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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 2016

The Board of Directors (the “Board”) of Kin Yat Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2016, together with the comparative figures for the previous corresponding year and the relevant explanatory notes, as set out below:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
REVENUE	3	2,317,504	2,169,285
Cost of sales		<u>(2,029,300)</u>	<u>(1,901,199)</u>
Gross profit		288,204	268,086
Other income and gains, net	3	18,061	16,481
Selling and distribution expenses		(42,151)	(43,809)
Administrative expenses		(153,746)	(149,846)
Other expenses		(141,766)	(205,532)
Finance costs		(176)	(498)
LOSS BEFORE TAX	4	(31,574)	(115,118)
Income tax expense	5	(40,103)	(33,848)
LOSS FOR THE YEAR		<u>(71,677)</u>	<u>(148,966)</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		(69,843)	(121,583)
Non-controlling interests		(1,834)	(27,383)
		<u>(71,677)</u>	<u>(148,966)</u>
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7		
Basic		<u>HK(16.67) cents</u>	<u>HK(29.03) cents</u>
Diluted		<u>HK(16.67) cents</u>	<u>HK(29.03) cents</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(71,677)</u>	<u>(148,966)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE):		
<i>Other comprehensive expense to be reclassified to the income statement in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(20,409)	(5,013)
Release of exchange fluctuation reserve upon disposal of a subsidiary	<u>(468)</u>	<u>–</u>
Net other comprehensive expense to be reclassified to the income statement in subsequent periods	<u>(20,877)</u>	<u>(5,013)</u>
<i>Other comprehensive income/(expense) not to be reclassified to the income statement in subsequent periods:</i>		
Revaluation surplus, net	7,638	9,103
Deferred tax debited to asset revaluation reserve	(1,845)	(1,664)
Deferred tax credited to asset revaluation reserve upon disposal of items of property, plant and equipment	<u>–</u>	<u>200</u>
Net other comprehensive income not to be reclassified to the income statement in subsequent periods	<u>5,793</u>	<u>7,639</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	<u>(15,084)</u>	<u>2,626</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<u><u>(86,761)</u></u>	<u><u>(146,340)</u></u>
ATTRIBUTABLE TO:		
Equity holders of the Company	(86,336)	(118,956)
Non-controlling interests	<u>(425)</u>	<u>(27,384)</u>
	<u><u>(86,761)</u></u>	<u><u>(146,340)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		692,536	790,132
Investment properties		46,305	80,153
Prepaid land lease payments		25,231	28,564
Properties under development		19,701	37,326
Goodwill		4,650	4,650
Intangible assets		–	2,611
Deferred tax assets		40,918	32,899
Deposits		34,309	32,565
Total non-current assets		863,650	1,008,900
CURRENT ASSETS			
Properties under development		155,934	133,579
Inventories		333,681	289,674
Accounts receivable	8	222,191	207,359
Prepayments and deposits		42,495	28,921
Financial assets at fair value through profit or loss		10,648	3,410
Tax recoverable		641	–
Time deposits		6,565	18,953
Cash and bank balances		204,948	151,762
Total current assets		977,103	833,658
CURRENT LIABILITIES			
Accounts and bills payables, accrued liabilities, other payables and deferred income	9	509,234	448,233
Interest-bearing bank borrowings		188,507	146,176
Due to non-controlling shareholders		38,056	38,838
Tax payable		60,339	93,654
Total current liabilities		796,136	726,901
NET CURRENT ASSETS		180,967	106,757
TOTAL ASSETS LESS CURRENT LIABILITIES		1,044,617	1,115,657
NON-CURRENT LIABILITIES			
Other payables and deferred income	9	157,018	131,165
Deferred tax liabilities		30,223	28,731
Total non-current liabilities		187,241	159,896
NET ASSETS		857,376	955,761
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		41,916	41,875
Reserves		874,180	972,181
		916,096	1,014,056
Non-controlling interests		(58,720)	(58,295)
TOTAL EQUITY		857,376	955,761

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, accounting principles generally accepted in Hong Kong and the applicable 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 adopted the following revised standards for the first time for the current year’s financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

