



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

**Strong robotics and motors business growth in the year to March 2018
Final dividend HK7.0 cents**

Financial Highlights:

- Turnover increased 22.7% yoy to HK\$3,034,274,000 (FY2017: HK\$2,472,193,000).
- Posted a profit attributable to equity holders of HK\$149,821,000 (FY2017: HK\$196,375,000).
- Final dividend of HK7.0 cents (FY2017: HK5.0 cents).
- Cash in hand of HK\$216,656,000 (31 March 2017: HK\$289,018,000).
- Current ratio at 1.3 times (31 March 2017: 1.2 times).
- Gearing ratio at 45.9% (31 March 2017: 37.4%).

Hong Kong, 26 June 2018 – Kin Yat Holdings Limited (00638.HK), which is principally engaged in robotics, motors, IoT and VR/AR manufacturing, yesterday announced a consolidated turnover of HK\$3,034,274,000 for the year ended 31 March 2018 (“FY2018”), a 22.7% increase over the HK\$2,472,193,000 recorded for FY2017, driven by strong business growth of its manufacturing segments. The Group declared a final dividend of HK7.0 cents.

The Group posted a profit attributable to equity holders of the Company of HK\$149,821,000 during FY2018 (FY2017: HK\$196,375,000). Before inclusion of the recognition of subsidy income of HK\$69,840,000 (FY2017: HK\$14,825,000), write-back of impairment of properties under development of HK\$4,582,000 (FY2017: HK\$66,950,000), fair value gain on investment properties of HK\$4,935,000 (FY2017: loss of HK\$362,000), and gain on disposals of subsidiaries of HK\$10,126,000 (FY2017: loss of HK\$2,471,000), a profit (before non-controlling interests) of HK\$60,338,000 (FY2017: HK\$117,433,000) was reported.

The decline in earnings was mainly attributable to increases in Renminbi-denominated costs owing to the currency’s appreciation over the year and moderated gross profit margins of its manufacturing businesses, albeit mitigated by the improved operating results of the motors segment.

Basic earnings per share for the year were HK34.71 cents (FY2017: HK46.53 cents).

Kin Yat Holdings Chairman and CEO Mr Cheng Chor Kit said: “Kin Yat is an industrial enterprise with a focus on technology and innovation. We own the know-how and operate a smart industrial setup with excellent management capabilities while maintaining a strong track record and longstanding partnerships with international brands, all contributing to our success in the industrial arena. Over the past twelve months, much has been achieved in terms of business expansion and capability enhancement. We are confident of our ongoing business and earnings growth potential.”

Electrical and Electronic Products Segment

The electrical and electronic products business segment remained a core revenue and earnings contributor for the Group. Segment external turnover in FY2018 surged 23.3% to HK\$2,137,529,000 (FY2017: HK\$1,734,190,000), on a strong order book for AI robotic and entertainment] products. Operating profit moderated 19.1% to

HK\$136,225,000 (FY2017: HK\$168,292,000) owing to escalated Renminbi-denominated costs and reduced gross profit margins for certain products.

Stronger than expected business growth from the robotics section was achieved during the year. New products are currently under development, with three to four items ready for production in FY2019. At the same time, new robot products are being developed for other clients for more extensive usages, including for use underwater.

In view of the growth projections of the robotics line and already full capacity in Shenzhen, plans are underway to bring a portion of the robotics production to the new mega plant under construction in Dushan. This expansion plan has received local government support and preferential policy incentives, and is progressing smoothly.

The electronic entertainment products line was also able to secure sizeable new manufacturing projects related to VR gaming products for the coming years, awarded by a long-term customer which is a large-scale global play and entertainment company. These new projects will help the segment secure revenue jumps in FY2019 from this customer, with an expected increase of more than 100% over the average annual revenue generated from the company.

Motors Business Segment

The motors segment's external turnover increased substantially by 21.5% year-on-year to HK\$896,745,000 (FY2017: HK\$737,992,000) on a robust orders book. Segment profit also rose 75.8% to HK\$76,787,000 (FY2017: HK\$43,677,000).

Business growth during the year was mainly contributed by strong orders in the home and office appliances end-user sectors. This growth was achieved on the back of higher recognition and acceptance of the segment's brand and drive solutions. The segment has also been actively developing the automotive and transportation sector, which is expected to have remarkable increase in market share in terms of sales volume and value in motor drives in the next few years. It is anticipated that the segment will be able to generate substantial sales growth from the automotive and home appliance sectors in FY2019.

With investments made to equip the segment with increased capacity and a higher level of automation, the motors segment is well on its path towards a new phase of high growth.

New Industrial Base in Guizhou

In view of the surging costs now encountered in the Pearl River Delta, the Group has proactively explored the feasibility of expanding its production base further inland. In 2014, the Group took an early move to set up its first motors facilities in Dushan County, Guizhou Province.

With the support of and incentives provided by the local government, the Group's expansion in Guizhou Province has continued over the past few years. A mega plant is currently under construction by the government, with the Group's move-in and installation of equipment scheduled for the latter part of FY2019. The new addition is earmarked for the production of robotic vacuum cleaner (RVC) and entertainment products. It is foreseeable that the manufacturing segment will focus most of its future development in Guizhou Province.

As at 31 March 2018, the Company had aggregate cash in hand of HK\$217 million (31 March 2017: HK\$289 million). Current ratio stood at 1.3 times (31 March 2017: 1.2 times), with gearing ratio at 45.9% (31 March 2017: 37.4%).

Financial Highlights

	Year ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
Turnover	3,034,274	2,472,193
Electrical and electronic products	2,137,529	1,734,190
Motors	896,745	737,992
Real estate development	Nil	Nil
Resources development	Nil	11
Net profit attributable to equity holders of the Company	149,821	196,375
Segment results from operating activities		
Electrical and electronic products	136,225	168,292
Motors	76,787	43,677
Real estate development <i>(Note 1)</i>	(907)	61,673
Resources development	215	(7,823)
Dividend per share	-	Yearly
	-	<i>Final</i>
	-	<i>Interim</i>
	-	<i>Interim Special</i>
		HK10.0 cents
		HK7.0 cents
		HK3.0 cents
		Nil
Basic earnings per share		HK34.71 cents
		HK25.0 cents
		HK5.0 cents
		HK5.0 cents
		HK15.0 cents
		HK46.53 cents

Note 1: including write-back of impairment of properties under development of HK\$4,582,000 (FY2017: HK\$66,950,000)

To download this press release, please click <http://www.t6pr.com/> .

About Kin Yat Holdings Limited

Kin Yat Holdings Limited (00638.HK) is an industrial enterprise with a focus on technology and innovation. It specialises in the technology-driven production of electrical and electronic products, including robotics, Internet of Things ("IoT"), virtual reality/augmented reality ("VR/AR") and electronic entertainment items, along with a portfolio of motor drive solutions for a variety of applications. The Group also makes selective project investments in other sectors as opportunities arise.

Issued by: Kin Yat Holdings Limited
 Through: t6.communications limited
 Jenny Lee or Sharon Poon
 tel: (852)2511 8388 / fax: (852)2511 8238 / email: kinyat@t6pr.com