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 2021

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 2021, 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 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Revenue	*2*	**2,693,865**	3,114,221
Cost of sales	*4*	**(2,374,220)**	(2,780,880)
Gross profit		**319,645**	333,341
Other income and gains, net	*3*	**94,044**	101,647
Selling and distribution expenses	*4*	**(59,611)**	(46,791)
Administrative expenses	*4*	**(184,140)**	(169,759)
Impairment losses on financial assets		**(20,046)**	(3,283)
Finance costs, net		**(9,806)**	(17,742)
Share of losses of associates		**(31)**	(955)
Profit before income tax		**140,055**	196,458
Income tax expense	*5*	**(35,914)**	(22,821)
Profit for the year from continuing operations		**104,141**	173,637
Discontinued operation			
Loss for the year from discontinued operation		**(702)**	(8,272)
Profit for the year		**103,439**	165,365
Profit/(loss) attributable to:			
Equity holders of the Company		**103,626**	170,049
Non-controlling interests		**(187)**	(4,684)
		103,439	165,365
Profit/(loss) attributable to the equity holders of the Company arisen from:			
Continuing operations		**104,328**	175,343
Discontinued operation		**(702)**	(5,294)
		103,626	170,049

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 *HK$'000*	2020 *HK$'000*
Profit for the year	**103,439**	165,365
Other comprehensive income/(loss) arisen from continuing operations:		
Items that may be reclassified to the income statement:		
Exchange translation reserve on translation of foreign operations	**129,925**	(88,942)
Release of exchange transaction reserve upon disposal of subsidiaries	**340**	–
	130,265	(88,942)
Other comprehensive income/(loss) not to be reclassified to the income statement in subsequent periods:		
Surplus/(deficit) on revaluation of land and buildings	**52,776**	(4,864)
Deferred tax (debited)/credited to asset revaluation reserve	**(10,519)**	3,576
	42,257	(1,288)
Other comprehensive loss arisen from discontinued operation:		
Item that may be reclassified to the income statement:		
Exchange translation reserve on translation of foreign operations	**(60)**	(262)
Other comprehensive income/(loss) for the year, net of tax	**172,462**	(90,492)
Total comprehensive income for the year	**275,901**	74,873

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**275,866**	79,462
Non-controlling interests		**35**	(4,589)
		275,901	74,873
Total comprehensive income/(loss) for the year attributable to equity holders of the Company arisen from:			
Continuing operations		**276,628**	84,923
Discontinued operation		**(762)**	(5,461)
		275,866	79,462
Earnings/(losses) per share attributable to equity holders of the Company			
Basic			
Continuing operations		**HK23.77 cents**	HK39.95 cents
Discontinued operation		**HK(0.16) cents**	HK(1.21) cents
Total – included discontinued operation	7	**HK23.61 cents**	HK38.74 cents
Diluted			
Continuing operations		**HK23.77 cents**	HK39.95 cents
Discontinued operation		**HK(0.16) cents**	HK(1.21) cents
Total – included discontinued operation	7	**HK23.61 cents**	HK38.74 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,070,374**	989,154
Investment properties		**66,028**	57,975
Right-of-use assets		**26,334**	26,243
Properties under development		**41,043**	42,534
Intangible assets		**7,873**	7,873
Investment in an associate		**-**	4,854
Financial assets at fair value through profit or loss		**12,283**	12,336
Prepayments and deposits		**104,494**	163,964
Deferred tax assets		**8,202**	20,886
Total non-current assets		**1,336,631**	1,325,819
Current assets			
Properties under development		**316,787**	269,847
Completed properties held for sale		**143,905**	154,464
Inventories		**361,901**	298,580
Accounts and bills receivable	*8*	**368,089**	221,017
Prepayments, deposits and other receivables		**245,568**	190,221
Financial assets at fair value through profit or loss		**11,715**	8,533
Tax recoverable		**4,099**	2,480
Pledged deposits	*9*	**17,975**	-
Time deposits		**13,607**	14,641
Restricted bank deposits	*9*	**538**	11,925
Cash and cash equivalents		**390,018**	244,681
		1,874,202	1,416,389
Assets classified as held for sale		**–**	132,153
Total current assets		**1,874,202**	1,548,542
Total assets		**3,210,833**	2,874,361

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**43,896**	43,896
Reserves		**1,455,600**	1,182,024
		1,499,496	1,225,920
Non-controlling interests		**–**	162
Total equity		**1,499,496**	1,226,082
LIABILITIES			
Non-current liabilities			
Deferred income and other payable		**24,158**	83,371
Bank borrowings	*11*	**191,874**	263,566
Lease liabilities		**1,892**	2,150
Deferred tax liabilities		**37,097**	33,718
Total non-current liabilities		**255,021**	382,805
Current liabilities			
Accounts and bills payable, other payables and provisions	*10*	**779,319**	624,131
Contract liabilities		**123,093**	68,092
Bank borrowings	*11*	**467,672**	413,243
Lease liabilities		**1,880**	1,850
Tax payable		**84,352**	62,562
		1,456,316	1,169,878
Liabilities directly associated with assets classified as held for sale		**–**	95,596
Total current liabilities		**1,456,316**	1,265,474
Total liabilities		**1,711,337**	1,648,279
Total equity and liabilities		**3,210,833**	2,874,361

NOTES

1. BASIS OF PREPARATION

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets, certain classes of property, plant and equipment and investment properties, which are measured at fair value.

(c) Amended standards and revised conceptual framework adopted by the Group

The Group has applied the following amendments to standards and revised conceptual framework for the first time or their annual reporting period commencing 1 April 2020:

HKFRS 3 (Amendments)	Definition of business
HKAS 1 and HKAS 8 (Amendments)	Amendments to definition of material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge accounting
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

The amendments and revised conceptual framework listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

1. BASIS OF PREPARATION (continued)

(d) New standard and amendments to standards not yet adopted

A new accounting standard and certain amendments to standards have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	*COVID-19-related rent concessions*	1 June 2020
HKFRS 17	*Insurance contracts*	1 January 2021
Amendments to Hong Kong Accounting Standards ("HKAS") 3	*Update reference to the conceptual framework*	1 January 2022
Amendments to HKAS 16	*Proceeds before intended use*	1 January 2022
Amendments to HKAS 37	*Onerous contracts – costs of fulfilling a contract*	1 January 2022
Annual Improvements Project (Amendments)	*Annual improvements to HKFRSs 2018-2020*	1 January 2022
Amendments to HKAS 1	*Classification of liabilities as current or non-current*	1 January 2023
Amendments to HKFRS 10 and HKAS 28	*Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The directors of the Company are of the opinion that the adoption of the above new standard and amendments to existing standards would not have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standard and amendments to existing standards when they become effective.

