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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

The Board of Directors (the "Board") of Kin Yat Holdings Limited (the "Company") would like to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018, together with the comparative figures for the previous corresponding year and the relevant explanatory notes, as set out below:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	*2*	**3,034,274**	2,472,193
Cost of sales		**(2,728,278)**	(2,104,340)
Gross profit		**305,996**	367,853
Other income and gains, net	*3*	**105,874**	86,375
Selling and distribution expenses		**(57,585)**	(45,027)
Administrative expenses		**(169,615)**	(163,071)
Finance costs, net		**(2,345)**	(841)
Profit before tax	*4*	**182,325**	245,289
Income tax expense	*5*	**(32,619)**	(49,048)
Profit for the year		**149,706**	196,241
Profit attributable to:			
Equity holders of the Company		**149,821**	196,375
Non-controlling interests		**(115)**	(134)
		149,706	196,241
Earnings per share attributable to equity holders of the Company	*7*		
Basic		**HK34.71 cents**	HK46.53 cents
Diluted		**HK34.42 cents**	HK46.31 cents

Details of the dividends paid and proposed for the year are disclosed in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**149,706**	196,241
Other comprehensive income:		
Items that may be reclassified to the income statement:		
Exchange translation reserve on translation of foreign operations	**63,221**	(61,550)
Release of exchange translation reserve upon disposal of subsidiaries	**(19,720)**	(2,063)
	43,501	(63,613)
Other comprehensive income not to be reclassified to the income statement in subsequent periods:		
Gain on revaluation of land and buildings	**34,968**	6,189
Deferred tax debited to asset revaluation reserve	**(5,821)**	(1,439)
	29,147	4,750
Other comprehensive income/(loss) for the year, net of tax	**72,648**	(58,863)
Total comprehensive income for the year	**222,354**	137,378
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**222,479**	134,407
Non-controlling interests	**(125)**	2,971
	222,354	137,378

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**866,668**	681,050
Investment properties		**63,061**	42,173
Prepaid land lease payments		**24,772**	23,478
Properties under development		**47,168**	45,089
Investment in an associate		**6,183**	–
Prepayments and deposits	*8*	**191,092**	94,705
Goodwill		**7,872**	4,650
Deferred tax assets		**33,695**	36,694
Total non-current assets		**1,240,511**	927,839
Current assets			
Properties under development		**247,795**	200,287
Inventories		**477,062**	328,061
Accounts and bills receivable	*9*	**370,326**	336,522
Prepayments and deposits	*8*	**274,934**	50,984
Financial assets at fair value through profit or loss		**31,254**	20,256
Tax recoverable		**5,197**	856
Time deposits		**11,645**	6,430
Cash and bank balances		**205,011**	282,588
Total current assets		**1,623,224**	1,225,984
Total assets		**2,863,735**	2,153,823
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**43,846**	42,836
Reserves		**1,112,932**	912,301
		1,156,778	955,137
Non-controlling interests		**1,266**	(48,826)
Total equity		**1,158,044**	906,311

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income	*10*	**109,208**	140,550
Bank borrowings	*11*	**294,750**	65,000
Deferred tax liabilities		**37,502**	30,543
Total non-current liabilities		**441,460**	236,093
Current liabilities			
Accounts payables, other payables and provisions	*10*	**953,372**	632,276
Bank borrowings	*11*	**237,140**	274,310
Due to non-controlling shareholders		**–**	34,570
Tax payable		**73,719**	70,263
Total current liabilities		**1,264,231**	1,011,419
Total liabilities		**1,705,691**	1,247,512
Total equity and liabilities		**2,863,735**	2,153,823

NOTES

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for land and buildings, investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following standards and amendments to HKFRS issued by the HKICPA for the first time for their annual reporting period commencing 1 April 2017:

HKAS 7 (Amendments)	*Statement of cash flows*
HKAS 12 (Amendments)	*Income taxes*
HKFRS 12 (Amendments)	*Disclosure of interest in other entities*

The application of the amendments to HKFRS in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or disclosures set out in these consolidated financial statements.

In the current year, the "Other income and gains, net" and "Other gains/(expenses), net" are combined and presented as "Other income and gains, net" in the consolidated income statement. The bank interest income is reclassified to "Finance costs, net" instead of being included under "Other income and gains, net" in the consolidated income statement as in the previous years. The management believes that the current presentation will provide more relevant information to the users of the financial information for the evaluation of the Group's operating performance. The comparative figures have been reclassified to conform with current year's presentation.

2. SEGMENT INFORMATION

The Chief Operation Decision-Maker ("CODM") has been identified as the Board of Directors of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the electrical and electronic products segment consists of the manufacture and sale of AI robotics, Internet of Things ("IoT") and smart home products, electronic entertainment products and other related products;

(b) the motors segment consists of the manufacture and sale of motors and encoder film;

(c) the real estate development segment; and

(d) the resources development segment consists of the sale of mineral products.

