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 2024

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 2024, 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 2024

	Notes	**2024** *HK$'000*	2023 *HK$'000*
Revenue	2	**1,103,944**	1,209,602
Cost of sales	4	**(963,234)**	(1,082,937)
Gross profit before impairment		**140,710**	126,665
Cost of sales – Impairment loss on property, plant and equipment and right-of-use assets	4	**(152,639)**	(50,790)
Cost of sales – Impairment of properties under development and completed properties held for sale	4	**(26,482)**	(240,078)
Gross loss after impairment		**(38,411)**	(164,203)
Other income and gains, net	3	**64,474**	36,579
Selling and distribution expenses	4	**(34,449)**	(38,185)
Administrative expenses	4	**(154,044)**	(119,183)
Impairment loss on goodwill	4	**(4,650)**	(6,207)
(Impairment losses)/reversal of impairment losses on financial assets		**(7,607)**	5,139
Operating loss		**(174,687)**	(286,060)
Finance income		**2,653**	1,599
Finance costs		**(18,537)**	(13,262)
Finance costs, net		**(15,884)**	(11,663)
Loss before income tax		**(190,571)**	(297,723)
Income tax (expense)/credit	5	**(21,561)**	3,554
Loss for the year attributable to equity holders of the Company		**(212,132)**	(294,169)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	**2024**	2023
		HK$'000	*HK$'000*
Loss for the year		**(212,132)**	(294,169)
Other comprehensive loss:			
Items that may be reclassified to the income statement:			
Exchange translation reserve on translation of foreign operations		**(34,711)**	(156,631)
Release of exchange translation reserve upon disposal of a subsidiary		**3,174**	–
		(31,537)	(156,631)
Other comprehensive (loss)/income not to be reclassified to the income statement in subsequent periods:			
Deficit on revaluation of land and buildings		**(13,002)**	(43,527)
Deferred tax credited to asset revaluation reserve		**3,045**	9,102
Deferred tax credited to asset revaluation reserve upon disposal of property, plant and equipment		**4,530**	–
		(5,427)	(34,425)
Other comprehensive loss for the year, net of tax		**(36,964)**	(191,056)
Total comprehensive loss for the year attributable to equity holders of the Company		**(249,096)**	(485,225)
Loss per share attributable to equity holders of the Company			
Basic and diluted	*7*	**HK(48.33) cents**	HK(67.01) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**524,140**	781,529
Investment properties		**43,477**	54,016
Right-of-use assets		**25,523**	29,484
Properties under development		**97,686**	103,216
Intangible assets		**–**	4,650
Prepayments and deposits		**28,357**	24,571
Deferred tax assets		**2,215**	4,145
Total non-current assets		**721,398**	1,001,611
Current assets			
Properties under development		**199,765**	207,404
Completed properties held for sale		**58,682**	79,128
Inventories		**168,166**	195,559
Accounts and bills receivable	*8*	**242,079**	210,742
Prepayments, deposits and other receivables		**163,331**	114,333
Financial assets at fair value through profit or loss		**15,259**	27,408
Tax recoverable		**6,277**	4,457
Time deposits		**129,990**	10,006
Restricted bank deposits		**581**	1,093
Cash and cash equivalents		**118,810**	203,372
		1,102,940	1,053,502
Assets classified as held for sale		**–**	41,100
Total current assets		**1,102,940**	1,094,602
Total assets		**1,824,338**	2,096,213

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**43,896**	43,896
Reserves		**811,693**	1,060,789
Total equity		**855,589**	1,104,685
LIABILITIES			
Non-current liabilities			
Deferred income and other payables		**19,977**	36,767
Bank borrowings	*10*	**–**	82,200
Lease liabilities		**5,093**	6,477
Deferred tax liabilities		**21,731**	29,387
Total non-current liabilities		**46,801**	154,831
Current liabilities			
Accounts and bills payable, other payables and provisions	*9*	**322,880**	346,325
Contract liabilities		**156,598**	158,958
Bank borrowings	*10*	**369,146**	269,065
Lease liabilities		**7,282**	5,596
Tax payable		**66,042**	56,753
Total current liabilities		**921,948**	836,697
Total liabilities		**968,749**	991,528
Total equity and liabilities		**1,824,338**	2,096,213

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 the following:

- certain financial assets, certain classes of property, plant and equipment and investment properties, which are measured at fair value or revalued amount, and

- assets held for sale, which are measured at the lower of carrying amount and fair value less costs to sell.