2. SEGMENT INFORMATION

Chief operating decision maker ("CODM") has been identified as the Board of Directors of the Company (the "Directors"). 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, IoT and smart home products, electronic entertainment products and other related products;

(b) the motors segment consists of the development, design, manufacture and sale of electric motor drives and related products and encoder film;

2. SEGMENT INFORMATION (continued)

(c) the real estate development segment; and

(d) the glass technology and application segment consists of the sale and downstream processing of glass as well as the design, manufacture and installation of curtain wall systems.

The operation of glass technology and application segment ("Disposal Group") was discontinued during year ended 31 March 2020 and its assets and liabilities were classified as held for sale as at 31 March 2020.

The information about electrical and electronic products segment, motor segment and the real estate development segment (collectively the "Remaining Group") are presented as continuing operations in the consolidated financial statements.

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 income) 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 2021 and 2020.

31 March 2021

	Continuing operations						Discontinued operation		
	Electrical and electronic products *HK$'000*	Motors *HK$'000*	Real estate development *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Glass technology and application *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue									
Revenue from external customers									
Timing of revenue recognition									
– At a point of time	1,639,837	1,048,551	5,477	–	–	2,693,865	2,461	–	2,696,326
– Over time	–	–	–	–	–	–	3,050	–	3,050
	1,639,837	1,048,551	5,477	–	–	2,693,865	5,511	–	2,699,376
Inter-segment sales	39,779	3,256	–	–	(43,035)	–	–	–	–
Total	1,679,616	1,051,807	5,477	–	(43,035)	2,693,865	5,511	–	2,699,376
Other income/(expenses) and gains/(losses), net	35,220	46,143	7,149	1,620	–	90,132	46	–	90,178
Segment results	138,447	55,994	(24,989)	(7,577)	–	161,875	(740)	–	161,135
Unallocated gain, net						3,912			3,912
Unallocated expenses						(15,895)			(15,895)
Finance costs, net						(9,806)			(9,806)
Share of losses from investment in an associate						(31)			(31)
Profit before income tax						140,055			139,315
Income tax (expense)/credit						(35,914)	38		(35,876)
Profit for the year						104,141			103,439

2. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

31 March 2021 (continued)

	Continuing operations						Discontinued operation		
	Electrical and electronic products *HK$'000*	Motors *HK$'000*	Real estate development *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Glass technology and application *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	1,785,507	1,185,504	689,103	43,296	(987,687)	2,715,723			2,715,723
Unallocated assets						495,110			495,110
Total assets						3,210,833			3,210,833
Segment liabilities	394,041	465,468	756,415	283,084	(987,687)	911,321			911,321
Unallocated liabilities						800,016			800,016
Total liabilities						1,711,337			1,711,337
Other segment information:									
Capital expenditure	9,369	76,699	8	–	–	86,076	–	–	86,076
Depreciation and amortisation	55,095	63,990	125	2,870	–	122,080	–	–	122,080
Loss/(gain) on disposal of property, plant and equipment, net	(169)	1,364	–	–	–	1,195	–	–	1,195
Surplus on revaluation of land and buildings recognised directly in equity	(38,798)	(8,940)	–	(5,038)	–	(52,776)	–	–	(52,776)
Fair value gain on investment properties	–	–	(3,462)	–	–	(3,462)	–	–	(3,462)

2. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

31 March 2020

	Continuing operations						Discontinued operation		
	Electrical and electronic products *HK$'000*	Motors *HK$'000*	Real estate development *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Glass technology and application *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue									
Revenue from external customers									
Timing of revenue recognition									
– At a point of time	2,202,402	836,745	75,074	–	–	3,114,221	44,033	–	3,158,254
– Over time	–	–	–	–	–	–	9,798	–	9,798
	2,202,402	836,745	75,074	–	–	3,114,221	53,831	–	3,168,052
Inter-segment sales	31,283	4,023	–	–	(35,306)	–	1,802	(1,802)	–
Total	2,233,685	840,768	75,074	–	(35,306)	3,114,221	55,633	(1,802)	3,168,052
Other income/(expenses) and gains/ (losses), net	36,081	38,840	(42)	1,040	–	75,919	1,090	–	77,009
Segment results	162,172	45,410	(1,574)	(3,022)	–	202,986	(8,800)	–	194,186
Unallocated gain, net						25,728			25,728
Unallocated expenses						(13,559)			(13,559)
Finance costs, net						(17,742)			(17,742)
Share of losses from investment in associates						(955)			(955)
Profit before income tax						196,458			187,658
Income tax (expense)/credit						(22,821)	528		(22,293)
Profit for the year						173,637			165,365

2. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

31 March 2020 (continued)

	Continuing operations						Discontinued operation		
	Electrical and electronic products *HK$'000*	Motors *HK$'000*	Real estate development *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Glass technology and application *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	1,594,513	1,056,239	600,366	46,485	(922,062)	2,375,541	132,153	–	2,507,694
Unallocated assets						366,667			366,667
Total assets						2,742,208			2,874,361
Segment liabilities	313,635	416,848	679,142	264,869	(922,062)	752,432	95,596	–	848,028
Unallocated liabilities						800,251			800,251
Total liabilities						1,552,683			1,648,279
Other segment information:									
Capital expenditure	33,758	121,117	12	–	–	154,887	2,033	–	156,920
Depreciation and amortisation	54,537	61,404	139	1,429	–	117,509	5,917	–	123,426
Unallocated amounts						429			429
						117,938			123,855
Loss/(gain) on disposal of property, plant and equipment, net	652	(30)	–	–	–	622	(36)	–	586
Gain on disposal of a property	(16,842)	–	–	–	–	(16,842)	–	–	(16,842)
Write-off items of property, plant and equipment	5,624	–	–	–	–	5,624	1,597	–	7,221
Deficit/(surplus) on revaluation of land and buildings recognised directly in equity	2,937	878	–	(731)	–	3,084	–	–	3,084
Unallocated amounts						1,780			1,780
						4,864			4,864
Fair value loss on investment properties	–	–	229	–	–	229	–	–	229