2. SEGMENT INFORMATION (continued)

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to the third parties at the then prevailing market prices.

Segment assets exclude unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities as these liabilities are managed on a group basis.

(a) Operating segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 March 2018 and 2017.

	Electrical and electronic products		Motors		Real estate development		Resources development		Eliminations		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue												
Revenue from external customers	**2,137,529**	1,734,190	**896,745**	737,992	**–**	–	**–**	11	**–**	–	**3,034,274**	2,472,193
Intersegment sales	**54,560**	39,108	**8,541**	5,712	**–**	–	**–**	–	**(63,101)**	(44,820)	**–**	–
Total	**2,192,089**	1,773,298	**905,286**	743,704	**–**	–	**–**	11	**(63,101)**	(44,820)	**3,034,274**	2,472,193
Other income and gains/(losses), net	**45,004**	2,517	**48,072**	17,525	**9,399**	66,959	**2,182**	(5,074)	**–**	–	**104,657**	81,927
Segment results	**136,225**	168,292	**76,787**	43,677	**(907)**	61,673	**215**	(7,823)	**–**	–	**212,320**	265,819
Interest and unallocated gains											**1,217**	4,448
Unallocated expenses											**(28,867)**	(24,137)
Finance costs, net											**(2,345)**	(841)
Profit before tax											**182,325**	245,289
Income tax expense											**(32,619)**	(49,048)
Profit for the year											**149,706**	196,241
Segment assets	**1,894,199**	2,077,985	**989,914**	760,026	**515,026**	282,547	**36,980**	32,864	**(935,418)**	(1,387,175)	**2,500,701**	1,766,247
Unallocated assets											**363,034**	387,576
Total assets											**2,863,735**	2,153,823
Segment liabilities	**582,231**	405,674	**450,030**	1,013,720	**591,450**	365,700	**371,164**	406,265	**(935,418)**	(1,387,175)	**1,059,457**	804,184
Unallocated liabilities											**646,234**	443,328
Total liabilities											**1,705,691**	1,247,512
Other segment information:												
Capital expenditure	**54,107**	50,767	**112,303**	55,962	**507**	17	**165**	386	**–**	–	**167,082**	107,132
Unallocated amounts											**1,442**	–
											168,524	107,132
Depreciation and amortisation	**43,754**	49,074	**34,121**	29,053	**333**	309	**1,282**	1,286	**–**	–	**79,490**	79,722
Unallocated amounts											**1,249**	1,080
											80,739	80,802
(Gain)/loss on disposal of property, plant and equipment, net	**(850)**	(4)	**69**	20	**–**	–	**–**	–	**–**	–	**(781)**	16
Write-off of property, plant and equipment	**–**	1,017	**–**	–	**–**	–	**–**	505	**–**	–	**–**	1,522

2. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	Electrical and electronic products		Motors		Real estate development		Resources development		Eliminations		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information: (continued)												
Impairment of prepayments and deposits	**–**	–	**–**	122	**–**	–	**–**	–	**–**	–	**–**	122
Write-back of impairment of properties under development	**–**	–	**–**	–	**(4,582)**	(66,950)	**–**	–	**–**	–	**(4,582)**	(66,950)
Impairment of accounts receivable	**3,784**	–	**–**	–	**–**	–	**–**	–	**–**	–	**3,784**	–
Write-back of impairment of inventories, net	**(3,694)**	4,048	**(11,201)**	(6,845)	**–**	–	**–**	(148)	**–**	–	**(14,895)**	(2,945)
(Surplus)/deficit on revaluation of land and buildings recognised directly in equity	**(23,822)**	937	**(734)**	(2,009)	**–**	–	**(212)**	(1,037)	**–**	–	**(24,768)**	(2,109)
Unallocated amounts											**(10,200)**	(4,080)
											(34,968)	(6,189)
Fair value (gain)/loss on investment properties	**(270)**	362	**–**	–	**(4,665)**	–	**–**	–	**–**	–	**(4,935)**	362

(b) Geographical information

	United States of America		Europe		Asia		Others		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers	**1,058,444**	874,887	**658,044**	513,686	**1,183,802**	965,907	**133,984**	117,713	**3,034,274**	2,472,193

The revenue information above is based on the locations of the customers.

	Hong Kong		Mainland China		Malaysia		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Non-current assets	**109,241**	74,578	**1,072,046**	791,858	**25,529**	24,709	**1,206,816**	891,145

The non-current assets for the above segment information consist of property, plant and equipment, investment properties, prepaid land lease payments, investment in an associate, properties under development, goodwill, prepayments and deposits, but exclude deferred tax assets.

(c) Information about major customers

Revenue of HK$1,861,050,000 (2017: HK$1,447,651,000) was derived from sales of electrical and electronic products to a major customer, which accounted for over 10% of the Group's total revenue.

