



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

**Net profit for six months to Sep 2015 increases 114%;
Core business moves into new competence level of robotics manufacturing**

Financial Highlights:

- Turnover slightly decreased by 3% to HK\$1,223,138,000 (1H FY2015: HK\$1,261,741,000).
- Profit attributable to owners of the Company increased 114% to HK\$41,695,000 (1H FY2015: HK\$19,467,000).
- Current ratio maintained at healthy position of 1.3 times (31 March 2015: 1.1 times).
- Gearing ratio at 17.2% (31 March 2015: 15.3%).

Hong Kong, 26 November 2015 – Kin Yat Holdings Limited (00638.HK), which is principally engaged in artificial intelligence appliances, toys and motors manufacturing, today announced a profit attributable to owners of the Company of HK\$41,695,000 for the six months ended 30 September 2015 (“1H FY2016”) (the six months ended 30 September 2014 (“1H FY2015”): HK\$19,467,000), up 114% year-on-year. Basic earnings per share also went up by 114% to HK9.95 cents (1H FY2015: HK4.65 cents). The Group did not declare an interim dividend (1H FY2015: nil) for the period.

The increase in profit was mainly attributable to the absence of one-off impairment losses on assets and the written-off of intangible assets aggregating to HK\$54,537,000 as recorded in 1H FY2015. The core electrical and electronic products business segment contributed a stable stream of earnings to the Group.

The Group’s turnover slightly decreased by 3% year-on-year to HK\$1,223,138,000 for 1H FY2016 (1H FY2015: HK\$1,261,741,000).

The electrical and electronic products business segment’s external turnover for the first half was slightly down 4.5% year-on-year to HK\$868,987,000 (1H FY2015: HK\$909,863,000). Segment profit declined to HK\$81,367,000 (1H FY2015: HK\$115,718,000) mainly due to a drop in the sales of products with higher profit margin.

Segment turnover showed a slight drop from the previous corresponding period, but the Group is confident that the segment will be able to catch up with production during the remaining of the year. Material prices have stabilised to a low level compared to a couple of years ago, yielding some improvement to the profit margin.

Kin Yat Chairman Mr Raymond Cheng Chor Kit said: “Our production competence, together with multi-year experience in the manufacturing of vacuum cleaning robots, has enabled us to build specialised skill sets in AI manufacturing. During 1H FY2016, we embarked on a product transformation and production line upgrade programme to advance our expertise further. With years of investments in the installation of automated processes and the more recent deployment of industrial robots, we look forward to building a new competitive advantage in the future chapter of robotics manufacturing.”

The deployment of robots within the segment’s facilities has enabled faster and lower-cost production, as well as a higher level of precision. Equipped with this smarter production platform, the segment is developing an expanded product portfolio for a

broader clientele. It is currently working with a few new customers on higher technology-based products with innovative designs, for application on smartphones and apps. The Group is confident of the continued earnings potential of this core business segment.

On the back of stable orders and increased capacity, the motors segment's external turnover rose 5.1% year-on-year in 1H FY2016 to HK\$353,261,000 (1H FY2015: HK\$336,197,000). However, the interim loss widened slightly to HK\$5,933,000 (1H FY2015: loss of HK\$4,115,000) owing to initial operating losses incurred by the newly set up production facility in Guizhou Province.

Productivity enhancements are expected to continue into the second half, although the segment may take some more time to bring its Guizhou facility to profitability and to achieve turnaround. As the segment is expected to see further turnover growth, it will strive to narrow the loss as segmental margin is improved on higher economies of scale, in particular in the automobile and precision instruments sectors.

Holding a cautiously positive outlook for the overall economy, the motors segment looks forward to achieving a stable performance while anticipating further upside potential.

As commodity prices and the Renminbi have become more stabilised, the Group maintains a positive outlook for its manufacturing operations in FY2016. "Looking ahead, the core manufacturing category will continue to produce solid results and is making exciting new moves into the promising arena of robotics manufacturing, while the non-manufacturing business is maintained under limited financial exposure. Commanding a strong financial position, the Group is well placed to pursue further growth opportunities for the long-term interest of the shareholders," added Mr Cheng.

As at 30 September 2015, the Company's current ratio was maintained at a healthy position of 1.3 times (31 March 2015: 1.1 times) with gearing ratio kept at 17.2% (31 March 2015: 15.3%).

Financial Highlights

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Turnover	1,223,138	1,261,741
Electrical and electronic products	868,987	909,863
Motors (sales to external customers only)	353,261	336,197
Resources development	890	15,681
Real estate development	Nil	Nil
Net profit attributable to owners of the Company	41,695	19,467
Segment results from operating activities		
Electrical and electronic products	81,367	115,718
Motors	(5,933)	(4,115)
Resources development	(4,429)	(62,149)
Real estate development	(3,686)	(4,027)
Dividend per share - Interim	Nil	Nil
Basic earnings per share	HK9.95 cents	HK4.65 cents

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About Kin Yat Holdings Limited

Kin Yat Holdings Limited (00638.HK) primarily is an industrial group with a niche in electronic and mechanical productions. It has a stretch of AI robotic products, small

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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