2. SEGMENT INFORMATION (continued)

(b) Geographical information

	United States of America		Europe		Asia		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	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										
– Continuing operations	**1,166,023**	1,602,165	**489,623**	505,274	**1,038,219**	1,005,390	**–**	1,392	**2,693,865**	3,114,221
– Discontinued operation	**–**	–	**–**	–	**5,511**	53,831	**–**	–	**5,511**	53,831

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

	Hong Kong		Mainland China		Malaysia		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Non-current assets								
– Remaining Group	**7,884**	8,775	**1,272,886**	1,250,721	**35,376**	33,101	**1,316,146**	1,292,597
– Disposal Group	**–**	–	**–**	57,199	**–**	–	**–**	57,199

The non-current assets for the above segment information consist of property, plant and equipment, investment properties, right-of-use assets, properties under development, intangible assets and prepayments, deposits and other receivables, but exclude deferred tax assets and financial assets at fair value through profit or loss.

3. OTHER INCOME AND GAINS, NET

	2021	2020
	HK$'000	*HK$'000*
Fair value gain/(loss) on financial assets at fair value through profit or loss, net	**3,322**	(4,956)
Fair value gain/(loss) on investment properties, net	**3,462**	(229)
Loss on disposal of property, plant and equipment, net	**(1,195)**	(622)
Gain on disposal of a property	**–**	16,842
Gain on disposal of equity interest in an associate	**729**	1,013
Gain on disposal of a subsidiary	**1,621**	31,416
Gain on termination of leases	**142**	–
Gross rental income	**512**	928
Sales of scrap materials	**10,001**	6,024
Subsidy income *(Note)*	**66,914**	47,268
Others	**8,536**	3,963
	94,044	101,647

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 2021, subsidies income amounting to HK$66,914,000 (2020: HK$47,268,000) are recognised in profit or loss, including the recognition of deferred government subsidy income of HK$36,965,000 (2020: HK$36,595,000).

4. PROFIT BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
Cost of inventories sold	**1,716,739**	2,051,161
Cost of properties sold	**5,204**	69,832
Depreciation of property, plant and equipment	**119,635**	114,167
Depreciation of right-of-use assets	**2,445**	3,771
Employee benefit expenses	**507,663**	546,614
Auditor's remuneration	**3,100**	3,100
Legal and professional fee	**8,478**	6,889
Short-term lease expenses	**911**	1,135
Provision/(write-back) of impairment of inventories, net	**5,086**	(12,725)
Impairment of properties under development	**4,456**	–
Impairment of completed properties held for sale	**15,944**	–
Write-off of property, plant and equipment	**–**	5,624

5. INCOME TAX

	2021	2020
	HK$'000	*HK$'000*
Current - Hong Kong		
Charge for the year	**13,400**	8,599
Adjustment for current tax of prior years	**4,883**	3,412
Current - Elsewhere		
Charge for the year	**15,495**	6,987
Adjustment for current tax of prior years	**(3,666)**	(8)
Deferred tax	**5,802**	3,831
Total tax charge for the year	**35,914**	22,821

6. DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 March 2021 (2020: Nil).

7. EARNINGS PER SHARE

A reconciliation of the earnings used in calculating earnings per share is as follows:

	2021	2020
	HK$'000	*HK$'000*
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:		
From continuing operations	**104,328**	175,343
From discontinued operation	**(702)**	(5,294)
	103,626	170,049

Basic earnings per share is calculated by dividing:

– profit for the year attributable to equity holders of the Company of HK$103,626,000 (2020: HK$170,049,000),

– by the weighted average number of ordinary shares of 438,960,000 (2020: 438,960,000) in issue during the year.

	2021	2020
	HK cents	*HK cents*
Earnings from continuing operations per share	**23.77**	39.95
Loss from discontinued operation per share	**(0.16)**	(1.21)
Total basic earnings per share attributable to the equity holders of the Company	**23.61**	38.74

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

– the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

– the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

7. EARNINGS PER SHARE (continued)

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

	2021	2020
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**438,960,000**	438,960,000

	2021	2020
	HK cents	*HK cents*
Diluted earnings from continuing operations per share	**23.77**	39.95
Diluted loss from discontinued operation per share	**(0.16)**	(1.21)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**23.61**	38.74
Earnings from continuing operations per share		
– Basic earnings per share	**23.77**	39.95
– Diluted earnings per share	**23.77**	39.95
Loss from discontinued operation per share		
– Basic loss per share	**(0.16)**	(1.21)
– Diluted loss per share	**(0.16)**	(1.21)

Diluted earnings/(losses) per share

The diluted earnings/(losses) from continuing operations and discontinued operation per share is equal to the basic earnings/(losses) per share for the year ended 31 March 2021 as the outstanding share options did not have dilutive effect because the exercise price per share option was higher than the average share price of the Company during the year.

8. 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:

	2021	2020
	HK$'000	*HK$'000*
0 – 30 days	**168,566**	123,280
31 – 60 days	**89,109**	44,656
61 – 90 days	**92,806**	31,974
Over 90 days	**32,390**	28,516
	382,871	228,426
Loss allowance	**(14,782)**	(7,409)
	368,089	221,017

9. RESTRICTED BANK DEPOSITS AND PLEDGED DEPOSITS

As at 31 March 2021, the Group's pledged deposits were denominated in Renminbi ("RMB") and placed in a bank to secure a bank facility (Note 11).

Included in restricted bank deposits as at 31 March 2021 are RMB448,000 (equivalent to HK$538,000) (2020: RMB4,947,000 (equivalent to HK$5,505,000)) pledged to bank for trade financing.

As at 31 March 2020, RMB5,770,000 (equivalent to HK$6,420,000) were frozen in relation to legal actions lodged by two construction contractors against two subsidiaries of the Group. During the year, both cases were closed and compensation totaling RMB3,300,000 (equivalent to HK$3,672,000) were fully settled. The corresponding restricted cash deposits were released accordingly.