3. OTHER INCOME AND GAINS, NET

	2018	2017
	HK$'000	*HK$'000*
Dividend income from financial assets at fair value through profit or loss	**850**	906
Fair value gain on financial assets at fair value through profit or loss, net	**8**	3,542
Fair value gain/(loss) on investment properties	**4,935**	(362)
Gain/(loss) on disposal of items of property, plant and equipment, net	**781**	(16)
Gain/(loss) on disposals of subsidiaries	**10,126**	(2,471)
Gross rental income	**1,026**	377
Sales of scrap materials	**6,942**	2,122
Subsidy income *(Note)*	**69,840**	14,825
Write-back of impairment of properties under development	**4,582**	66,950
Write-off of property, plant and equipment	**–**	(1,522)
Others	**6,784**	2,024
	105,874	86,375

Note:

Various government subsidies have been received from the local government authorities for subsidising the operating activities, research and development activities, and acquisition of fixed assets. During the year ended 31 March 2018, subsidies totalling HK$69,840,000 (2017: HK$14,825,000) are recognised in profit or loss, including the amortisation of deferred government subsidies of HK$26,338,000 (2017: HK$5,966,000).

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Cost of inventories sold	**1,955,739**	1,474,397
Amortisation of prepaid land lease payments	**641**	639
Depreciation	**80,098**	80,163
Direct operating expenses (including repairs and maintenance) arising from rental earning investment properties	**193**	338
Employee benefit expenses	**601,004**	541,985
Impairment of accounts receivables	**3,784**	–
Legal and professional fee	**10,690**	5,962
Operating lease payments in respect of land and buildings	**3,264**	1,258
Write-back of impairment of inventories, net	**(14,895)**	(2,945)

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017:16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries in which the Group operates.

	2018	2017
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**8,311**	20,336
Adjustment for current tax of prior years	**(2,354)**	391
Current – Elsewhere		
Charge for the year	**20,095**	22,094
Adjustment for current tax of prior years	**276**	5,389
Deferred tax	**6,291**	838
Total tax charge for the year	**32,619**	49,048

6. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Dividends paid during the year		
Final dividend in respect of the financial year ended 31 March 2017 – HK5.0 cents per ordinary share (2017: final dividend in respect of the financial year ended 31 March 2016 – HK5.0 cents per ordinary share)	**21,518**	20,958
Interim dividend – HK3.0 cents per ordinary share (2017: HK5.0 cents)	**13,063**	21,418
Special dividend – Nil (2017: HK15.0 cents per ordinary share)	**–**	64,254
	34,581	106,630
Proposed final dividend		
Final – HK7.0 cents per ordinary share (2017: HK5.0 cents)	**30,692**	21,418

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the dividend payable.

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Basic earnings per share is calculated by dividing:

- profit for the year attributable to equity holders of the Company of HK$149,821,000 (2017: HK$196,375,000)
- by the weighted average number of ordinary shares of 431,580,548 (2017: 422,008,220) in issue during the year.

A reconciliation of the weighted average number of ordinary shares used in calculating the basic and diluted earnings per share is as follows:

	2018	2017
Weighted average number of ordinary shares used in calculating basic earnings per share	**431,580,548**	422,008,220
Weighted average number of ordinary shares assumed to have been issued at no consideration on deemed exercise of all options outstanding during the year	**3,728,407**	2,056,594
Weighted average number of ordinary shares used in calculating diluted earnings per share	**435,308,955**	424,064,814
Basic earnings per share	**HK34.71 cents**	HK46.53 cents
Diluted earnings per share	**HK34.42 cents**	HK46.31 cents

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$149,821,000 (2017: HK$196,375,000) and 435,308,955 ordinary shares (2017: 424,064,814), being the number of shares outstanding during the year, adjusted for the effects of the dilutive potential ordinary shares outstanding during the year ended 31 March 2018.

8 PREPAYMENTS AND DEPOSITS

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Deposits for mining projects	*(i)*	**–**	23,516
Prepayment for property, plant and equipment		**180,411**	91,978
Prepaid construction cost	*(ii)*	**184,926**	1,972
VAT recoverable		**32,395**	3,476
Other prepayment and receivables	*(i)*	**40,337**	79,786
Tax reserve certificates *(Note 12)*		**25,408**	20,375
Other deposits		**2,549**	1,504
Prepaid land lease payment		**–**	639
		466,026	223,246
Less: Impairment	*(i)*	**–**	(77,557)
		466,026	145,689
Less: Current portion		**(274,934)**	(50,984)
Non-current portion		**191,092**	94,705

8 PREPAYMENTS AND DEPOSITS (continued)

Notes:

(i) The movements in impairment of prepayments and deposits are as follows:

	2018	2017
	HK$'000	*HK$'000*
At beginning of the year	**77,557**	84,625
Disposal of subsidiaries	**(77,440)**	–
Impairment recognised during the year	**–**	122
Write-off	**(117)**	(267)
Exchange realignment	**–**	(6,923)
At end of the year	**–**	77,557

For the year ended 31 March 2017, impairment provision was made for deposits for mining projects, prepayments for the exclusive right of supply of antimony ores and other deposits of HK$23,516,000, HK$53,924,000 and HK$117,000, respectively. During the year ended 31 March 2018, these subsidiaries were disposed of.