Annual Improvements to HKFRSs 2010-2012 Cycle

Annual Improvements to HKFRSs 2011-2013 Cycle

Other than as explained below, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- *HKFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. Except for the changes in the disclosure, the amendment has had no material financial impact on the Group’s consolidated financial statements.
- *HKAS 16 Property, Plant and Equipment* and *HKAS 38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. Except for the changes in the disclosure, the amendment has had no material financial impact on the Group’s consolidated financial statements.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

- *HKAS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- *HKFRS 13 Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
- *HKAS 40 Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (collectively the “Listing Rules”) issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2. SEGMENT INFORMATION

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 electrical appliances, electronic toys and related products;
- (b) the motors segment consists of the manufacture and sale of motors and encoder film;
- (c) the resources development segment consists of the manufacture and sale of materials primarily for use in panel display, the exploration, processing and sale of mineral products; and
- (d) real estate development.

During the year, management reassessed and changed the Group's reportable operating segments in accordance with their economic characteristics. The corresponding information for the year ended 31 March 2015 has been re-presented accordingly.

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.

2. SEGMENT INFORMATION (continued)

(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 2016 and 2015.

	Electrical and electronic products		Motors		Resources development		Real estate development		Eliminations		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment revenue												
Revenue from external customers	1,622,773	1,506,466	693,855	644,136	876	18,683	-	-	-	-	2,317,504	2,169,285
Intersegment sales	32,792	21,606	9,259	6,422	-	-	-	-	(42,051)	(28,028)	-	-
Other income and gains, net	2,642	4,163	9,000	9,217	8,460	1,130	14	-	-	-	20,116	14,510
Total	1,658,207	1,532,235	712,114	659,775	9,336	19,813	14	-	(42,051)	(28,028)	2,337,620	2,183,795
Segment results	87,838	168,370	(22,056)	(29,581)	(5,390)	(181,353)	(62,235)	(55,779)	-	-	(1,843)	(98,343)
Interest and unallocated gains/(loss)											(2,055)	1,971
Unallocated expenses											(27,500)	(18,248)
Finance costs											(176)	(498)
Loss before tax											(31,574)	(115,118)
Income tax expense											(40,103)	(33,848)
Loss for the year											(71,677)	(148,966)
Segment assets	1,907,906	1,795,420	678,197	613,129	36,850	47,872	223,227	176,353	(1,297,769)	(1,104,341)	1,548,411	1,528,433
Unallocated assets											292,342	314,125
Total assets											1,840,753	1,842,558
Segment liabilities	289,469	224,003	938,578	726,166	423,767	430,758	350,417	209,340	(1,297,769)	(1,104,341)	704,462	485,926
Unallocated liabilities											278,915	400,871
Total liabilities											983,377	886,797
Other segment information:												
Capital expenditure	45,290	64,162	48,154	48,819	-	208	-	75,402	-	-	93,444	188,591
Depreciation and amortisation	69,195	67,208	33,878	28,580	1,858	7,933	328	334	-	-	105,259	104,055
Unallocated amounts											1,141	1,100
											106,400	105,155
Loss/(gain) on disposal of items of property, plant and equipment	(25)	(587)	(22)	92	-	(312)	-	-	-	-	(47)	(807)
Write-off of items of property, plant and equipment	3,401	-	2,153	-	838	-	-	-	-	-	6,392	-
Write-off of prepaid land lease payments	-	-	-	-	2,098	-	-	-	-	-	2,098	-
Write-off of exploration rights and assets	-	-	-	-	-	23,360	-	-	-	-	-	23,360
Write-off of prepayments and deposits	85	-	1,242	-	137	1,567	-	-	-	-	1,464	1,567
Impairment of items of property, plant and equipment	47,275	-	22,781	-	158	46,196	-	-	-	-	70,214	46,196

2. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	Electrical and electronic products		Motors		Resources development		Real estate development		Eliminations		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Impairment of prepayments and deposits	-	-	296	-	1,532	85,975	-	-	-	-	1,828	85,975
Impairment of properties under development	-	-	-	-	-	-	28,278	48,193	-	-	28,278	48,193
Impairment of accounts receivable	-	-	388	453	872	-	-	-	-	-	1,260	453
Provision for obsolete inventories, net	3,255	1,377	9,788	5,706	2,757	-	-	-	-	-	15,800	7,083
Deficit/(surplus) on revaluation of land and buildings recognised directly in equity	(3,053)	(4,165)	(3,236)	(2,448)	(1,709)	(390)	-	-	-	-	(7,998)	(7,003)
Unallocated amounts											360	(2,100)
											(7,638)	(9,103)
Loss from changes in fair value of investment properties	-	-	-	-	-	-	31,492	-	-	-	31,492	-
Unallocated amounts											-	241
											31,492	241

(b) Geographical information

	United States of America		Europe		Asia		Others		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment revenue:										
Revenue from external customers	836,150	700,086	466,382	415,274	897,029	908,031	117,943	145,894	2,317,504	2,169,285

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

	Hong Kong		Mainland China		Malaysia		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Other segment information:								
Non-current assets	60,751	58,672	732,887	887,495	29,094	29,834	822,732	976,001

The non-current assets for the above segment information consist of property, plant and equipment, investment properties, prepaid land lease payments, properties under development, intangible assets, goodwill and deposits.

2. SEGMENT INFORMATION (continued)

(c) Information about major customers

Revenue of HK\$1,238,327,000 (2015: HK\$1,035,597,000) 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. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts but excluding intra-group transactions. An analysis of revenue, other income and gains, net is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Manufacture and sale of:		
Electrical and electronic products	1,622,773	1,506,466
Motors	693,855	644,136
Materials and products from resources development	<u>876</u>	<u>18,683</u>
	<u>2,317,504</u>	<u>2,169,285</u>
Other income and gains, net		
Bank interest income	827	1,843
Dividend income from financial assets at fair value through profit or loss	162	56
Gross rental income	775	1,104
Sale of scrap materials	3,041	9,201
Gain on disposal of items of property, plant and equipment, net	47	807
Fair value gain/(loss) on financial assets at fair value through profit or loss, net	(3,042)	31
Subsidy income	4,126	–
Gain on disposal of a subsidiary	8,041	–
Others	<u>4,084</u>	<u>3,439</u>
	<u>18,061</u>	<u>16,481</u>

4. LOSS BEFORE TAX

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	2,029,300	1,901,199
Depreciation	91,744	90,690
Amortisation of prepaid land lease payments	741	633
Amortisation of deferred development costs	13,915	13,832
Gain on disposal of items of property, plant and equipment, net	(47)	(807)
Write-off of items of property, plant and equipment*	6,392	–
Write-off of prepaid land lease payments*	2,098	–
Write-off of exploration rights and assets*	–	23,360
Write-off of prepayments and deposits*	1,464	1,567
Impairment of items of property, plant and equipment*	70,214	46,196
Impairment of prepayments and deposits*	1,828	85,975
Impairment of properties under development*	28,278	48,193
Impairment of accounts receivable	1,260	453
Provision for obsolete inventories, net	15,800	7,083
Loss from changes in fair value of investment properties*	31,492	241

* The amounts are included in "Other expenses" on the face of the consolidated income statement.

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	15,193	21,248
Underprovision in prior years	640	404
Current – Elsewhere		
Charge for the year	33,591	33,971
Deferred tax	(9,321)	(21,775)
Total tax charge for the year	40,103	33,848

6. DIVIDENDS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividend paid during the year		
Final dividend in respect of the financial year ended 31 March 2015 – HK4.0 cents per ordinary share (2015: final dividend in respect of the financial year ended 31 March 2014 – HK3.0 cents per ordinary share)	<u><u>16,766</u></u>	<u><u>12,562</u></u>
Proposed final dividend		
Final – HK5.0 cents (2015: HK4.0 cents) per ordinary share	<u><u>20,958</u></u>	<u><u>16,750</u></u>

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. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to equity holders of the Company of HK\$69,843,000 (2015: HK\$121,583,000) and the weighted average number of ordinary shares of 419,048,000 (2015: 418,748,000) in issue during the year.