10. ACCOUNTS AND BILLS PAYABLE

At 31 March 2021, the aging analysis of the accounts and bills payable based on invoice date are as follows:

	2021	2020
	HK$'000	*HK$'000*
0 – 30 days	**167,576**	129,286
31 – 60 days	**102,940**	39,807
61 – 90 days	**155,397**	46,050
Over 90 days	**136,990**	144,884
	562,903	360,027

11. BANK BORROWINGS

	2021	2020
	HK$'000	*HK$'000*
Unsecured		
Current portion	**455,689**	413,243
Non-current portion	**191,874**	263,566
	647,563	676,809
Secured		
Current portion	**11,983**	–

Bank borrowings mature until 2023 and bear average interest at 2.7% (2020: 3.6%) per annum.

At 31 March 2021, based on the contractual repayment terms including repayable on demand clause, the Group's bank borrowings maturity analysis would be as follows:

	2021	2020
	HK$'000	*HK$'000*
Within 1 year or on demand	**467,672**	413,243
Between 1 and 2 years	**191,874**	177,634
Between 2 and 5 years	**–**	85,932
	659,546	676,809

The following table summarises the maturity analysis of the bank borrowings which are subject to repayment on demand based on scheduled repayment dates:

	2021	2020
	HK$'000	*HK$'000*
Within 1 year	**27,500**	27,500
Between 1 and 2 years	**27,500**	27,500
Between 2 and 5 years	**10,000**	37,500
	65,000	92,500

The Group's banking facilities are secured by the corporate guarantees, investment property and pledged bank deposits given by the Company and certain subsidiaries of the Company.

11. BANK BORROWINGS (continued)

The carrying amounts of the Group's bank borrowings approximate their fair values.

Denominated in:

	2021	2020
	HK$'000	*HK$'000*
HKD	**401,533**	523,682
USD	**64,841**	64,106
RMB	**193,172**	89,021
	659,546	676,809

As at 31 March 2021, the Group has uncommitted undrawn bank facilities amounting to HK$83,053,000 (2020: HK$27,757,000). As at 31 March 2021, the Group was in compliance with all bank borrowing covenants.

12. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

During the year ended 31 March 2020, the Group entered into negotiation with a third party to dispose of the entire equity interest of 創建節能玻璃(韶關)有限公司 and 創建節能玻璃(貴州)有限公司 and its subsidiaries (collectively as the "Disposal Group") which was classified as discontinued operation in accordance with HKFRS 5. Assets and liabilities of the Disposal Group were classified as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale", respectively as at 31 March 2020. The disposal was completed on 16 June 2020 and resulted in a gain of disposal of HK$1,621,000 (Note 3).

13. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Loss of a significant customer

On 3 May 2021, the Company announced that it had recently come to an agreement with a significant customer of its electrical and electronic products business segment to end the relevant service contract between the Group and the significant customer on the later of 31 December 2021 and the date by which the Company has completed all the accepted orders placed on or before 31 May 2021 by the significant customer.

MANAGEMENT DISCUSSION AND ANALYSIS

Kin Yat is one of the leading industrial enterprises primarily engaged in the development and production of niche, technology-driven and quality electrical and electronic products. Leveraging its close to four decades of experience in the industry and strong research and development ("R&D") capability, the Group has established a wide portfolio of products in the areas of robotics, juvenile products, smart products and motor-driven products, able to satisfy the needs of end users through cycles of macroeconomic changes. At the beginning of 2020, the Group has also established its house brand production line, "Kin Yat Health", with the aim to further diversify its product portfolio in medical and healthcare products sector, supported by the existing core advanced production equipment and technological know-how.

FINANCIAL REVIEW

For the financial year ended 31 March 2021 (the "Year" or "FY2021"), the outbreak of the COVID-19 pandemic, coupled with the geopolitical tension, brought about significant, cross-industry and unprecedented impact to the global economy. Compounded by the social distancing measures and pessimistic market outlook, this has led to sluggish consumer demand. As the pandemic began to spread in Europe and the United States of America ("U.S."), two of the key contributing markets of the Group, since March 2020, procurement orders were curtailed as their economic activities were adversely affected. In response to the tremendous financial pressure they faced, many customers decided to adopt extra cautious approaches on orders and postponed the commencement of new projects. As a result of the conservative orders and delayed shipment scheduling, the Group's turnover during the Year recorded a year-over-year ("YoY") decrease of 13.5%, from approximately HK$3,114,221,000 to HK$2,693,865,000.

In terms of segmental breakdown of total external turnover,

- Electrical and Electronic Products Business Segment: amount to HK$1,639,837,000, representing 60.9% (for the year ended 31 March 2020 ("2020"): HK$2,202,402,000, 70.7%) of the Group's consolidated turnover for the Year;

- Motors Business Segment: amount to HK$1,048,551,000, contributing 38.9% to the Group's consolidated turnover for the Year (2020: HK$836,745,000, 26.9%);

- Real Estate Development Business Segment: amount to HK$5,477,000, representing 0.2% of the Group's consolidated turnover for the Year (2020: HK$75,074,000, 2.4%).

Despite the extreme business environment, the Group continues to remain steadfast in optimising management and operation flows and strengthening its production layout in the pursuit of a sustainable growth. The Group was also proactive in implementing a series of stringent cost control measures during the Year, including its efforts in stabilising raw materials cost and labour cost, as well as continuing the diversification and optimisation of product mix. Although overall gross profit decreased from HK$333,341,000 of last year to HK$319,645,000 of this Year due to lower turnover scale, gross profit margin improved 1.2 percentage point to 11.9%, riding on the Group's genuine efforts in maintaining a lean structure and in enhancing product mix even facing the fluctuations in raw material prices and appreciation of Renminbi ("RMB").

Profit attributable to equity holders of the Company also recorded a decrease of approximately 39.1% YoY from HK$170,049,000 to HK$103,626,000, mainly attributable to the combined effects of: (1) the absence of one-off gain of approximately HK$16,842,000 and HK$31,416,000 on disposal of the properties and of the subsidiary of the Group in Hong Kong recorded during the last financial year respectively; (2) increase in other income which is more than offset by the decrease in the operating profit of our manufacturing business segments as a whole due to the appreciation of RMB against the dollar particularly during the second half of the Year and the decrease in purchase orders from a significant customer in the Electrical and Electronic Products Business Segment during the Year; and (3) the impairment loss from changes in fair value of our first real estate development project, namely *The Royale Cambridge Residences*, in Dushan County, Guizhou Province ("Dushan"), the Peoples' Republic of China (the "PRC"), of approximately HK$16,938,000, recorded during the Year (2020: HK$229,000). Basic earnings per share for the Year were HK23.61 cents (2020: HK38.74 cents).

