



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 on record high AI robotic products sales Loss incurred on impairment losses / provisions in year to March 2015

Financial Highlights:

- Turnover grew 17.1% yoy HK\$2,169,285,000 (FY2014: HK\$1,852,238,000).
- Loss of HK\$121,583,000 (FY2014: profit of HK\$19,818,000) attributable to inclusion of impairment losses/provisions.
- Before inclusion of impairment losses/provisions, profit for the year (before non-controlling interests) was HK\$56,325,000 (FY2014: HK\$40,625,000).
- Final dividend of HK4.0 cents (FY2014: HK3.0 cents).
- Cash in hand of HK\$170,715,000 (31 March 2014: HK\$258,412,000).
- Current ratio maintained at healthy position of 1.1 times (31 March 2014: 1.2 times).
- Gearing ratio at 15.3% (31 March 2014: 22.3%).

Hong Kong, 30 June 2015 – Kin Yat Holdings Limited (00638.HK), which is principally engaged in artificial intelligence appliances, toys and motors manufacturing, today announced a consolidated turnover of HK\$2,169,285,000 for the year ended 31 March 2015 (“FY2015”), a 17.1% increase over the HK\$1,852,238,000 recorded for FY2014, primarily attributable to the revenue growth achieved by the electrical and electronic products business and motors business segment.

The Group reported a loss of HK\$121,583,000 during FY2015, compared to a net profit of HK\$19,818,000 attributable to owners of the Company for the corresponding period last year. The loss for the year was attributable to impairment losses/provisions of HK\$205,291,000 (FY2014: HK\$25,504,000). Before inclusion of impairment losses/provisions, profit for the year (before non-controlling interests) of HK\$56,325,000 (FY2014: HK\$40,625,000) was recorded.

This year the Group has seen improvements in the operating results of its core manufacturing businesses. As the said improvements were offset by the impairment losses incurred on the assets of non-manufacturing businesses including the real estate development business and the resources development business, the Group has recorded a loss in FY2015, but these impairment losses are non-cash expense items and would not impose an adverse impact on the cash flow of the Group.

Basic loss per share for the year were HK29.03 cents (FY2014: earnings per share HK4.73 cents). The Group declared a final dividend of HK4.0 cents (FY2014: HK3.0 cents) per share.

Kin Yat Holdings Chairman and CEO Mr Cheng Chor Kit said: “The profit growth trend of the electrical and electronic products business segment, as reported in the first six months of FY2015, was sustained well into the second half, while the loss incurred by the motors segment narrowed compared with last year.”

Growth remained robust in the electrical and electronic products business segment and its profit margin has stayed steady on the back of softer commodity prices. Segment external turnover in FY2015 increased by 16.8% to a record high of HK\$1,506,466,000 (FY2014: HK\$1,289,886,000), driven mainly by sales of AI robotic products. Segment profit went up by 11.0% to HK\$168,370,000 (FY2014: HK\$151,660,000), with no impairment losses/provisions this year (FY2014: HK\$3,661,000).

The segment continued to expand its product portfolio further towards a higher-value-adding range. Such manufacturing processes require a higher level of skill but the output commands higher price points.

Following years of dedicated research-and-development (R&D) efforts put into the robotic vacuum cleaner product series, the segment has succeeded in gaining the position as the major supplier of the customer. A new-generation robotic cleaner was put into production during the year. The segment has also diversified into the production of a range of consumer electronic products in the area of baby care.

One more production line for robotic products was added to the Shenzhen premises with test runs completed smoothly. The expanded facilities are expected to meet production capacity requirements from anticipated order growth in the next few years.

With a strong order book and successful forays into higher-end products, the segment looks forward to a promising outlook of further growth and profitability.

The motors segment recorded an operating loss of HK\$32,934,000 (FY2014: loss HK\$50,156,000) with no impairment losses/provisions this year (FY2014: HK\$8,447,000), while the segment external turnover increased 19.6% year on year to HK\$626,988,000 (FY2014: HK\$524,248,000).

The improvement in the motors segment's operating performance on the one hand revalidated the strategies of enlarging operating scale and business volume by enhancing automated manufacturing systems of its major product – micro-electric DC motors – amidst the operating environment with rising wages in the PRC, while on the other hand it reflected the beneficial effect of the relatively stabilising Renminbi and raw material prices.

The Company is cautiously optimistic that as a growth trend in the operating scale of its major product continues, the operating loss on the segment will continue to improve. With an emphasis on resources reallocation and control, the Group will continue to make the necessary adjustments to underweight its non-manufacturing businesses to streamline and manage its operations in FY2016 and beyond. To this end, it is expected to reduce the impact of the underperforming operations/assets on the financial position of the Group by consolidation, disposal of, or termination of the subject operations or businesses.

At the same time, it will bring more focus to its core manufacturing businesses by continuing our prudent cost management to enhance profit margin and by implementing proactive investment plans and allocating strategic resources to it.

As at 31 March 2015, the Company had aggregate cash in hand of HK\$171 million (31 March 2014: HK\$258 million). Current ratio was maintained at a healthy position of 1.1 times (31 March 2014: 1.2 times), with gearing ratio at 15.3% (31 March 2014: 22.3%).

Financial Highlights

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Turnover	2,169,285	1,852,238
Electrical and electronic products	1,506,466	1,289,886
Motors	626,988	524,248
Other manufacturing activities	17,148	19,354
Resources development	18,683	18,750
Real estate development	Nil	Nil
Net (loss)/profit attributable to owners of the Company	(121,583)	19,818
Profit for the year (before non-controlling interests)	56,325	40,625
Segment results from operating activities		
Electrical and electronic products	168,370	151,660
Motors	(32,934)	(50,156)
Other manufacturing activities	3,353	2,915
Resources development	(181,353)	(37,926)
Real estate development	(55,779)	(6,923)
Dividend per share	-	Yearly
	-	<i>Final</i>
	-	<i>Interim</i>
		HK4.0 cents
		HK4.0 cents
		Nil
		HK3.0 cents
		HK3.0 cents
		Nil
		Nil
Basic (loss)/earnings per share	HK(29.03) cents	HK4.73 cents

About Kin Yat Holdings Limited

Kin Yat Holdings Limited (00638.HK) is an industrial group with a niche in electronic and mechanical productions. It has a stretch of AI robotic products, smart home appliances, toy and motor manufacturing businesses, all based on its robust R&D and production platform in China and Southeast Asia.

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