



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

15.7% profit growth in six months to September 2017

Reaffirming robust full-year outlook

Financial and Business Highlights:

- **Results**

- Turnover up 18.0% to HK\$1,474,683,000 (1H FY2017: HK\$1,249,863,000).
- Profit attributable to equity holders of the Company surged 15.7% to HK\$81,838,000 (1H FY2017: HK\$70,755,000).
- Interim dividend of HK3.0 cents (FY2017: HK5.0 cents).

- **Business**

- Sales growth of robotics, IoT and electronic entertainment products to sustain over next 3 years on active product development activities.
- Motors segment delivered solid performance and looks forward to a new phase of high growth in coming years.
- Real estate segment recorded steady pace of development, with final acceptance of Phase I residential units expected towards end of FY 2018.

- **Financials**

- Cash in hand of HK\$158,605,000 (31 March 2017: HK\$289,018,000).
- Current ratio at 1.3 times (31 March 2017: 1.2 times).
- Gearing ratio at 35.3% (31 March 2017: 37.4%).

Hong Kong, 29 November 2017 – Kin Yat Holdings Limited (00638.HK), which is principally engaged in robotics, motors and IoT manufacturing, as well as real estate development, announced yesterday that during the six months ended 30 September 2017 (“1H FY2018”), the Group achieved solid operating results and reaffirmed a healthy full-year outlook. The Group posted a profit attributable to equity holders of the Company of HK\$81,838,000 (1H FY2017: HK\$70,755,000), a year-on-year increase of 15.7%. The increase in profit was mainly attributable to results improvement of the motors segment, together with the recognition of certain subsidy income.

Basic earnings per share also went up by 13.0% to HK19.07 cents (1H FY2017: HK16.88 cents). The Group declared an interim dividend of HK3.0 cents per share (1H FY2017: 5.0 cents) for the period.

Turnover was up by 18.0% year-on-year to HK\$1,474,683,000 (1H FY2017: HK\$1,249,863,000).

Kin Yat Holdings Chairman and CEO Mr. Cheng Chor Kit said: “The Group reaffirms a promising full-year outlook based on strong performances on various business fronts. The electrical and electronic products segment is well on track to achieve its target of double-digit sales growth for the whole year, while the motors segment looks forward to a new phase of high growth over the next few years. Our industrial and real estate developments in Dushan have also been going smoothly, with the policy support of the local government.”

Driven by strong sales of AI robotic products and contribution of the new IoT series, the electrical and electronic products business segment’s external turnover grew 16.9% year-on-year to HK\$1,018,532,000 (1H FY2017: HK\$871,257,000). However, as Renminbi has appreciated by approximately 6% (from high to low) during the period, the

increase in Renminbi-based costs, including certain raw material and labour costs, has led to the decrease in segment profit to HK\$72,614,000 (1H FY2017: HK\$94,381,000).

The Group made further progress on robotics manufacturing during 1H FY2018. Apart from the robotic vacuum cleaning product series, which continued to record sales growth, the segment has extended to manufacturing of other indoor and outdoor products.

The IoT business line has created a dynamic mix of products. The current scope of development and production work falls into four major categories, namely smart home, healthcare wearable, STEM education, and online gaming. In particular, this business line is set to ride the trend of a smart home boom in the market.

The electronic entertainment product business line continues to be a core component of the segment. In collaboration with major international players, the segment is developing items that are tied to blockbuster movies.

The motors segment's external turnover showed a marked increase of 20.5% year-on-year to HK\$456,151,000 (1H FY2017: HK\$378,594,000) on a robust order for the DC motors line. Segment profit also improved significantly by 279.3% to HK\$39,869,000 (1H FY2017: HK\$10,510,000) helped by the focus on higher-margin DC motors business.

The segment further automated its production process, thereby helping to minimise labour costs while improving product quality and operating efficiency. Further benefits from automation are expected to be reflected in the second quarter of 2018.

Expansion of facilities in Dushan proceeded on the right track. With the smooth ramping up of the production lines and installation of automated processes, the Dushan centre delivered a solid performance during 1H FY2018 and is on schedule to grow into the segment's major production site in the long run.

The Group is currently engaged in the development of a residential and commercial property project located at 貴州獨山經濟開發區 (English translation: Dushan Economic Development Zone), Dushan, Guizhou Province, the PRC.

Pre-sales of the 116 low-density residential units under phase I of the residential development, *The Royale Cambridge Residences*, continued during the period under review. A considerable portion of the phase I residential units has been pre-sold with an average achieved selling price of more than RMB5,500 per square metre.

The Group expects that pre-sales revenue from the real estate development segment will be recognised following the granting of the project's final acceptance of construction towards the end of this financial year. A segment loss of HK\$3,667,000 (1H FY2017: loss of HK\$3,053,000) was recorded, mainly attributable to administrative expenses.

There is concrete development in a resident resettlement project in Dushan for the government to provide compensation to the residents whose properties are demolished or affected by the urbanisation and economic development. In a letter of intent entered into between 獨山縣房地產管理局 (English translation: Dushan County Real Estate Supervision Office) and the Group in September 2017, the Office offered to guarantee the purchase of 3,000 units under this project at a unit price of RMB3,500 per square metre for a total saleable floor area of approximately 400,000 square metres in the ensuing two years from the Group. The segment is in the final stage of evaluating this project which is intended to offer more than 600,000 square metres as resettlement

property (together with additional supplementary commercial properties) in the ensuing two years.

As at 30 September 2017, the Company had aggregate cash in hand of HK\$159 million (31 March 2017: HK\$289 million). Current ratio was maintained at a healthy position of 1.3 times (31 March 2017: 1.2 times) with gearing ratio standing at 35.3% (31 March 2017: 37.4%).

Financial Highlights

	Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Turnover (Sales to external customers only)	1,474,683	1,249,863
Electrical and electronic products	1,018,532	871,257
Motors	456,151	378,594
Real estate development	Nil	Nil
Resources development	Nil	12
Net profit attributable to equity holders of the Company	81,838	70,755
Segment results from operating activities		
Electrical and electronic products	72,614	94,381
Motors	39,869	10,510
Real estate development	(3,667)	(3,053)
Resources development	1,396	(1,937)
Dividend per share - Interim	HK3.0 cents	HK5.0 cents
- Special	Nil	HK15.0 cents
Basic earnings per share	HK19.07 cents	HK16.88 cents

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About Kin Yat Holdings Limited

Kin Yat Holdings Limited (00638.HK) operates two main business streams: namely manufacturing and non-manufacturing. In the manufacturing arena, it is mainly engaged in the research-and-development- based production of electrical and electronic products and motors. The non-manufacturing category currently comprises mainly real estate development business activities.

The Group now operates three major production bases in the PRC. Two of the manufacturing centres are located in Guangdong Province, respectively in Songgang, Baoan District, Shenzhen City (“Shenzhen”) and Shixing County (“Shixing”), Shaoguan City, with the latest addition of the third production base established in Dushan, Guizhou.

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