



**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**

**Turnover grew 43.1% to HK\$2.1 billion in six months to September 2018  
Contributed by robotics, motor drives and other smart home and play items**

Financial and Business Highlights:

- **Results**
  - Turnover up 43.1% to HK\$2,109,790,000 (2017: HK\$1,474,683,000).
  - Profit attributable to equity holders of the Company declined 33.0% to HK\$54,803,000 (2017: HK\$81,838,000).
  - Interim dividend of HK3.0 cents (2017: HK3.0 cents).
- **Business**
  - External turnover of core electrical and electronic products business segment grew 53.2% on the back of robust sales of AI robotic products and the juvenile series.
  - Order book for motors business segment remained strong delivering 13.9% external turnover growth.
  - New glass technology and application segment incorporated and began to contribute to the Group's revenue and earnings bases.
- **Financials**
  - Cash in hand of HK\$191,837,000 (31 March 2018: HK\$216,656,000).
  - Current ratio at 1.1 times (31 March 2018: 1.3 times).
  - Gearing ratio at 62.2% (31 March 2018: 45.9%).

**Hong Kong, 29 November 2018** – Kin Yat Holdings Limited (00638.HK) announced today that during the six months ended 30 September 2018 (the “Period”), the Group achieved a 43.1% year-on-year growth in turnover to HK\$2,109,790,000 (2017: HK\$1,474,683,000). The turnover growth was mainly contributed by the electrical and electronic products and motors segments.

The Group sustained a respectable performance amid a challenging operating environment underlined by uncertainty caused by rising trade tensions and surges in labour and material costs. Profit attributable to equity holders of the Company during the Period declined 33.0% year-on-year to HK\$54,803,000 (2017: HK\$81,838,000).

Basic earnings per share were down by 34.5% to HK12.49 cents (2017: HK19.07 cents). The Group declared an interim dividend of HK3.0 cents per share (2017: HK3.0 cents) for the Period.

The Group is an industrial enterprise specialising in the technology-driven production of electrical and electronic products, including robotics, Internet of Things (“IoT”), virtual reality (“VR”)/augmented reality (“AR”) and electronic entertainment items, along with a diverse portfolio of motor drive and related products. The latest addition of a glass technology and application segment has further expended its manufacturing scope. The Group also makes selective project investments in other sections as opportunities arise.

It now operates three manufacturing business streams on three major production bases in the People's Republic of China (the “PRC”). Two of the production centres are based in Guangdong Province, respectively in Songgang, Baoan District, Shenzhen City (“Shenzhen”) and Shixing County, Shaoguan City (“Shixing”). The third production centre is located in Dushan County (“Dushan”), Guizhou Province. Additionally, a small-scale motor encoder factory is in operation in Malaysia.

Kin Yat Holdings Chairman and CEO Mr. Cheng Chor Kit said: “Business momentum remains strong for the robotics and motor drive businesses. Plans will be rolled out to adjust their client and product portfolios to cope with macro changes. We are confident of the ongoing prospects of our spread of business segments, and will make timely planning and disciplined investments to create a sustainable future.”

### **Electrical and Electronic Products Segment**

The segment has four main product categories: (i) robotics featuring artificial intelligence (“AI”), (ii) IoT and smart home products, (iii) electronic entertainment products, and (iv) other products including small home appliances.

Driven by robust sales of AI robotic products and the juvenile series, the electrical and electronic products business segment’s external turnover grew 53.2% year-on-year to HK\$1,560,377,000 (2017: HK\$1,018,532,000).

Manufacturing of robotic vacuum cleaners (“RVC”) and other home-use robots continued to grow during the Period, and it is expected that the full-year sales forecast can be met. After years of high growth from this product line, the Group is preparing to build a more diversified portfolio. The Group has thus initiated development of a range of AI robotic products, including robots with nursing functions and a STEM kit set. Some other products are in various stages of development, including an educational robot to enable interactive language learning for children.

The facilities in Shenzhen have reached full capacity, and the Group looks forward to shifting part of the robotics supply chain to Dushan towards the latter part of this financial year.

For IoT, gadgets in production include an app-controlled pet toy and a wearable keyboard for inputting and controlling Bluetooth-enabled devices.

The Group also continued to work with a large-scale global play and entertainment company on the rollout of various VR gaming products. Sales of the key items have grown satisfactorily year-on-year. Another line of collectable gaming products has been awarded by another toy customer, with production already commenced in October 2018.

The home/electrical appliances category has achieved solid performance during the Period. In particular, the category has built a successful and growing juvenile product series, with items including infant seats, safe + smart bottle warmers and other products for babies and toddlers.

### **Motors Business Segment**

The motors segment’s external turnover grew by 13.9% year-on-year to HK\$519,772,000 during the Period (2017: HK\$456,151,000) as the order book remained strong.

Business growth was led by the home and office appliances end user sectors, while the Group continued to develop the automotive and transportation sector. Turnover growth was supported by marketing initiatives to build higher recognition and acceptance of its brand and drive solutions. On the back of this and a healthy order book, it is anticipated that the motor business will be able to sustain growth for the full year.

The Group will further its marketing and branding work in the Asia-Pacific region, while exploring the development potential in Europe. Since the facilities in Shixing and Dushan

have reach full capacity, the Group plans to increase capacity through further automation and expansion.

### Glass Technology and Application Segment

The Group holds a 64% interest in a glass technology and application company, which has become a subsidiary since August 2018. It generated a segment turnover of HK\$29,641,000 (2017: Nil) after acquisition.

“The Group experienced a year of high growth in 2018, with momentum continuing into the first half of 2019. This demand-led volume growth has been constrained by numerous operating limitations. We will prudently plan our ongoing business development and manufacturing orders. In light of the Sino-US trade war, we have also proactively undertaken feasibility studies in exploring alternative manufacturing sites in other parts of Asia,” said Mr Cheng.

As at 30 September 2018, the Company had aggregate cash in hand of HK\$192 million (31 March 2018: HK\$217 million). Current ratio was maintained at a healthy position of 1.1 times (31 March 2018: 1.3 times) with gearing ratio standing at 62.2% (31 March 2018: 45.9%).

### Financial Highlights

	Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000
Turnover (Sales to external customers only)	<b>2,109,790</b>	1,474,683
Electrical and electronic products	<b>1,560,377</b>	1,018,532
Motors	<b>519,772</b>	456,151
Glass technology and application	<b>29,641</b>	Nil
Real estate development	<b>Nil</b>	Nil
Net profit attributable to equity holders of the Company	<b>54,803</b>	81,838
Segment results from operating activities		
Electrical and electronic products	<b>51,046</b>	72,459
Motors	<b>25,177</b>	39,616
Glass technology and application	<b>1,471</b>	Nil
Real estate development	<b>(3,025)</b>	(3,725)
Dividend per share - Interim	<b>HK3.0 cents</b>	HK3.0 cents
Basic earnings per share	<b>HK12.49 cents</b>	HK19.07 cents

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### About Kin Yat Holdings Limited

Kin Yat Holdings Limited (00638.HK) is an industrial enterprise specialising in the technology-driven production of electrical and electronic products, including robotics, IoT, VR/AR and electronic entertainment items, along with a diverse portfolio of motor drive and related products. The latest addition of a glass technology and application segment has further expanded its manufacturing scope. The Group also makes selective project investments in other sections as opportunities arise.

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