(ii) As at 31 March 2018, such prepaid construction cost include prepaid construction cost of approximately HK$174,380,000 to a main constructor for the properties development project in Dushan, Guizhou. The properties, upon completion, are for selling purpose and are expected be completed within twelve months, therefore, it is classified as current assets.

9. ACCOUNTS AND BILLS RECEIVABLE

An aging analysis of the accounts and bills receivable as at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**237,216**	222,352
31 – 60 days	**71,253**	60,134
61 – 90 days	**43,651**	29,364
Over 90 days	**19,058**	26,230
	371,178	338,080
Less: Impairment	**(852)**	(1,558)
	370,326	336,522

10. ACCOUNTS PAYABLES, OTHER PAYABLES AND PROVISIONS

	2018	2017
	HK$'000	*HK$'000*
Accounts payables *(Note a)*	**549,993**	375,414
Accrued liabilities and provisions	**192,961**	208,295
Other payables	**43,347**	26,845
Receipt in advance	**138,524**	15,966
Deferred income *(Note b)*	**137,755**	146,306
	1,062,580	772,826
Less: Current portion	**(953,372)**	(632,276)
Non-current portion	**109,208**	140,550

Notes:

(a) The accounts payables are non-interest-bearing and are normally settled within credit terms of two months, extending up to three months.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

At 31 March, the aging analysis of the trade payables based on invoice date are as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**230,838**	198,563
31 – 60 days	**124,582**	93,366
61 – 90 days	**121,598**	53,937
Over 90 days	**72,975**	29,548
	549,993	375,414

(b) The balance mainly represented government grants received in respect of the subsidies from The People's Government of the Dushan County, Guizhou Province (the "Dushan County Government") for the Group's manufacturing company located in Dushan County, Guizhou Province, the PRC. These grants are held as deferred income and recognised to the income statement on a systematic basis over the expected useful lives of the related assets and to match with the costs or the assets' useful lives that they are intended to compensate in accordance with the agreement with the Dushan County Government. During the year ended 31 March 2018, subsidies of HK$26,073,000 (2017: HK$5,966,000) had been recognised and included in subsidy income of "Other income and gains, net" in the consolidated income statement.

The balance also includes a deferred government subsidy obtained through the acquisition of a subsidiary during the year ended 31 March 2018. Subsidies of HK$265,000 had been recognised to match with the asset's useful life in accordance with the agreement.

11. BANK BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Unsecured		
Current portion	**237,140**	274,310
Non-current portion	**294,750**	65,000
	531,890	339,310

Bank borrowings mature until 2023, and bear average interest at 2.9% per annum (2017: 2.6%).

At 31 March, the Group's bank borrowings were repayable as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 1 year or on demand	**237,140**	274,310
Between 1 and 2 years	**119,250**	20,000
Between 2 and 5 years	**175,500**	45,000
	531,890	339,310

The Group's banking facilities are secured by the corporate guarantees given by the Company and certain subsidiaries of the Company. The carrying amounts of the Group's bank borrowings approximate their fair values. Except for a bank borrowing of HK$70,494,000 (2017: HK$50,392,000) which is denominated in Renminbi, all other bank borrowings are denominated in Hong Kong dollars.

12. CONTINGENT LIABILITIES

From March 2014 to February 2017, the Hong Kong Inland Revenue Department ("IRD") issued estimated assessments ("EA") for the years of assessment from 2007/08 (which were statutorily time-barred after 31 March 2014) to 2010/11 (which were statutorily time-barred after 31 March 2017) with total tax demanded of approximately HK$49,088,000 to certain subsidiaries of the Group (the "Subsidiaries"). The EA were issued as a consequence of the tax audit being carried out on the tax affairs of the Subsidiaries. Up to the year ended 31 March 2017 and during the year ended 31 March 2018, the Subsidiaries lodged objections to the EA and the IRD subsequently ordered the Subsidiaries to purchase tax reserve certificates ("TRC") in the total amount of approximately HK$20,375,000 and HK$5,033,000 respectively and to holdover the balance on the condition that an 8% annual interest will be charged should the balance become payable upon settlement of the objection.