(c) Amendments to existing standards, annual improvements and accounting guideline adopted by the Group

The Group has applied the following amendments to existing standards, annual improvements and accounting guideline for the first time for their annual reporting period commencing 1 April 2023:

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The amendments to existing standards, annual improvements and accounting guideline 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 and amended standards and interpretation not yet adopted by the Group

The following new and amended standards and interpretation have been published but are not effective for the financial year beginning on or after 1 April 2024 reporting periods and have not been early adopted by the Group.

		Effective for annual reporting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 April 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 April 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 April 2024
Amendments to HKAS 21	Lack of Exchangeability	1 April 2025
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 new accounting standard and other amendments to existing standards and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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 three reportable operating segments as follows:

(a) the electrical and electronic products segment consists of the manufacture and sale of robotics, juvenile products, baby care products, IoT, smart home products and healthcare products;

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

(c) the real estate development segment.

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 2024 and 2023.

31 March 2024

	Electrical and electronic products *HK$'000*	Motors *HK$'000*	Real estate development *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Revenue from external customers						
Timing of revenue recognition						
– At a point of time	438,556	660,150	5,238	–	–	1,103,944
Inter-segment sales	22,766	2,889	–	–	(25,655)	–
Total	461,322	663,039	5,238	–	(25,655)	1,103,944
Cost of sales – Impairment of property, plant and equipment	(11,149)	(141,490)	–	–	–	(152,639)
Cost of sales – Impairment of properties under development and completed properties held for sale	–	–	(26,482)	–	–	(26,482)
Other income and gains, net	75,501	5,388	(1,566)	–	(7,806)	71,517
Segment results	51,451	(163,095)	(39,746)	(990)	–	(152,380)
Unallocated loss, net						(7,043)
Unallocated expenses						(15,264)
Finance costs, net						(15,884)
Loss before income tax						(190,571)
Income tax expense						(21,561)
Loss for the year						(212,132)

2. **SEGMENT INFORMATION (continued)**

(a) Operating segments (continued)

31 March 2024 (continued)

	Electrical and electronic products *HK$'000*	Motors *HK$'000*	Real estate development *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	865,410	669,234	483,495	70,705	(511,076)	1,577,768
Unallocated assets						246,570
Total assets						1,824,338
Segment liabilities	199,863	201,774	612,393	282,003	(511,076)	784,957
Unallocated liabilities						183,792
Total liabilities						968,749
Other segment information:						
Capital expenditure	6,171	26,515	9	–	–	32,695
Depreciation	43,621	64,573	27	1,217	–	109,438
Impairment of intangible assets	–	4,650	–	–	–	4,650
(Gain)/loss on disposal of property, plant and equipment	(61,696)	146	–	–	–	(61,550)
Deficit on revaluation of land and buildings recognised directly in equity	6,435	5,208	–	1,359	–	13,002
Fair value loss on investment properties	–	–	9,372	–	–	9,372

2. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

31 March 2023

	Electrical and electronic products *HK$'000*	Motors *HK$'000*	Real estate development *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Revenue from external customers						
Timing of revenue recognition						
– At a point of time	459,846	745,516	4,240	–	–	1,209,602
Inter-segment sales	19,507	1,346	–	–	(20,853)	–
Total	479,353	746,862	4,240	–	(20,853)	1,209,602
Cost of sales – Impairment of property, plant and equipment	(14,076)	(36,714)	–	–	–	(50,790)
Cost of sales – Impairment of properties under development and completed properties held for sale	–	–	(240,078)	–	–	(240,078)
Other income and gains, net	35,302	10,839	(9,906)	1	–	36,236
Segment results	(15,211)	322	(257,521)	(1,053)	–	(273,463)
Unallocated gain, net						343
Unallocated expenses						(12,940)
Finance costs, net						(11,663)
Loss before income tax						(297,723)
Income tax credit						3,554
Loss for the year						(294,169)

