HK\$1,445,904,000).
- Profit attributable to owners of the Company decreased to HK\$114,381,000 (FY2010: HK\$158,567,000).
- Final dividend of HK4.5 cents (FY2010: HK8.0 cents).
- Cash in hand of HK\$215,000,000 (30 September 2010: HK\$264,000,000).
- Current ratio maintained at healthy position of 1.63 times (30 September 2010: 1.94 times).
- Gearing ratio maintained at low level of 16.5% (30 September 2010: 10.0%).

Hong Kong, 28 June 2011 – Toys, artificial intelligence appliances and motors manufacturer Kin Yat Holdings Limited (HKEx: 638) yesterday announced record high sales for the year ended 31 March 2011. Turnover increased 19.1% year on year to a record high of HK\$1,722,788,000 (FY2010: HK\$1,445,904,000) on the back of strong sales for its robotic cleaner and motor product lines, while momentum of its resources development business also took a great leap with the pursuit of new activities.

Profit attributable to owners of the Company was HK\$114,381,000 (FY2010: HK\$158,567,000), 27.9% lower year on year. Basic earnings and diluted earnings per share for the year were HK27.34 cents and HK27.29 cents respectively (FY2010: HK38.52 cents and HK38.32 cents respectively), reducing year on year by 29.0% and 28.8% respectively. The Group declared a final dividend of HK4.5 cents (FY2010: HK8.0 cents).

The Group's earnings in FY2011 were mainly generated by manufacturing businesses, which have been contending with ballooning labor, raw materials and power costs, as well as a strengthening Renminbi against the US Dollar and weakened consumption. The profitability of the Group was inevitably affected.

Kin Yat Chairman Mr Raymond Cheng Chor Kit said: "Amidst such challenges, our strategy is to continue efforts in furthering productivity and expertise, and expanding business horizons in order to move up the value chain. Our multi-year initiative to evolve into a well-balanced portfolio of business activities, which best leverages our strengths and helps us exploit further opportunities as they arise, also helps us to ride out market turbulence."

The Group operates four major business segments, including the three research-and-development-based industrial disciplines of electrical and electronic products, motors and other manufacturing activities, as well as the resources development operations as an additional driver of growth.

During the year, electrical and electronic products contributed 64.2% of total turnover (FY2010: 70.6%), while the motor business accounted for 32.2% (FY2010: 26.1%), and the other manufacturing activities generated 3.0% of total turnover (FY2010: 3.0%). The resources development segment contributed 0.6% (FY2010: 0.3%) of total turnover.

The electrical and electronic products business segment's external turnover advanced 8.4% to HK\$1,105,982,000 during FY2011 (FY2010: HK\$1,020,387,000) on the back of

strong demand for its AI line of cleaners and food blenders. The segment profit declined by 14.2% to HK\$167,045,000 (FY2010: HK\$194,670,000).

The order book for the line of vacuum-cleaning robots remained robust with further advances into the European Union and Asian markets. Further, a new series of vacuum cleaning robot has gone into production in May 2011. This new series will surely have a positive impact on the performance of this segment in FY2012.

To capture the growth prospects arising from the new collection of robotic cleaners in the coming year, the Group has committed resources and investments to expand both its capacity and capability in this respect.

The motors segment has achieved substantial scale and capability advancements following the successful incorporation of the acquired productive assets into the existing motors operation. The segment now develops, designs and manufactures a wide range of micro-electric motors and related products, ranging from direct-current (“DC”), alternative-current (“AC”) motors and brushless motors to motor encoder systems.

Motor segment’s external turnover during the year was 46.6% higher year on year at HK\$554,567,000 (FY2010: HK\$378,262,000), delivering a segment profit of HK\$6,175,000 (FY2010: HK\$28,878,000), a 78.6% decrease, partly caused by the AC motor business and also owing to the wage and material price hikes. The Group has responded proactively to the operating challenges by gearing up its research-and-development competence.

A breakthrough has been achieved in the motor segment’s automotive sector business. Being one of the sizeable motor producers in mainland China equipped with the capability to manufacture automotive motors, the Group commands a strong niche in this sector. It aims to tap further into the sector’s demand by furthering business development efforts targeting South Korean and Japanese clients.

The resources development business segment continued to serve as the strategic platform for the Group to achieve long-term growth and performance. The segment has taken major steps to enhance the product quality and production capacity of the Indium Tin Oxide Target business, while working to expand its natural resources development business horizon to span from exploration, exploitation, ore processing and refining to downstream processing, and from the PRC to Southeast Asia, in a bid to pave the way for enhancing results.

Exploration works continued at the 27-sq-km Jinshi Exploration Area in the lead and zinc polymetallic ore mine in Xian City, Shaanxi Province, the PRC, with new works undertaken in three other strategic locations within the Jinshi Exploration Area, leading to satisfactory and encouraging results.

An additional 18-sq-km exploration area was secured at a lead, zinc and iron ore mine in Wengyuan County, Shaoguan City, Guangdong Province, the PRC as the acquisition was finalised in January 2011. Sufficient exploration works had been carried out in the Wengyuan Polymetallic Mine enabling the Group to apply for an exploitation licence thereof.

Plans to expand the segment further into Southeast Asia are also underway. After giving due consideration to the potential of natural resources development business in Laos, a formal application was submitted in May 2011 to the relevant government bodies in relation to the exploration rights for copper in an area of 194 sq km and for iron in an area of 208 sq km. Approval for the exploration rights is expected in the second half of 2011.

The Group aims to obtain the exploitation licence in relation to Xian Polymetallic Mine before the end of 2011. As regards the Wengguan Polymetallic Mine, the Group is in the process of preparing the required documentation for obtaining the exploitation licence with an expected completion date by late 2011 or early 2012.

The Group has also been engaged in negotiations with respect to the acquisition of certain tin mines in Laos with existing exploitation licences. Other plans have been underway to establish ore processing, refining and downstream processing operations in Guizhou Province, the PRC.

As at 31 March 2011, the Company had aggregate cash in hand of HK\$215 million (30 September 2010: HK\$264 million). Current ratio was maintained at a healthy position of 1.63 times (30 September 2010: 1.94 times). Gearing ratio was kept at a low level of 16.5% (30 September 2010: 10.0%).

Financial Highlights

	Year ended 31 March	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,722,788	1,445,904
Electrical and electronic products	1,105,982	1,020,387
Motors (sales to external customers only)	554,567	378,262
Other manufacturing activities	52,068	43,448
Resources development	10,171	3,807
Net profit attributable to owners of the Company	114,381	158,567
Segment results from operating activities		
Electrical and electronic products	167,045	194,670
Motors	6,175	28,878
Other manufacturing activities	(3,223)	4,497
Resources development	(16,902)	(29,314)
Dividend per share		
- Yearly	HK9.0 cents	HK13.0 cents
- <i>Final</i>	HK4.5 cents	HK8.0 cents
- <i>Interim</i>	HK4.5 cents	HK5.0 cents
Earnings per share		
- <i>Basic</i>	HK27.34 cents	HK38.52 cents
- <i>Diluted</i>	HK27.29 cents	HK38.32 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 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.

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