As at 31 March 2018, the total tax demand is amounted to approximately HK$51,466,000, including a further tax demand of approximately HK$2,378,000 to the Subsidiaries for the year of assessment 2011/12 (which were statutorily time-barred after 31 March 2018). The Group has purchased tax reserve certificates amounted to approximately HK$25,408,000 (2017: HK$20,375,000) in total, which were included in prepayments and deposits in the consolidated statement of financial position.

The directors have thoroughly reviewed and revisited the situations, and in the opinion of directors, there are grounds for the Subsidiaries to substantiate its objections lodged. In addition, the management is discussing with the IRD on the tax audit and there is no specific basis which indicated potential adjustments were warranted on the Subsidiaries for the years of assessment 2007/08, 2008/09, 2009/10, 2010/11 and 2011/12. The directors are of the view that no additional tax provision for Hong Kong Profits Tax is required at this stage. The Subsidiaries will continue to monitor the progress of the tax audit and to defend their position vigorously. Therefore, no additional tax was provided thereon as at 31 March 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is an industrial enterprise with a history of more than three decades. 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 products for a variety of applications. The Group also makes selective project investments in other sectors as opportunities arise.

CONSOLIDATED RESULTS

The Group's consolidated turnover increased by 22.7% year-on-year to HK$3,034,274,000, as compared to HK$2,472,193,000 recorded during the year ended 31 March 2017 ("FY2017"). The turnover growth was driven by strong business growth of its manufacturing segments. Set out below is a breakdown of the Group's segmental external turnover:

- HK$2,137,529,000 from the electrical and electronic products business, representing 70.4% of the consolidated turnover of the Group for the year (FY2017: HK$1,734,190,000; 70.1%);

- HK$896,745,000 from the motors business, contributing 29.6% of the consolidated turnover (FY2017: HK$737,992,000; 29.9%);

- No turnover was booked from property pre-sales of the real estate development business segment during the year (FY2017: Nil; 0.0%).

The Group posted a profit attributable to equity holders of the Company of HK$149,821,000 during the year ended 31 March 2018 ("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).

The table below sets out the results of the Group by business segment in FY2018, together with the comparative figures of the previous year:

Results by business segment	**FY2018**	**FY2017**	**Year-on-year change**
	HK$'000	*HK$'000*	*%*
Electrical and electronic products	136,225	168,292	-19.1
Motors	76,787	43,677	+75.8
Real estate development *(Note 1)*	(907)	61,673	NA
Resources development	215	(7,823)	NA
Total segment results	212,320	265,819	-20.1

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

OPERATIONAL REVIEW

Manufacturing Businesses

The Group's manufacturing businesses have continued to grow in volume, products portfolio and clientele, capitalising on its specialised skill sets and highly automated production platform in the People's Republic of China (the "PRC"). During the year, the Group made further capital expenditures in readying its automated facilities in the Industry 3.0 model for migration onto a smart, data-managed Industry 4.0 (i4.0) platform.

Electrical and Electronic Products Business Segment

The segment is engaged in the development, design and manufacture of four main product categories: (i) AI robotics, (ii) IoT and smart home products, (iii) electronic entertainment products, and (iv) other products including small home appliances.

The segment's research-and-development ("R&D") and production centres are currently located in Songgang, Baoan District, Shenzhen City ("Shenzhen") and Shixing County, Shaoguan City in Guangdong Province ("Shixing"), while it is establishing a new manufacturing base in Dushan County ("Dushan"), Guizhou Province ("Guizhou"), for the production of robotic vacuum cleaner ("RVC") products and other electrical and electronic products.

This business segment remains 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), from remarkable increase in sales orders from AI robotic and entertainment products.

The segment's operating profit decreased 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.

Robotics

This business line has been in partnership with a leading global consumer robotics company to develop best-in-class robots for the home. Having worked with this client over a decade, the Group has become its major production partner, for several generations of vacuum cleaning robots which have scored significant market successes. Going forward, the management will work with the client to bring to consumers even smarter robots which will interact with their surroundings and humans more effectively.

This longstanding partnership has evolved into a close working relationship in consistent R&D work and refinement of the manufacturing process. The management is confident that the Group will play a role in the client's plan to build an ecosystem of connected robots and data that better respond to the needs of daily living.

Close client interaction has yielded increased output of the existing cleaning robots series, representing a greater proportion of the client's growing robotics business. This has contributed to the segment's turnover growth. It is expected that new models for broader applications outdoors in the future.

Stronger than expected business growth was achieved during the year. New products are currently under development, with three to four items are ready for production in the year ended 31 March 2019 ("FY2019"). At the same time, development of new robot products is underway for other clients for more extensive usages, including for use under-water.

In view of the growth projections of the robotics line and already full capacity in Shenzhen, plans are in the pipeline to bring a portion of the production of robotics 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.

With new capacities coming on stream in FY2019, as well as continued upgrade of the facilities in Shenzhen, the management looks forward to sustained growth of the robotics business. This product category will remain the mainstream business for the electrical and electronic products segment, and will see a more diverse range of products and clientele going forward.