OPERATIONAL REVIEW

Manufacturing Businesses

The Group operates two manufacturing business streams on three major production centres in the PRC. Two of which are based in Songgang, Baoan District, Shenzhen City ("Shenzhen") and Shixing County, Shaoguan City ("Shixing"), Guangdong Province, respectively, with the third situated in Dushan. The Group's production bases are also supplemented by an additional facility in Malaysia for motor and motor related products.

During the Year, the Shenzhen centre continued to be focusing on the high-value-added processes for robotics and smart products manufacturing, while the Shixing centre remained as the major production base for motor drives and other electrical and electronic products. The Dushan centre currently houses motors production, and sub-assembly business.

Electrical and Electronic Products Business Segment

The segment engages in the development, design, and manufacturing of three main product categories: (i) robotics, (ii) juvenile products, and (iii) smart products.

During the Year, this segment adopted scrupulous health precautionary measures and hence, production lines in the PRC has quickly resumed operation since February 2020, allowing the segment to seize the opportunity of uprising orders for juvenile products and baby care products, particularly arising from the stay-at-home economy. Turnover from these two sectors recorded a significant increment. However, this positive impact on the turnover arose from the said increase in orders was more than offset by the strategically planned reduction in orders from a significant customer and the order postponement or reduction from other customers amidst the COVID-19 pandemic. Therefore, external turnover of this segment decreased by 25.5% to HK$1,639,837,000 in the Year (2020: HK$2,202,402,000), while this segment remained the major contributor to the overall turnover and accounting for 60.9% of the Group's turnover.

In view of the effects of concentration on a number of major customers, the segment has been devoted to implementing multiple strategies to enhance its profitability, ranging from directing product portfolio towards a higher margin and more diversified structure, to enhancing cost-effectiveness, and optimising labour efficiency. While the segment's product portfolio has been under reshuffle to become more flexible and diversified mix. It can, in the short run, balance the production schedule, while in the long run, better utilise existing production capacities and enhance the adoption of automation in production, and hence, enhance the segment profit. On the other hand, since the latter part of 2020, the price of several raw materials has been on an upward trend and their supply has been impacted. In face of the situation, the segment took active measures by effective communication with clients, ongoing localisation and diversification of suppliers to maintain a comparatively steady supply in raw materials. Positive responses have been received from clients in terms of adjustment on product price and delivery time. As such, segment operating profit decreased by 14.6% to HK$138,447,000 during the Year (2020: HK$162,172,000).

Robotics sector

The sector has successfully established a strong foundation in niche home-use robotics through a long-term partnership with its U.S.-based, market-leading client. However, ever since the Sino-U.S. trade tension escalated and continued to fluctuate, the planned reduction in order placement and downward pricing pressure on robotic vacuum cleaning products, coupled with the uprising operation costs in the PRC, especially the labour cost, have burdened the sector's profitability. The sector has been committed its efforts to rebalancing the production schedule and improve production efficiency in order to stay competitive and empower the sector's capability in profit margin enhancement in the long run.

In consideration of the planned reduction in orders from a significant customer, as well as the minimising room for further cost improvement of particular products for the Year, turnover contribution of the sector is likely to become more conservative. In light of the development of our business relationship with the significant customer in this sector, the segment continues to leverage its existing network, extensive industry experience and long-term partnership with internationally renowned consumer electronic products brands, to further diversify and expand its customer base to achieve sustainable growth.

Juvenile products and smart products sectors

Juvenile products sector focuses on baby gears and juvenile education products, particularly targeting STEAM-related smart products which can be connected to computing devices such as smartphone and tablet. The segment is in an advantageous position to enjoy the Group's full-ranged OEM+ services platform, able to gain business opportunities with start-ups brands from diversifying industries and to grow with these potential rising stars.

Due to worsening market sentiment arisen from the impact of COVID-19 pandemic, during the Year, the demand of certain product lines were inevitably impacted, and the development of some new projects was slightly delayed. However, the segment's diversified product portfolio was able to mitigate the impact from these factors, thanks to the rising orders benefited from the stay-at-home economy, with baby gears and juvenile STEAM education products becoming the major growth drivers of the segment. And due to the accelerating order demands, the sector continued to benefit from introduction of new product generations from existing clients, as well endeavoured to establish a good mix of new clients.

Medical and healthcare products sector

Since the beginning of 2020, the Group has successfully grasped the opportunity in establishing a healthcare product business line under its house brand, "Kin Yat Health", commencing the production and sales of adult and child disposal facial masks in response to the COVID-19 pandemic. The sector has been able to offer EN14683 TYPE IIR and ASTM-F2100 Level 2 & 3 qualified (including but not limited to both BFE and PFE ≥ 98%) non-medical face masks for adults and teens.

The Group believes that face mask production would well be served as the first step of the Group's strategic planning in tapping into the medical and healthcare products sector, a sector with higher entry barrier. In November 2020, a subsidiary company of the Group has successfully been granted the Medical Device Registration Certificate and the Medical Device Production Licence from the Guangdong Medical Products Administration of the PRC, which has laid a solid foundation for the Group to develop new products, expand its sales channels and broaden customer base in the medical and healthcare areas, especially in medical disposables products. Being a reputable and efficient manufacturer together with our existing ready-to-go production lines, the sector has gained some opportunities to engage in initial discussion with different players in the industry for new projects co-operation. To support the sustainable development of the sector, the Group will prudently place more available resources and production capabilities on the development of new products in an orderly fashion, with the aim of further diversifying its macro and geopolitical risks.

For future view

Going forward, the segment will continue its ongoing development of new and more profitable products, advancement of R&D capability and further diversification of client portfolio, particularly towards less cyclical industries, in order to mitigate existing and potential risks, while maintaining a stable production allocation and schedule and sustaining the segment's competitiveness. The Group believes that these products will become new rising stars to the market, and will stay devoted to uncovering more potential ones in the future ahead.