2. **SEGMENT INFORMATION (continued)**

(a) **Operating segments (continued)**

31 March 2023 (continued)

	Electrical and electronic products	Motors	Real estate development	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	947,602	856,385	495,943	73,743	(525,653)	1,848,020
Unallocated assets						248,193
Total assets						2,096,213
Segment liabilities	173,263	240,255	631,196	282,597	(525,653)	801,658
Unallocated liabilities						189,870
Total liabilities						991,528
Other segment information:						
Capital expenditure	19,523	101,749	3,904	–	–	125,176
Depreciation	56,736	67,956	119	1,367	–	126,178
Impairment of intangible assets	6,207	–	–	–	–	6,207
(Gain)/loss on disposal of property, plant and equipment	(11)	624	–	–	–	613
Deficit on revaluation of land and buildings recognised directly in equity	19,331	21,629	–	2,567	–	43,527
Fair value loss on investment properties	–	–	9,906	–	–	9,906

2. SEGMENT INFORMATION (continued)

(b) Geographical information

	United States of America		Europe		Asia		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Revenue from external customers	**280,114**	260,571	**68,628**	132,082	**755,202**	816,949	**1,103,944**	1,209,602

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

	Hong Kong		Mainland China		Malaysia		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Non-current assets	**4,718**	5,993	**656,867**	955,129	**57,598**	36,344	**719,183**	997,466

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.

3. OTHER INCOME AND GAINS, NET

	2024 *HK$'000*	2023 *HK$'000*
Fair value (loss)/gain on financial assets at fair value through profit or loss, net	**(6,706)**	274
Fair value loss on investment properties, net	**(9,372)**	(9,906)
Gain/(loss) on disposal of property, plant and equipment *(Note i)*	**61,550**	(613)
Gain on disposal of a subsidiary *(Note ii)*	**5,208**	–
Gain on termination of lease	**–**	21
Gross rental income	**2,702**	2,669
Sales of scrap materials	**5,424**	5,320
Subsidy income *(Note iii)*	**4,899**	15,556
Gain on deregistration of a subsidiary *(Note iv)*	**–**	18,142
Others	**769**	5,116
	64,474	36,579

Notes:

(i) During the year ended 31 March 2024, gain on disposal of property, plant and equipment amounting to HK$61,550,000 are recognised in profit or loss, including the gain on disposal of land and building in Shaoguan. On 20 March 2023, the Group entered into the Lands Resumption Agreement with Shixing County Bureau of Natural Resources at a consideration by way of cash compensation of approximately RMB102,366,000 (equivalent to approximately HK$114,150,000) in total comprising the compensation for land and building with net book value of HK$40,112,000 and other related compensation of HK$12,226,000, resulting in a gain on disposal of approximately HK$61,812,000.

(ii) On 10 January 2024, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire interest in an indirect wholly owned subsidiary of the Company, which was principally engaged in manufacture and trading of electronic products, for a cash consideration of RMB2 (equivalent to HK$2). The transaction was completed on the same date, resulting in a gain on disposal of approximately HK$5,208,000.

(iii) 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 2024, subsidies income amounting to HK$4,899,000 (2023: HK$15,556,000) are recognised in profit or loss, including the recognition of deferred government subsidy income of HK$4,531,000 (2023: HK$9,158,000).

(iv) During the year ended 31 March 2023, management has deregistered an indirect wholly owned subsidiary of the Company located in British Virgin Islands. Gain amounted to HK$18,142,000 was mainly resulted from the reclassification of cumulative exchange difference, previously recorded in exchange reserve, to income statement according to HKAS 21.

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2024	2023
	HK$'000	*HK$'000*
Cost of inventories sold	**610,050**	688,333
Cost of properties sold	**9,433**	6,226
Depreciation of property, plant and equipment	**101,912**	119,452
Depreciation of right-of-use assets	**7,526**	6,726
Employee benefit expenses	**303,774**	350,270
Auditor's remuneration	**3,180**	3,500
Legal and professional fee	**6,961**	8,228
Short-term lease expenses	**822**	140
(Reversal of)/provision for impairment of inventories, net	**(24,360)**	5,801
Impairment loss on properties, plant and equipment *(Note i)*	**148,921**	50,790
Impairment loss on right-of-use assets *(Note i)*	**3,718**	–
Impairment loss on goodwill *(Note i)*	**4,650**	6,207
Impairment of properties under development *(Note ii)*	**17,117**	191,304
Impairment of completed properties held for sale *(Note ii)*	**9,365**	48,774

Notes:

(i) During the year ended 31 March 2024, as a result of the unfavourable performance of the Motors cash generating unit and lower-than-budgeted revenue and profit growth in E&E cash generating unit, management consider impairment indicator exists for the non-financial assets of both cash generating unit. Based on value-in-use assessment, impairment losses of HK$131,040,000 (2023: HK$14,076,000 for E&E cash generating unit), HK$3,718,000 (2023: Nil) and HK$4,650,000 (2023: HK$6,207,000 for E&E cash generating unit) were recognised on properties, plant and equipment, right-of-use assets and goodwill for the Motors cash generating unit, respectively.