No adjustment had been made to the basic loss per share amounts presented for the years ended 31 March 2016 and 2015 in respect of a dilution as the impact of the share options outstanding during the years had an anti-dilutive effect on the basic loss per share amounts presented.

8. ACCOUNTS RECEIVABLE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	130,706	160,893
31 – 60 days	34,263	28,542
61 – 90 days	41,146	10,470
Over 90 days	<u>18,168</u>	<u>8,749</u>
	224,283	208,654
Less: Impairment allowance	<u>(2,092)</u>	<u>(1,295)</u>
	<u><u>222,191</u></u>	<u><u>207,359</u></u>

9. ACCOUNTS AND BILLS PAYABLES, ACCRUED LIABILITIES, OTHER PAYABLES AND DEFERRED INCOME

An aged analysis of the Group's accounts and bills payables as at the end of the reporting period, based on the invoice date, and the balances of accrued liabilities, other payables and deferred income are as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	122,958	74,240
31 – 60 days	52,881	35,040
61 – 90 days	59,319	48,616
Over 90 days	27,516	47,006
	<hr/>	<hr/>
Accounts and bills payables	262,674	204,902
Accrued liabilities	211,198	190,405
Other payables*	29,183	184,091
Deferred income*	163,197	–
	<hr/>	<hr/>
	666,252	579,398
Less: Current portion	(509,234)	(448,233)
	<hr/>	<hr/>
Non-current portion	157,018	131,165
	<hr/> <hr/>	<hr/> <hr/>

9. ACCOUNTS AND BILLS PAYABLES, ACCRUED LIABILITIES, OTHER PAYABLES AND DEFERRED INCOME (continued)

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

* At 31 March 2015, included in other payables was an amount of RMB103,620,000, approximately HK\$131,165,000, which was received in respect of the subsidies from The People's Government of the Dushan County, Guizhou Province, (the "Dushan Government"), the People's Republic of China (the "PRC") for the Group's investment project in Dushan County, Guizhou Province, the PRC ("Dushan"). The Group was in the process of finalising the conditions of these subsidies with the Dushan Government.

During the year ended 31 March 2016, the Group confirmed with the Dushan Government that the above subsidies were granted for the Group's motor business and development in Dushan and the relevant investment requirements had been fulfilled. These subsidies are held as deferred income and released to the income statement on a systematic basis. Thus, all the subsidies previously recorded in "Other payables" have been reclassified to "Deferred income". At 31 March 2016, RMB133,821,000, approximately HK\$163,197,000, was received in respect of the subsidies from the Dushan Government and was included in "Deferred income". During the year ended 31 March 2016, subsidies of HK\$3,888,000 (2015: Nil) has been recognised as "Other income".

10. COMPARATIVE AMOUNTS

Certain amounts in the consolidated financial statements for the year ended 31 March 2015 have been reclassified to conform with current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the research-and-development-based production of electrical and electronic products and motors. The non-manufacturing category currently comprises real estate development and resources development operations.

The Group continued to deliver positive operating results from its core manufacturing businesses during the year ended 31 March 2016 (“FY2016”). However, owing to impairment/write-off losses incurred mainly on (i) the closure of two factories in line with its business strategy, (ii) the property under development due to decrease of market price, and (iii) the loss from changes in fair value of investment properties (collectively, the “Impairments and Other Expenses”), the Group has recorded a loss in FY2016. These Impairments and Other Expenses were non-cash expense items and would not impose an adverse impact on the cash flow of the Group.