Internet of Things and Smart Home Products

IoT continues to be a growing trend that cannot be overlooked by electronic consumer products. For the segment, the foray into IoT has been a natural extension of its skill in data-driven and machine learning technologies acquired through its participation in robotics development.

However, despite the widespread adoption of IoT, the market is expected to become increasingly fragmented. Like all new emerging technologies, IoT developers have to cope with compatibility issues owing to a lack of IoT device standards and certifications. This will create hurdles for manufacturers in scaling up production and achieving profitability.

The management will continue to pursue opportunities in the IoT arena, but will be selective and focused on products and partnerships that demonstrate potential of growth. The ongoing direction is to develop the capabilities in customisation to meet the sector's specific demands, as well as to enhance methodology and know-how.

Currently the development of the segment is focused on four major categories of IoT devices, including smart home, healthcare wearable, STEM education, and online gaming. Of these, the smart home and STEM products have already been launched. Also moving from development to production is a range of apps-enabled droids, wearable tracking devices, and habit learning and communication robots.

Electronic Entertainment Products

FY2018 witnessed business growth and increased efforts by the segment in cultivating new product developments. Owing to these efforts, sizeable new manufacturing projects related to VR gaming products for the coming years is able to be secured, awarded by a long-term customer which is a large-scale global play and entertainment company.

These new projects will secure growth in revenue in FY2019 from this customer, with an expected increase of more than 100% over the average annual revenue generated from this customer. The award of these future projects recognises the management's continuous efforts to develop VR/AR and mixed reality ("MR") products. It is also a recognition of the segment's strong production capability owing to continuous capacity expansion, as well as its accumulated experience in robotics manufacturing. The management is confident of securing more business on the back of its solid capabilities in this regard.

Other electronic entertainment items, including those tied to blockbuster movies, also continued to be under development in collaboration with international players. Management is confident of the results of the entertainment line, and will work to incorporate VR/AR/MR and robotic elements to add appeal to the products.

Motors Business Segment

The motors segment is engaged in the development, design, manufacture and sale of electric motor drives and related products. Its product offerings have continued to evolve to capture market and technological trends, including the continued development of larger motor drives of diameters within 100 millimeters. The segment's major facilities are currently located in Shixing and Dushan, with a small-scale production facility in Malaysia.

Segment 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 management 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 a mission to strengthen its market position in Asia Pacific Region, the management will further its marketing and branding work in these markets. It also plans to explore the development potential in Europe and thus a branch office or agency will be established in the European continent.

The segment was operating at full capacity in its Shixing and Dushan facilities. To cope with growth in demand, the motors segment will continue to increase capacity through further automation in Shixing and continued expansion of the Dushan plant.

The segment's operating results were, however, affected by the appreciation of the Renminbi and surging copper prices, resulting in a slightly lower gross profit margin. To counter the cost inflation, the management has implemented more stringent cost control measures, in addition to further automating the manufacturing process.

In view of the growing trend for technological applications and automation in most appliances and devices for personal and commercial use, the motor drive has become an essential component in a broad range of electronic products. Management therefore holds an optimistic view of the overall market demand for motor drive solutions.

The Group is confident of the motors segment's future development as it continues to capture the high market demand brought by growing applications and changes in technology.

Non-manufacturing Businesses

Real Estate Development Business Segment

During the year, the segment was engaged in two residential and commercial property development projects in Dushan Economic Development Zone（貴州獨山經濟開發區）, including the existing *The Royale Cambridge Residences（劍橋皇家）* development and a resident resettlement project, the *Jardin Montsouris（蒙蘇里花園）*.

Given that the final acceptance certificates for *The Royale Cambridge Residences* have not yet been obtained, the sum of deposits of approximately RMB55,000,000 were accounted for as deposits received. As such, no revenue was recognised in FY2018. The segment recorded a loss of HK$907,000 (FY2017: profit of HK$61,673,000) which primarily reflected the administrative expenses of the operations.

The Royale Cambridge Residences

Up to 31 March 2018, 35 Phase I units with a total gross floor area of approximately 11,265 square metres were contracted to be sold for a total sum of RMB61,763,000, with more than 20 units close to conclusion of sale and purchase agreements.

Final inspection of the property units by the relevant government bodies was principally completed making way for the application for the final acceptance of construction. Based on the the current assessment of the situation, the segment plans to work towards the aim of obtaining the required final acceptance certificates within the ensuing FY2019. According to the principles established by the segment, the proceeds generated from Phase I units will be re-invested for the development of the Phase II units and the commercial properties in this project. Further updates of the business development of this project will be provided when appropriate.

The Jardin Montsouris

This resettlement project is located on a site provided by the Dushan government (the "Government"). It has a total saleable gross floor area as to 455,100 square metres of residential properties and 38,000 square metres of underground car parking spaces besides commercial properties.