As most capital expenditures were either suspended or postponed in order to accumulate additional resources for crisis management purpose. In view of such initiative, the expansion plan of the Group's Dushan manufacturing plant has been temporally postponed. Yet, looking forward, the Group believes that as geopolitics bring changes to the market, the geographical diversification of production centre would be essential to expand the Group's production networks, ease the impact of geopolitical tensions, and even bring new business opportunities arising from greater market exposure. The long-term strategy of diversifying production base to countries outside of the PRC, and in particular, to Southeast Asian countries, remains in the pipeline. In late 2021, a few production lines dedicated to the Electrical and Electronic Products Business Segment for simple assembly will be set up in Malaysia. Given its proximity with other production facilities of the Group and the maturity of its infrastructure, the new production lines will be a good support to the Group's capacity to gain trust and capture orders from global brand customers.

With the market expecting an upward trajectory on raw material prices in 2021, the Group will also strengthen its ongoing communication with suppliers, and strategically secure sufficient inventories of key raw materials in order to ensure a stable supply and reduce the burden on segment's profit.

Motors Business Segment

The motors segment focuses on the development, design, manufacturing and sales of electric motor drives and related products, ranging from direct-current ("DC") motors, alternating-current ("AC") motors to encoders and related products. Its product offerings have continued to evolve to capture market and technological trends, including the continued development of larger-sized motor drives and brushless DC motors. The segment's major facilities are currently located in the Shixing centre and the Dushan centre, supplemented by the production facility in Malaysia. Equipped with high-precision equipment and advanced technologies, this robust production and R&D platform enables the segment to roll out innovative and reliable deliverables for customers. The segment business has been categorised into four sectors for separate markets of motors, namely automobile, office automation equipment, toy, and household appliance.

Although the COVID-19 pandemic has brought adverse impact to the global economy, particularly consumer confidence and sentiment, it has also been reshaping the market landscape of various industries, for instance, the risk profile assessment on players in terms of reliability, sustainability and financial worthiness, as well as the accelerating introduction of new product generation, which hence, bring new market opportunities to players. The segment has quality products, strong R&D and manufacturing capabilities, and a reliable customer service team to expand its client mix and market share amid the market consolidation period. We believe that, with our comparatively low market share at the moment, there are enormous market potential and business opportunities in different fields for the segment to further explore.

Although sectors' performance varied amid the COVID-19 pandemic, the segment, as a whole, achieved outstanding results. The pandemic's consequential city lockdown and economic downturn in 2020 have significant impact to the usual pattern of both supply and demand sides, leading to more conservative orders from automobile, which were overweighted by the escalation on orders the office automation equipment and household appliance sectors who captured the opportunities from the ever changing buying patterns and consumer demand arisen from the work-from-home measures and the replacement demand induced by product generation upgrades through technological advancement. As a result, the segment, saw boosted demand for consumer products, including but not limited to home use printers and household cleaning appliances.

Overall, despite the challenging operating environment, the segment managed to record a continuous growth in revenue. Its external turnover increased by 25.3% to HK$1,048,551,000 (2020: HK$836,745,000). However, gross profit and gross profit margin decreased during the Year, mainly attributable to the increased operation efficiency and continuous effort in automation, which were more than subtracted by the inflation of RMB and the impact from the rising cost of raw materials. Segment profit was HK$55,994,000, representing a 23.3% YoY increase (2020: HK$45,410,000).

For future view

Looking forward amid the uncertain geopolitical tension, macro economy and development of COVID-19 pandemic, the segment will remain prudent, while looking for opportunities for the segment by adopting the following strategies:

(i) Continuous R&D and customer diversification

Over the past years, the segment has been advancing its R&D capability and developed various types of motors products, including but not limited to brushless motors, mid-to-large-sized motors and other products who are lighter, quieter and more energy-saving. The segment has, during the Year, reached some phrasal achievement in the development of brushless motors and mid-to-large-sized motors. Two models of brushless motors had commenced mass production, applying mainly to one smart vacuum cleaner brand in PRC. As well, our new model of mid-to-large-sized motors has entered a client's supply chain.

Leverage the strong R&D capability, the segment will also continue to diversify its customer base into different sectors, explore new revenue streams and minimise the potential risk of industry downturn from any specific industry. During the Year, the segment's diversification strategy has again brought satisfactory results, successfully mitigating operational risk and fluctuation in financial performance during the economic downturn. Going forward, the segment seeks a stronger presence in the automobile sector, and particularly among electric vehicles, along with other potential sectors, as its brushless motors can offer a longer lifespan, quieter movement, fewer friction losses and thus higher efficiency. In addition, it is believed the work-from-home and generation upgrade due to deployment of 5G and the internet of things (IoT) will continue to be the major drivers of the next few years growth. The segment will therefore continue its diversification strategy and look for customer expansion in terms of regions and sectors.

(ii) Managing operating risks proactively

The segment manages the commodity price risk by incorporating relevant clauses in the contracts with certain customers to pass the increase/decrease in the cost of major raw materials on to the customers.

(iii) Diversification of production solutions

Affected by the pandemic, there were unprecedented disruptions to the global supply chain, and brands had to reallocate their sources of supply across the world in order to have the right quantity and quality at the right time. This has underlined the importance of diversified manufacturing solutions. Last year, the segment has already moved one production line to Malaysia in order to cater the demand of certain overseas customers. Looking forward, the segment will further enhance its production capacity in Malaysia while looking for the right timing to expand into other production bases in the Southeast Asian country, with an abundance of relatively low-cost labour and, ideally, established supply chain network, to benefit the segment in the long run.

(iv) Continuous automation and internal management improvement

Facing the uncertainties from the COVID-19 pandemic, the segment aims to improve its overall efficiency in order to maximise capital reserves and liquidity for future plans. Through continuous automation, the segment is gradually enjoying the results of a lean cost structure, and that will need to be continued in order to maintain a stringent cost control. Besides, the segment's management team will stay alert and agile in case of any future changes. These measures, along with the commitment to refine the segment's business strategy and stringent cost-control framework and systems, will lay a solid foundation for the long-term development of the Group, against the ever-changing market environment.

Non-manufacturing Businesses

Real Estate Development Business Segment

During the Year, the segment continued its engagement in the two residential and commercial property development projects in Dushan Economic Development Zone, namely *The Royale Cambridge Residences* and *The Jardin Montsouris*.