CONSOLIDATED RESULTS

The Group’s consolidated turnover increased by 6.8% year on year to HK\$2,317,504,000 (FY2015: HK\$2,169,285,000), driven by growth of the manufacturing businesses. Total turnover of the Group comprised the following segmental external turnover:

- HK\$1,622,773,000 from the electrical and electronic products business, representing 70.0% of the consolidated turnover of the Group for the year (FY2015: HK\$1,506,466,000, 69.4%);
- HK\$693,855,000 from the motors business, contributing 29.9% of the total (FY2015: HK\$644,136,000, 29.7%);
- HK\$876,000 from the resources development business, accounting for 0.1% of the total (FY2015: HK\$18,683,000, 0.9%); and
- The real estate development business has commenced property pre-sales with no turnover generated during the year (FY2015: Nil, 0%).

The Group incurred a loss of HK\$69,843,000 attributable to equity holders of the Company during FY2016, compared to a loss of HK\$121,583,000 attributable to equity holders of the Company for the corresponding period last year. The attributable loss principally reflected the Impairments and Other Expenses recognised during the year.

Before inclusion of Impairments and Other Expenses of HK\$141,766,000 (FY2015: HK\$205,532,000), a profit (before non-controlling interests) of HK\$70,089,000 (FY2015: HK\$56,566,000) was posted for the year.

Basic loss per share for the year was HK16.67 cents (FY2015: basic loss per share of HK29.03 cents).

The electrical and electronic products segment continued to deliver a satisfactory performance, while the motors segment was able to achieve a turnaround in operating results. The resources development segment recorded a loss, as the unit was in the process of being wound down. The real estate development business recorded a loss on operating expenses incurred during its development phase, as well as impairment losses on property under development and loss from changes in fair value of investment properties based on the prevailing estimate of the recoverable value of the assets thereof.

The table below sets out the results of the Group by business segment for FY2016, together with the comparative figures of the previous year:

Results by business segment	FY2016	FY2015	Year-on-
	<i>HK\$'000</i>	<i>HK\$'000</i>	year change
			<i>%</i>
Electrical and electronic products (<i>Note 1</i>)	87,838	168,370	-47.8
Motors (<i>Note 2</i>)	(22,056)	(29,581)	NA
Resources development (<i>Note 3</i>)	(5,390)	(181,353)	NA
Real estate development (<i>Note 4</i>)	<u>(62,235)</u>	<u>(55,779)</u>	NA
Total segment results	<u>(1,843)</u>	<u>(98,343)</u>	NA

Note 1: including impairment/write-off losses of HK\$50,761,000 for FY2016 (FY2015: Nil)

Note 2: including one-off impairment/write-off losses of HK\$26,472,000 for FY2016 (FY2015: Nil)

Note 3: including one-off impairment/write-off losses of HK\$4,763,000 for FY2016 (FY2015: HK\$157,098,000)

Note 4: including one-off impairment losses and loss from changes in fair value of HK\$59,770,000 for FY2016 (FY2015: HK\$48,193,000)

OPERATIONAL REVIEW

Manufacturing Businesses

The manufacturing business category remains the Group's core income and earnings contributor. With a strong advantage in electronic engineering and robotic manufacturing, we continue to focus on high-value-adding production activities that demand high levels of automation and skill sets.

Electrical and Electronic Products Business Segment

The segment is engaged in the development, design and manufacture of (i) electronic and electrical toys; (ii) electrical appliances, with a niche in artificial intelligence (AI) products; and (iii) small home appliances. The segment's research-and-development and production platforms are principally based in Shenzhen City, Guangdong Province, the People's Republic of China (the "PRC"), together with a small-scaled production facility in Shixing County, Guangdong Province, the PRC ("Shixing").

This business segment continued to generate stable turnover and earnings for the Group. Segment external turnover in FY2016 increased by 7.7% to HK\$1,622,773,000 (FY2015: HK\$1,506,466,000), generated mainly by sales of our AI robotic products. Segment profit declined by 47.8% to HK\$87,838,000 (FY2015: HK\$168,370,000), after taking into account impairment/write-off losses of HK\$50,761,000 (FY2015: Nil) mainly due to the closure of a factory in northern Guangdong Province.

The Group has closed down one of the toys factories in northern Guangdong Province during FY2016. Production activities in northern Guangdong Province have been consolidated to one factory in Shixing. This will help us concentrate management efforts on upgrading the segment's manufacturing strength and efficiency.