Management expects the properties to be in demand in view of the local property market conditions. Demand for the project will be supported by national policy approved by the Central Government of the PRC and payments will be financed by the China Development Bank.

Procedures for the tendering of a portion of the land have been underway and the tendering is expected to be completed in the second half of 2018. Preliminary preparatory work has been substantially completed, including but not limited to the architectural design and obtaining necessary approvals from the planning bureau.

The management considers the two existing projects on hand as one-off real estate development opportunities and does not expect in general to tender for other property development projects in other locations in the PRC.

Glass Technology and Application Investment

Reference is made to the voluntary announcements of the Company dated 12 March 2018 and 15 March 2018, the Company has acquired a 13% equity interest in a glass technology and application company, Progress Power-Saving Glass Technology Company Limited ("PPSGT"), from an independent third party for a cash consideration of HK$14,925,000 at the end of April 2018. The said acquisition is made in furtherance of the Group's established principle of expanding business in the industrial sector.

PPSGT is engaged mainly in the sale and downstream processing of glass including but not limited to insulating glass, glass window modules and digital image printed glass and the design, manufacture and installation of curtain wall systems. PPSGT has also been planning for the sale of advertising rights on switchable projection glass systems developed by it that turns instantly from a clear transparent glass into a projection surface. It also plans to embark into a new business with respect to the coating of glass surfaces for electrochromic glass smart shading systems used for energy-saving solutions and solar energy glass used for power generation.

PPSGT has reported to the Company that PPSGT and 貴州獨山瑞進實業有限公司 (English translation: Guizhou Dushan Ruijin Enterprise Company Limited ("GDRE")) entered into an joint venture agreement, before the said acquisition of the 13% equity interest by the Company, pursuant to which GDRE will subscribe for a 20% enlarged share capital in the major wholly-owned subsidiary of PPSGT (the "PRC Subsidiary") in the PRC (the "Capital Expansion") by contributing approximately 51,000 square metres of factory building areas together with the associated land (the "Land and Factory Buildings"). The Land and Factory Buildings are mainly the land and buildings occupied and used by the PRC Subsidiary in Dushan on a rent-free basis. GDRE is a state-owned and wholly-owned enterprise formed by 貴州獨山經濟開發區管理委員會 (English translation: Guizhou Dushan Economic Development Zone Management Committee).

The Company is progressing to a possible acquisition of a controlling equity stake in PPSGT and disclosure will be made by the Company as and when appropriate in accordance with the Listing Rules.

DIVIDENDS

Interim dividends of HK3.0 cents per ordinary share, totaling HK$13,063,000 were paid to the shareholders of the Company on 5 January 2018.

The Board is pleased to recommend the payment of a final dividend of HK7.0 cents (FY2017: HK5.0 cents) per share for the FY2018, representing HK$30,692,000 (FY2017: HK$21,518,000). The final dividend is expected to be paid on Friday, 7 September 2018 to those shareholders whose names appear on the Company's register of members (the "Register of Members") on Friday, 24 August 2018, subject to the approval in the Company's annual general meeting to be held on Thursday, 16 August 2018. Based on the interim dividends and recommended final dividend, the yearly dividend distributed by the Company during the FY2018 was HK10.0 cents (FY2017: HK25.0 cents).

FINANCIAL CONDITIONS, LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily used its internally generated cash flows and banking facilities to finance its operations and business development. The Group has always been executing a prudent and conservative strategy in its financial management. As at 31 March 2018, the Group had time deposits of HK$11,645,000 (31 March 2017: HK$6,430,000), cash and bank balances of HK$205,011,000 (31 March 2017: HK$282,588,000), and net current assets of HK$358,993,000 (31 March 2017: HK$214,565,000). As at 31 March 2018, shareholders' equity was HK$1,156,778,000 (31 March 2017: HK$955,137,000). Total consolidated banking facilities of the Group from all banks as at 31 March 2018 amounted to approximately HK$983,074,000 (31 March 2017: HK$695,086,000). As at 31 March 2018, total bank borrowings amounted to HK$531,890,000 (31 March 2017: HK$339,310,000).

As at 31 March 2018, the bank borrowings of the Group was repayable within one year amounted to HK$237,140,000 (31 March 2017: HK$274,310,000) and the amount of HK$294,750,000 was repayable within the second to fifth years (31 March 2017: HK$65,000,000).

As at 31 March 2018, the current ratio of the Group (current assets divided by current liabilities) was maintained at a healthy position at 1.3 times (31 March 2017: 1.2 times) and the gearing ratio of the Group (total bank borrowings divided by total equity) was 45.9% (31 March 2017: 37.4%). Based on the above, the Group continued to enjoy a healthy financial position with sufficient financial resources to support its future development.