The impairment loss on property, plant and equipment also included specific provision of impairment amounted to HK$17,881,000 (2023: HK$36,714,000) attributable to the scaling down of the Group's production operation in Guizhou.

(ii) During the year ended 31 March 2024, impairment loss of HK$17,117,000 (2023: HK$191,304,000) and HK$9,365,000 (2023: HK$48,774,000) were made to write down the properties under development and completed properties held for sale to their net realisable values, respectively.

5. INCOME TAX

	2024	2023
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,676**	1,668
Adjustment for current tax of prior years	**(257)**	(6,047)
Current – Elsewhere		
Charge for the year	**19,375**	212
Deferred tax	**767**	613
Total tax charge/(credit) for the year	**21,561**	(3,554)

6. DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 March 2024 (2023: Nil).

7. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(212,132)**	(294,169)
Weighted average number of ordinary shares in issue (thousands)	**438,960**	438,960
Basic loss per share (HK cents per share)	**(48.33)**	(67.01)

(b) Diluted

Diluted loss per share for the years ended 31 March 2024 and 2023 is the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years.

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:

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**106,570**	113,850
31–60 days	**55,441**	52,437
61–90 days	**41,152**	24,762
Over 90 days	**51,480**	28,524
	254,643	219,573
Loss allowance	**(12,564)**	(8,831)
	242,079	210,742

9. ACCOUNTS PAYABLE

At 31 March 2024, the aging analysis of the accounts payable based on invoice date are as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**67,624**	57,253
31 – 60 days	**34,313**	*43,953*
61 – 90 days	**52,667**	37,697
Over 90 days	**29,455**	63,499
	184,059	202,402

10. BANK BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Current portion	**369,146**	269,065
Non-current portion	**–**	82,200
	369,146	351,265

During the year ended 31 March 2024, the Group obtained several new revolving loan facilities to refinance the term loans. As at 31 March 2024, the Group's bank facilities are secured by the corporate guarantees given by the Company and certain subsidiaries of the Company and the properties in the PRC owned by the Group (FY2023: secured by the corporate guarantees given by the Company and certain subsidiaries of the Company).

Bank borrowings outstanding at the year end will mature within one year (2023: within two years) and bear average interest at 4.0% (2023: 5.3%) per annum.

At 31 March 2024, based on the contractual repayment terms including repayable on demand clause, the Group's bank borrowings maturity analysis would be as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 year or on demand	**369,146**	269,065
Between 1 and 2 years	**–**	82,200
	369,146	351,265

MANAGEMENT DISCUSSION AND ANALYSIS

Kin Yat is one of the leading industrial enterprises engaged in the development and production of niche, advanced and quality electrical and electronic products, as well as micro-electric motor drives and related products under its house brand. In recent years, the Company has also participated in the development of two real estate projects in Dushan County ("Dushan"), Guizhou Province, China.

FINANCIAL REVIEW

For the year ended 31 March 2024 (the "Year" or "FY2024"), the global business landscape did not stabilise despite the world transitioning to the post-COVID era. Frequent geopolitical incidents, surging inflation and interest rates, along with the gradual depletion of pandemic savings, have contributed to the prevailing consumer conservatism and sluggish demand for consumer products. The faster-than-expected slowdown in consumer demand has also led to slow order replenishment and delayed orders. As a result, the Group's order intake has notably suffered, with overall turnover for the Year decreased by 8.7% year-over-year (YoY) from approximately HK$1,209,602,000 to approximately HK$1,103,944,000.

The Group's total external turnover by segment is analysed as follows:

- Electrical and Electronic Products Business Segment ("E&E Segment"): HK$438,556,000, representing 39.7% of the Group's consolidated turnover for the Year (for the year ended 31 March 2023 ("FY2023"): HK$459,846,000, 38.0%).

- Motors Business Segment ("Motors Segment"): HK$660,150,000, contributing 59.8% of the Group's consolidated turnover for the Year (FY2023: HK$745,516,000, 61.6%).