The factory in Shenzhen continues to lead the segment's automation and upgrading drive. A more advanced production system incorporating robotic take-offs, pick-and-place and intelligent sensor devices has been employed into production lines. The Kanban scheduling system for LEAN and just-in-time manufacturing has also been implemented throughout every production floor to seek continuous improvement.

With highly automated facilities and a smarter production line up for AI robotic products, the segment commands a high value-added production environment ready for the upcoming robotics technology and manufacturing era. The deployment of robots within the segment's facilities has also enabled faster and lower-cost production, as well as a higher level of precision.

During FY2016, the segment has realigned its products portfolio with a further shift towards the higher technology-based arena. To this end, a new AI robotic product model was granted to the segment by its major customer at the beginning of FY2016. We expect this item to be put into production by early 2017. The segment is also developing a number of Internet of Things (IoT) devices featuring connectivity with smartphones and virtual reality (VR) technology. Production of these items will commence in the second half of FY2017.

With a growing order book and successful forays into higher-value-added products, management is optimistic of the continued earnings potential of this core business segment.

Motors Business Segment

The motors segment is engaged in the development, design, manufacture and sale of a wide range of micro-electric motors and related products, ranging from direct-current (DC) and alternating-current (AC) to brushless motors and encoder film and systems. The segment's major facilities are located in Dushan County, Guizhou Province, the PRC ("Dushan") and Shixing, with a small-scaled production facility in Malaysia.

The segment was able to turn around its results on the back of growing orders for DC motors, tight control over material costs, and the implementation of an automated production process, as well as the benefit from the devaluation of the Renminbi. It registered an operating profit of HK\$4,416,000 (FY2015: loss of HK\$29,581,000) during the year. However, after taking into account one-off non-cash impairment/write-off losses of HK\$26,472,000 (FY2015: Nil) incurred on the closure of a factory in Shaoguan City, Guangdong Province, the PRC ("Shaoguan") after the financial year end, the segment recorded a loss of HK\$22,056,000 (FY2015: loss of HK\$29,581,000). External turnover increased by 7.7% year on year to HK\$693,855,000 (FY2015: HK\$644,136,000).

In a bid to consolidate its manufacturing activities and to scale down the AC motors business which has recorded shrinking profit margins, the factory in Shaoguan was closed down after the financial year end, incurring one-time impairment/write-off losses for the segment. The production lines for AC motors were moved to the other production base in Dushan after the financial year ended. The production facilities located in Shixing were upgraded with a higher level of automation, yielding a reduced labour content and greater worker productivity. The management is satisfied with the progress of the ramping up of production facilities in Dushan, which were set up two years ago, and is expanding its production lines to take advantage of the lower labour costs.

Momentum of sales growth of DC motors continued to be robust. The segment will refocus on the development of the DC motors line. Management is making every effort to expand the customer base by soliciting international customers, and is therefore continuously raising the quality of products and of the production process. In view of the growing sales order of DC motors, the segment will continue to expand the production scale of the factory in Dushan.

Management is optimistic in the future sales and earnings growth prospect of the motors segment in the coming year.

Non-manufacturing Businesses

Real Estate Development Business Segment

The Group is currently engaged in real estate development activities in the PRC, with a focus on the development of a residential and commercial property project located at Dushan Economic Development Zone, Dushan County, Guizhou Province, the PRC.

In line with the generally fragile market conditions in the PRC and declining property prices in lower-tier cities in 2015, we observe that there is a plentiful supply of lower-priced commodity residential properties and even commercial properties in Dushan to be digested.

Our development, a low-density residential property, *The Royale Cambridge Residences*, offers uniqueness as the first high-end property project in Dushan at a high price point. Despite us having received positive feedback as to the premium quality and design of the property, the sale of the residential units has been less than satisfactory in terms of both achievable selling prices and volume.

Given the current lacklustre property market sentiment and slower-than-expected infrastructure developments in the surrounding areas, we have substantially slowed down the marketing of the property unit and hence delayed the sale timetable with a view to capturing a potentially higher value in future. Upon completion of the reduced scale of the phase I of the residential project, the segment will apply for the respective construction completion and final acceptance certificates for the project.

