



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

Reports strong sales growth in half year ended September 2010

Financial Highlights:

- Turnover increased 22.4% yoy to HK\$966,726,000 (FY2010: 789,853,000).
- Profit attributable to owners of the Company decreased to HK\$79,988,000 (FY2010: HK\$90,430,000).
- Interim dividend of HK4.5 cents (FY2010: HK5 cents).
- Cash in hand of HK\$264,361,000 (31 March 2010: HK\$360,020,000).
- Current ratio maintained at healthy position of 1.94 times (31 March 2010: 2.5 times).
- Gearing ratio maintained at low level of 0.1 time (31 March 2010: 0.08 time).

Hong Kong, 26 November 2010 – Toys, artificial intelligence appliances and motors manufacturer Kin Yat Holdings Limited (HKEx: 638) announced strong sales growth for the six month ended 30 September 2010. Turnover increased 22.4% year on year to HK\$966,726,000 (FY2010: HK\$789,853,000), substantially driven by sales growth in both the electrical and electronic products and motors segments.

The Group's results in the first half of 2011 were mainly derived from manufacturing businesses, the gross profit margins of which were inevitably affected by the escalating manufacturing costs on the mainland. The profit attributable to owners of the Company decreased to HK\$79,988,000 (FY2010: HK\$90,430,000). Basic earnings per share for the year were HK19.13 cents (FY2010: HK22.12 cents). The Group declared an interim dividend of HK4.5 cents (FY2010: HK5.0 cents).

Kin Yat Chairman Mr Raymond Cheng Chor Kit remarked: "As part of the measures to alleviate the increase in production costs, the Group has strived to increase both the selling prices and sales volume so as to compensate for the decrease in margins. We are also actively exploring and developing new business opportunities particularly in natural resources development segment. We maintain high confidence in our multi-pillar business strategy, which shall produce a well balanced revenue portfolio to deliver long-term return and growth to shareholders."

The Group currently operates four major business segments, including the three industrial disciplines of electrical and electronic products, motors, and feature plush and wooden toys, as well as the resources development operations as the new growth driver.

During the first half, electrical and electronic products contributed 64.8% of total turnover (FY2010: 70.4%), while the motor business accounted for 31.7% (FY2010: 25.5%), and the feature plush and wooden toys business generated 3.1% of total turnover (FY2010: 3.9%).

During the period, mainland manufacturers generally continued to be under threat from surging material and labour costs and the appreciation of the Renminbi. For the Group, these factors have driven the manufacturing segments' gross margin down.

The electrical and electronics products segment reported a 12.8% increase in segment external turnover to HK\$626,620,000 (FY2010: HK\$555,648,000) whilst the segment profit was maintained generally at the same level at HK\$102,967,000 (FY2010: HK\$101,458,000). Sale growth was mainly driven by the line of AI vacuum-cleaning

robots which has made good progress in penetrating further into the European Union and Asian markets.

Alert to the challenges in the operating environment, Kin Yat has taken timely measures to mitigate the negative effects through constant enhancements in efficiency, automation and sourcing and procurement.

After the successful incorporation of the newly acquired productive assets into the motors operation, this business segment has not only expanded in scale but also in capability. It is now capable of developing, designing and manufacturing 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.

Motors segment's external turnover was 52.0% higher year on year at HK\$306,153,000 (FY2010: HK\$201,399,000), delivering segment profit of HK\$5,858,000 (FY2010: HK\$14,501,000), down 59.6%.

Taking into account the recovery in major markets, as well as an improved internal operational structure upon completion of the segment's reorganization, the Group maintains a positive outlook for the long-term prospects of the motors business.

For the lead and zinc polymetallic ore mine in Xian, Shaanxi Province, the PRC, exploitation license is expected to be obtained in early 2011. The Group has furthered the geological exploration work at three other strategic locations identified with mining prospects within the Xian exploration area. Preliminary exploration work in one of those three locations yielded satisfactory results with polymetal including relatively high gold content ore bodies discovered.

To speed up the exploitation work, the Group entered into a conditional agreement in September 2010 to acquire an ore processing plant in Xian. Upon completion of the acquisition expected to be in early 2011, the Group will expand the processing capacity of the plant and expects that by then the natural resources development business will have commenced generating revenue and cash flow contribution to the Group.

The Group is also in the process of forming a joint venture for the exploration of an area of approximately 18.16 square kilometers ("Wengyuan Exploration Area") located in Xin Jiang Town, Wengyuan County, Shaoguan City, Guangdong Province, the PRC (中國廣東省韶關市翁源縣新江鎮). The Group intends to own 70% of the joint venture company.

As at 30 September 2010, the Company had aggregate cash in hand of HK\$264 million (31 March 2010: HK\$360 million). Current ratio was maintained at a healthy position of 1.94 times (31 March 2010: 2.5 times). Gearing ratio was kept at a low level of 0.1 time (31 March 2010: 0.08 time).

Financial Highlights

Six months ended 30 September

2010 2009
HK\$'000 *HK\$'000*

Turnover		966,726	789,853
Electrical and electronic products		626,620	555,648
Motors (sales to external customers only)		306,153	201,399
Feature plush and wooden toys		29,955	30,961
Resources development		3,998	1,845
Net profit attributable to owners of the Company		79,988	90,430
Segment results from operating activities			
Electrical and electronic products		102,967	101,458
Motors		5,858	14,501
Feature plush and wooden toys		1,599	2,740
Resources development		(10,125)	(10,826)
Dividend	- <i>Interim</i>	HK4.5 cents	HK5.0 cents
Earnings per share	- <i>Basic</i>	HK19.13 cents	HK22.12 cents
	- <i>Diluted</i>	HK19.10 cents	HK22.11 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.

Issued by: Kin Yat Holdings Limited
Through: t6.communications limited
Jenny Lee or Angus Ho

tel : (852)2511 8388 / fax : (852)2511 8238 / email : enquiry@t6pr.com