The segment was at a loss of HK$24,989,000 during the Year (2020: a loss of HK$1,574,000), mainly attributable to the one-off impairment loss from changes in fair value of *The Royale Cambridge Residences* of HK$16,938,000 (2020: HK$229,000) while the contracted sales of *The Jardin Montsouris* were not able to be recognised as revenue during the Year as the final acceptance certificates for such project were not obtained yet.

(i) The Royale Cambridge Residences

The construction of the Phase I of this project comprising 116 units of low-density residential property together with the related carparking spaces and a commercial property unit had been completed. Since the relevant final acceptance certificates for all property units of this Phase I of the project were obtained and hence, the sales of the property units could be recognised as revenue of the Group accordingly. However, the residential property market sentiment in Dushan was cautious due to the prolonged impact of the COVID-19 pandemic limitations and the impact on the local economic development when the sizeable local-government debts were being handled. As a result, a one-off impairment loss from changes in fair value of *The Royale Cambridge Residences* of HK$16,938,000 (2020: HK$229,000) was recorded during the Year and also the segment was only able to record a sale of a few property units of the project during the Year for an amount of approximately HK$5,477,000 in total. The segment has continued to hold further construction of Phase II of the project to minimise financial investment and exposure.

Given the current economic situation in Dushan, the segment has not made much progress in realising the remaining property units of this Phase I of the project, being residential units and commercial properties as a whole with a total saleable area of approximately 22,000 square metres and approximately 5,000 square metres respectively. The segment will keep exploring the opportunities available to the segment to realise the project.

(ii) The Jardin Montsouris

This resettlement project is located in a site opposite to our *The Royale Cambridge Residences* project. The project was developed with an aim of providing housing for residents in need of shabby town relocation owing to resettlement as well as for other property buyers. There has been a delay in development and sale of the property unit mainly due to the worsening sentiment in the property market caused by the government measures aiming at curbing the overheating property market in general and the impact of the COVID-19 pandemic situation. Construction works of Phase IA of the project comprising 460 residential units with a total saleable floor area of approximately 65,000 square metres and 62 commercial property units of approximately 16,000 square metres were largely completed. The segment expects to be granted the relevant final acceptance certificates in the ensuing financial year. In this connection, the prepayment of approximately RMB46,262,000 received in relation to the contracted sale of approximately 150 property units during the Year was accounted for as deposits received. Up to the date of this announcement, a total of approximately 250 residential units of the project were contracted to sell for a total amount of approximately RMB110,000,000 while prepayment amounting to approximately RMB76,200,000 were received.

During the Year, the project was in the continuous process of obtaining final acceptance for the superstructure while other construction works have been carrying out with an aim to complete all the construction works required for obtaining the overall final acceptance certificates at the latter part of 2021.

The segment is endeavour to complete all the required works for Phase IA of the project to pave way for obtaining the relevant final acceptance certificates and strategies to commence the pre-selling of the commercial property units in June 2021. In light of the modest pace of shabby town relocation in Dushan, progress of this project has consequently been slowed. The segment has continued to hold further construction of Phase II of the project to minimise financial investment and exposure.

OUTLOOK

Looking ahead towards 2021/2022, uncertainties continue to cloud the industry and the whole supply chain. Vaccine developments have generated hopeful sentiments for the globe, yet the pace of post-pandemic recovery and full return of consumer sentiments will largely be dependent on effective rollout of vaccinations. In addition to the ongoing pandemic, political tension between the U.S. and the PRC continues to be high. Coupled with the yet-to-recovered global market demand, the Group will continue to adopt prudent measures in its operation while cautiously planning for the long run.

Under such a volatile business environment, the Group will prioritise on maintaining a strong cash flow, conserving resources and being operationally resilient to prepare for any potential risk and an eventual market recovery. Since the outbreak of the Sino-U.S. trade war, Kin Yat has been actively planning to diversify its manufacturing solutions in the Southeast Asia, in order to cater for the demand of overseas customers. The pandemic has reaffirmed such stance, as it could effectively alleviate the Group's regional risks and diversifying the business. Although the plan has been slow down due to the travel restriction between countries, the Group is looking to accelerating the progress once the situation improves.

On top of the current expansion in production capacity for staying in line with the growth of existing customers' orders and enlargement of the customer network, Kin Yat will continue to diversify its customer portfolio, particularly the industries less susceptible to economic cycles, like healthcare products, to reduce its product concentration risk. Besides, as certain other manufacturers exit the market due to the financial pressure from the pandemic, this has also brought market consolidation opportunities, in which Kin Yat will leverage its reputation in the OEM industry and take mindful steps to increase its market shares, while laying a solid foundation for the long-term development of the Group.

Regardless of the macroenvironment, Kin Yat will stay competitive in the market by expanding and developing business and clientele through continuously enhancing its R&D capabilities and product quality. The Group will also maintain a healthy financial position by improving its automation level and adopting a stringent cost control policy. Looking ahead, the Group will maintain prudent and act cautiously according to the aforesaid strategies, delivering long-term values to its stakeholders and shareholders under such challenging environment.

DIVIDENDS

In order to accumulate a war chest to cope with the uncertainty as well as the Company's development in future, the Board has resolved not to declare any final dividend for the Year (2020: Nil).

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 2021, the Group had time deposits of HK$13,607,000 (31 March 2020: HK$14,641,000), cash and bank balances of HK$390,556,000 (31 March 2020: HK$256,606,000), and net current assets of HK$417,886,000 (31 March 2020: HK$283,068,000). As at 31 March 2021, shareholders' equity was HK$1,499,496,000 (31 March 2020: HK$1,225,920,000). Total consolidated banking facilities of the Group from all banks as at 31 March 2021 amounted to approximately HK$1,013,939,000 (31 March 2020: HK$832,479,000). As at 31 March 2021, total bank borrowings amounted to HK$659,546,000 (31 March 2020: HK$676,809,000).

As at 31 March 2021, the bank borrowings of the Group was repayable within one year amounted to HK$467,672,000 (31 March 2020: HK$413,243,000) and the remaining balance of HK$191,874,000 (31 March 2020: HK$263,566,000) was repayable within second to fifth years.

As at 31 March 2021, the current ratio of the Group (current assets divided by current liabilities) was maintained at 1.29 times (31 March 2020: 1.22 times) and the gearing ratio of the Group (total bank borrowings divided by total equity) was 44.0% (31 March 2020: 55.2%).