As the prevailing expected recoverable amount is currently lower than the carrying value of the project (including the book value of the land use rights of the three land parcels in Dushan and the buildings of the residential project thereon), an impairment loss and loss from changes in fair value were incurred in FY2016 under the Group's accounting policies. With income yet to be booked, the segment incurred a loss of HK\$62,235,000 (FY2015: loss of HK\$55,779,000) which primarily reflected the administrative expenses of the operations, and an impairment loss and loss from changes in fair value of HK\$59,770,000 (FY2015: HK\$48,193,000).

While sales and marketing of the residential project will be put on hold until the market conditions for high-end residential properties improve in Dushan, we have been continuously conducting researches and studies on the investment potential of the commercial property development project including a hotel project on the same site.

Resources Development Business Segment

During the year, the operations of this segment were substantially scaled down as we believe that it would not be profitable to operate in general in the near future given the continuing challenges and the lacklustre operating environment, including weak metal prices and difficulty in obtaining government approval for exploitation. Against this background, segment activities and investment were kept to a basic level. A minimal number of staff has been retained to safeguard the assets and properties on site, until the related project is terminated or disposed of.

As a result, the segment turnover decreased substantially to HK\$876,000 (FY2015: HK\$18,683,000), while the segment loss was substantially reduced to HK\$5,390,000 (FY2015: HK\$181,353,000) including an expense of HK\$4,763,000 (FY2015: HK\$157,098,000) for the impairment/write-off losses relating to the materials development business owing mainly to the reduced development activities and operating scale.

PROPOSED DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK5.0 cents (FY2015: HK4.0 cents) per share for the FY2016, representing HK\$20,958,000 (FY2015: HK\$16,766,000). The final dividend is expected to be paid on Thursday, 15 September 2016 to those shareholders whose names appear on the Company's register of members on Friday, 2 September 2016, subject to the approval in the annual general meeting of the Company to be held on Friday, 26 August 2016. Based on the aforesaid recommended final dividend, the yearly dividend distributed by the Company during the FY2016 was HK5.0 cents (FY2015: HK4.0 cents).

FINANCIAL CONDITIONS, LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily used its internally generated cash flow 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 2016, the Group had time deposits of HK\$6,565,000 (31 March 2015: HK\$18,953,000), cash and bank balances of HK\$204,948,000 (31 March 2015: HK\$151,762,000), and net current assets of HK\$180,967,000 (31 March 2015: HK\$106,757,000). As at 31 March 2016, shareholders' equity was HK\$916,096,000 (31 March 2015: HK\$1,014,056,000). Total consolidated banking facilities (including trade finance facilities) of the Group from all banks as at 31 March 2016 amounted to approximately HK\$663,185,000 (31 March 2015: HK\$417,220,000), of which HK\$195,664,000 (31 March 2015: HK\$147,472,000) was utilised including interest-bearing bank borrowings of HK\$188,507,000 (31 March 2015: HK\$146,176,000) and irrecoverable letter of credit of HK\$7,157,000 (31 March 2015: HK\$1,296,000).

As at 31 March 2016 and subsequent to the year end, the Group was technically in breach of covenants under loan agreements with certain banks, as the Group's tangible net worth were less than that required by the banks (the "NTA Requirement"). The Group has successfully obtained written consents from these banks to waive the rights entitling the banks to declare the relevant outstanding loan balances immediately due and payable due to the breach as mentioned above. Accordingly, as at 31 March 2016, the Group's bank loan in the amount of HK\$112,500,000 had been reclassified as current liabilities.

During the year ended 31 March 2015, the Group was technically in breach of a covenant under a loan agreement with a bank, as the ratio of the consolidated loss before interest, taxes, depreciation and amortisation to the consolidated finance charges (the “Financial Ratio”) was less than the required ratio by the bank. Subsequent to the year ended 31 March 2015, the Group had successfully obtained a written consent from the bank to waive the rights entitling the bank to declare the relevant outstanding loan balance immediately due and payable due to the breach of the loan covenant on the Financial Ratio. Accordingly, as at 31 March 2015, the Group’s bank loan in the amount of HK\$32,500,000 had been reclassified as current liabilities.