CAPITAL STRUCTURE

As at 31 March 2018, the total issued share capital of the Company was HK$43,846,000 (31 March 2017: HK$42,836,000), comprising 438,460,000 (31 March 2017: 428,360,000) ordinary shares of HK$0.10 each.

During the year, the Company issued 10,100,000 ordinary shares (31 March 2017: 9,200,000) upon exercise of share options granted to the directors and employees of the Company under the share option scheme of the Company.

CHARGE ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 31 March 2018 (31 March 2017: Nil).

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars and Renminbi or United States dollars. The Group does not have a foreign currency hedging policy on it. In order to manage and minimise the foreign exchange risk, the management shall from time to time review and monitor the foreign exchange exposure and will consider hedging the significant foreign currency exposure when appropriate and necessary.

INTEREST RATE RISK

The Group's financial facilities are denominated in Hong Kong dollars and Renminbi and interests on bank borrowings are chargeable based on certain interest margin over the Hong Kong Interbank Offered Rate and the People's Bank of China lending rate which are therefore of floating rate in nature. The Group has not entered into any interest rate risk hedge to mitigate exposure to interest rate risk during the year.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

On 29 September 2017, the Group entered into disposal agreements with an independent third party, to dispose of its entire equity interest in its certain subsidiaries of resources development segment at the face value of the share capital.

Apart from disclosed above, during the year, the Group was neither involved in any significant investment, nor any material acquisitions or disposals of any subsidiaries.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

In April and July 2015, the Company, as a borrower, entered into a renewed and new term loan facility agreements of HK$100,000,000 each with 2 different banks (the "Lender(s)") for a term of 60 months (the "60-months Term Loan") and a term of 42 months (the "42-months Term Loan"), respectively.

In November 2017, the Lenders granted to the Company new term loan facilities of HK$100,000,000 for a term of 60 months and HK$150,000,000 for a term of 36 months respectively for financing capital expenditure.

Each of the term loan facility agreement imposes, inter alia, a condition that Mr. Cheng Chor Kit, the Director and the controlling shareholder (as defined under the Listing Rules) of the Company, and the discretionary trust set up by him for the benefit of his family; collectively shall beneficially or directly maintain a shareholding of not less than 50% of the issued share capital of the Company (the "Specific Performance Obligations"). A breach of the Specific Performance Obligations will constitute an event of default under the relevant facility letter. Upon the occurrence of such event, each of the loan shall become immediately due and repayable on demand.

CORPORATE GOVERNANCE PRACTICES

The Board regularly reviews the guidelines and latest development in corporate governance. In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2018 except for the deviation from provision A.2.1 of the CG Code as described in the section "Chairman and Chief Executive Officer" in this Corporate Governance Report (the "CG Report"). The Board has also reviewed the CG Report and is satisfied that it has been in full compliance with all the requirements stipulated in the CG Report in Appendix 14 of the Listing Rules.

Chairman and Chief Executive Officer

Pursuant to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separated and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The roles of the chairman and the chief executive officer of the Company are not separated and are performed by the same individual, Mr. Cheng Chor Kit. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals, with a highly independent element in the Board, where the Board members meet regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code on terms no less exacting than the required standard set out in the Model Code regarding securities transactions by the Directors.

Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year. All relevant employees of the Group (the "Relevant Employees") who, because of their office in the Group, are likely to be in possession of unpublished price sensitive information have been requested to comply with the provisions of the Model Code.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Board has reviewed the consolidated results (including the consolidated financial statements) of the Group for the year ended 31 March 2018.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 13 August 2018 to Thursday, 16 August 2018, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Thursday, 16 August 2018, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 10 August 2018.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the annual general meeting to be held on Thursday, 16 August 2018. The record date for entitlement to the proposed final dividend is Friday, 24 August 2018. For determining the entitlement to the proposed final dividend, the Register of Members will be closed from Thursday, 23 August 2018 to Friday, 24 August 2018, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Wednesday, 22 August 2018. The final dividend is expected to be made on Friday, 7 September 2018.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and is available on the Company's website at www.kinyat.com.hk. An annual report for year ended 31 March 2018 will be dispatched to the Company's shareholders and available on the said websites in due course.

On behalf of the Board
Cheng Chor Kit
Chairman and Chief Executive Officer

Hong Kong, 25 June 2018

As at the date of this announcement, the Board comprises ten Directors, of which six are executive Directors, namely Mr. CHENG Chor Kit, Mr. FUNG Wah Cheong, Vincent, Mr. LIU Tat Luen, Mr. CHENG Tsz To, Mr. CHENG Tsz Hang and Mr. HUI Ka Po, Alex and four independent non-executive Directors, namely Mr. WONG Chi Wai, Dr. SUN Kwai Yu, Vivian, Mr. CHENG Kwok Kin, Paul and Mr. CHEUNG Wang Ip.