CAPITAL STRUCTURE

As at 31 March 2021, the total issued share capital of the Company was HK$43,896,000 (31 March 2020: HK$43,896,000), comprising 438,960,000 (31 March 2020: 438,960,000) ordinary shares of HK$0.10 each. There was no change in the share capital of the Company during the Year.

CHARGE ON THE GROUP'S ASSETS

The Group's bank deposits of HK$17,975,000 and an investment property of HK$47,556,000 were pledged to a bank in the PRC for banking facilities of HK$95,867,000 as at 31 March 2021 (31 March 2020: Nil).

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars and RMB or U.S. 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 RMB 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed around 7,400 full-time employees, of which less than 150 of them were stationed in Hong Kong headquarters with the remaining working in the PRC and Malaysia.

The Board's remuneration committee of the Company made recommendation to the Board on the policy and structure of the Company for all remuneration of Directors, reviewed and determined the remuneration package of individual executive Director and senior management of the Company with reference to the Board's corporate goals and objectives, responsibilities and employment conditions elsewhere within the Group and in the market. The Group remunerates its employees largely in accordance with prevailing industry standards. In Hong Kong, the Group's employee benefits include staff retirement scheme, medical scheme and performance bonus. In the PRC and Malaysia, the Group provides its employee's staff welfare and allowances in accordance with the prevailing labour laws. The Group has also put in place a share option scheme to motivate and reward staff with outstanding performance. At the discretion of the Board, the Group's employees will be granted the options, of which the number of options granted is determined by individual performance and level of responsibilities.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

On 20 April 2020, Progress Power-Saving Glass Technology Co., Limited, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchases agreement (the "Agreement") with an independent third party (the "Purchaser") in respect of disposal of the entire equity interests in its wholly-owned subsidiaries, both established under the laws of the PRC with limited liability, at a consideration (the "Consideration") of RMB34,500,000 (equivalent to approximately HK$37,759,000). Details of the transactions were set out in the announcements of the Company dated 21 April 2020 and 24 April 2020.

Pursuant to the aforesaid announcement, the Purchaser has paid a partial payment of the Consideration of RMB30,000,000 (equivalent to approximately HK$33,000,000). The transaction of the aforesaid disposal had completed on 16 June 2020 and the remaining balance has settled in full by September 2020.

Save as disclosed above, during the Year, the Group was neither involved in any significant investment, nor in any material acquisition or disposal of any subsidiary.

CONNECTED TRANSACTIONS

As reported in our 2019/2020 annual report, the entire equity interest in Unicon Investments Limited ("Unicon", before disposed of in March 2020 was an indirectly wholly-owned subsidiary of the Company, the sole assets of which is a property located at 7/F., Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong, (the "Property")) has disposed to Mr. Cheng Chor Kit, the executive Director, the chairman of the Board, the chief executive officer and the controlling shareholder of the Company (as defined under Listing Rules). The aforesaid disposal approved by the independent shareholders of the Company at the special general meeting held on 30 March 2020.

On 1 April 2020, a leasing agreement (the "Leasing Agreement") was entered into between Unicon (as a lessor) and Kin Yat Industrial Company Limited, an indirect wholly-owned subsidiary of the Company (as a lessee), concerning the leaseback of the Property, as the Company's principal place of business in Hong Kong, for a term of three years commencing from 1 April 2020 to 31 March 2023, with an annual rental of HK$1,498,000 (inclusive of government rent, rates and management fees).

Upon the completion of the aforesaid disposal, Unicon becomes an associate of a connected person of the Company and hence itself becomes a connected person of the Company under the Listing Rules. Accordingly, the leasing of the Property under the Leasing Agreement upon completion of the aforesaid disposal constituted a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. Further, under HKFRS 16 "Leases", the Company recognised the value of the right-of-use assets on its balance sheet with respect to the lease of Property. Accordingly, the leasing of Property following the aforesaid disposal was regarded as the acquisition of asset by the Company for the purpose of the Listing Rules. As one or more of the relevant applicable percentage ratios (as defined in the Listing Rules) for the leasing of the Property exceeded 0.1% but is less than 5%, the transaction contemplated under the Leasing Agreement is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirements under the Listing Rules.

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 R13.21 OF THE LISTING RULES

In April 2015 and November 2017, the Company as a borrower, entered into a renewed and new term loan facility agreements of HK$100,000,000 each with The Hongkong and Shanghai Banking Corporation Limited for a term of 60 months of each term loan facility respectively.

In July 2015 and November 2017, the Company as a borrower entered into term loan facility agreements of HK$100,000,000 and HK$150,000,000 with Hang Seng Bank Limited ("HSB") for a term of 36 months of each term loan respectively. In January 2020, HSB revised the abovesaid term loan facilities and entered into a renewed term loan facility agreement with the Company (the "Renewed Agreement") to substitute the original term loan agreements. Pursuant to the Renewed Agreement, the renewed term loans are for a period of 36 months and included term loans of HK$45,000,000 to finance capital expenditure of the Company and of HK$217,500,000 to refinance the outstanding balance of the loans previously granted.

In May 2018, an indirect wholly-owned subsidiary of the Company as a borrower, entered into a new term loan and trade-line facility agreement of total HK$100,000,000 with Bank of China (Hong Kong) Limited for a term of 36 months and the purpose of the aforesaid term loan is used for financing capital expenditure.

In addition to general conditions, 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 (the trust agreement between Mr. Cheng Chor Kit and HSBC Trustee International Limited, the trustee of the aforesaid trust, has terminated on 2 April 2019) 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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period had been disclosed in Note 13 to the consolidated financial statements of this announcement. Other than disclosed above, there is no significant event after the reporting period that should be notified to shareholders of the Company.

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 except for the deviation from provision A.2.1 of the CG Code. The Board has also reviewed the Corporate Governance Report (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 for 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.

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 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.

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 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 Thursday, 19 August 2021 to Tuesday, 24 August 2021, 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 Tuesday, 24 August 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 18 August 2021.

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 the Year 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, 29 June 2021

As at the date of this announcement, the Board comprises (a) five executive Directors, namely Mr. CHENG Chor Kit, Mr. LIU Tat Luen, Mr. CHENG Tsz To, Mr. CHENG Tsz Hang and Mr. LEE Kim Wa, Winston; (b) one non-executive Director, Dr. FUNG Wah Cheong, Vincent; (c) 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.