As at 31 March 2016, the interest-bearing bank borrowings of the Group were in the sum of HK\$188,507,000 (31 March 2015: HK\$146,176,000) which was repayable within one year or on demand.

As at 31 March 2016, the current ratio of the Group (current assets divided by current liabilities) was maintained at a healthy position at 1.2 times (31 March 2015: 1.1 times) and the gearing ratio of the Group (total interest-bearing bank borrowings divided by total equity) was 22.0% (31 March 2015: 15.3%). 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 2016, the total issued share capital of the Company was HK\$41,916,000 (31 March 2015: HK\$41,875,000), comprising 419,160,000 (31 March 2015: 418,748,000) ordinary shares of HK\$0.1 each.

As reported in our interim report, the Company repurchased and cancelled a total number of 138,000 ordinary shares of the Company (31 March 2015: Nil), and issued 550,000 ordinary shares (31 March 2015: Nil) upon exercise of share options granted to an employee 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 2016 (31 March 2015: 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 interests on bank borrowings are chargeable based on certain interest margin over the Hong Kong Interbank Offered Rate which is therefore of floating rate in nature. The Group has not entered into any interest rate risk hedge to mitigate exposure to interest rate risks during the year.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

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

In July 2015, the Company repurchased on the Stock Exchange, a total of 138,000 ordinary shares of the Company (the "Buyback Shares") at a price range of HK\$1.00 to HK\$1.18 per share. The aggregate consideration for the Buyback Shares is approximately HK\$147,000 which was funded from internal resources of the Company. The Buyback Shares were cancelled on 28 July 2015. The Company buyback its shares was aimed to enhance the net value and earnings per share of the Company.

Saved as disclosed above, 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 a new term loan facility agreements of HK\$100,000,000 each with 2 different banks for a term of 60 months and a term of 36 months, respectively.

Each of the term loan facility agreement imposes, inter alia, a condition that Mr. Cheng Chor Kit, a 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 2016 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 role 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 high independent element in the Board, where the Board members meet regularly to discuss issue 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 of Securities Transactions by directors of Listed Issuers (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 of the Company (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. 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.

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors and supervisors of the Company subsequent to the date of the 2015 Annual Report of the Company is set out below:

Mr. Cheng Kwok Kin, Paul, the independent non-executive Director, has resigned as an independent non-executive director of Forterra Real Estate Pte. Ltd. in October 2015. Forterra Real Estate Pte. Ltd. is a trustee manager of Forterra Trust ("Forterra"), a Singapore-based business trust that is formerly listed on the Singapore Exchange Securities Trading Limited ("Singapore Stock Exchange"). Forterra was delisted from Singapore Stock Exchange on 13 February 2015, and deregistered under the Business Trust Act (Cap.31A) of Singapore with effect from 31 August 2015, following the completion of a mandatory cash offer for Forterra which commenced in November 2014 by its largest unitholder, a member of the Nan Fung Group ("Nan Fung"), resulting in Nan Fung holding all of the issued units of Forterra.

Other than disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Board has reviewed the consolidation results (including the consolidated financial statements) of the Group for the year ended 31 March 2016.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 March 2016 as set out in the preliminary results announcement have been agreed by the Group's independent auditors, Ernst & Young, Certified Public Accountants of Hong Kong ("Ernst & Young"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on this preliminary results announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 August 2016 to Friday, 26 August 2016, 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 Friday, 26 August 2016, 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 Tuesday, 23 August 2016.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the annual general meeting of the Company to be held on Friday, 26 August 2016. The record date for entitlement to the proposed final dividend is Friday, 2 September 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 1 September 2016 to Friday, 2 September 2016, 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, 31 August 2016. The payment of final dividend is expected to be made on Thursday, 15 September 2016.

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 2016 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, 27 June 2016

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. CHIN Wee Hon; 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.