- Real Estate Development Business Segment: HK$5,238,000, representing 0.5% of the Group's consolidated turnover for the Year (FY2023: HK$4,240,000, 0.4%).

Adding to the complexity, we have seen brand owners delaying new product development and projects. Lacking visibility into current and future pipelines, the Group strived to improve production planning, streamline operations, and reduce indirect overheads to maintain efficiency and margins. As a result of increased efficiency and enhanced product mix, stringent cost control benefits from reducing staff and layoffs, and favourable reduction in depreciation expenses and exchange movements which was partially offset by the adverse impact of the reduced business volume during the Year, overall gross profit (excluding impairment) increased 11.1% YoY to HK$140,710,000 (FY2023: HK$126,665,000), with gross profit margin largely maintained at 12.7% (FY2023: 10.5%).

During the Year, the value-in-use ("VIU") assessment of the two manufacturing business segments (each defined as a separate cash-generating unit or "CGU") was performed due to their respective unfavourable business performance. As a result of the assessment, aggregate impairment loss on non-financial assets of the Group to HK$139,408,000 was recognised, mainly attributable to the impairment losses of properties, plant and equipment, right-of-use assets and goodwill amounting to HK$131,040,000, HK$3,718,000 and HK$4,650,000 respectively for the Motors CGU. No impairment for the E&E CGU was required for the Year after the VIU assessment. (FY2023: impairment loss of HK$14,076,000 on the properties, plant and equipment and HK$6,207,000 on goodwill for the E&E CGU). The Real Estate Business Segment also recorded an impairment loss on properties under development and completed properties held for sale of HK$26,482,000 in the Year due to a decline in the fair value of properties from last year in light of the sluggish property market in Guizhou and slowing economy of the PRC, compared to an impairment loss of HK$240,078,000 in FY2023. The considerable reduction in impairment loss of the Real Estate Business Segment from last year was attributed to the absence of the non-recurring loss arising from the write-off of the development and construction costs of the Shelved Phase of *The Jardin Montsouris* during FY2023 Therefore, the loss attributable to equity holders of the Company for the Year narrowed to HK$212,132,000 from the loss attributable to equity holders of HK$294,169,000 for FY2023. Basic loss per share for the Year was HK48.33 cents (FY2023: HK67.01 cents).

OPERATIONAL REVIEW

Manufacturing Businesses

The Group operates two manufacturing businesses in three major production centres in China, of which two are based in Guangdong Province, namely in Songgang, Baoan District, Shenzhen City ("Shenzhen") and Shixing County, Shaoguan City ("Shixing"), respectively, with the third located in Dushan, Guizhou Province. The Group's production bases are also supplemented by the respective micro-electric motor and encoder-related production facility and the E&E Segment production facility in Malaysia.

Electrical and Electronic Products Business Segment

The E&E Segment provides development, design, and manufacturing services for four main product categories: (i) robotics, (ii) juvenile products and baby care products, (iii) smart products and (iv) healthcare products.

During the Year, consumer sentiment remained relatively weak, signified by conservative orders from existing clients and slow product development across sectors, due to weaker consumer appetite and challenging macroeconomic environment. The Segment reassessed its strategies to adapt to the evolving landscape, boosting efficiency by streamlining production workflows and realigning human resources composition to reduce overhead costs. Despite efforts and some success in niche markets, the Segment reported a modest decrease in turnover particularly from its European and American clients. Although there were signs of recovery in the latest quarter of the financial year, the order levels led to a relatively low capacity utilisation rate.

External turnover of the Segment decreased by 4.6% to approximately HK$438,556,000 during the Year (FY2023: HK$459,846,000), accounting for 39.7% (FY2023: 38.0%) of the Group's overall revenue. Despite stringent cost control and streamlining measures, business development was slower than expected. After a one-off gain disposal of assets in Shaoguan of approximately HK$61,812,000 under the Three-old Renovation and specific impairment provisions of property, plant and equipment of HK$11,149,000 (FY2023: HK$14,076,000), the Segment recorded a profit of HK$51,451,000 (FY2023: loss of HK$15,211,000) for the year.

The juvenile and baby care products sector showed certain improvements, with demand steadily picking up during the later part of the Year. The healthcare sector, though operating on a low volume and revenue base, also received active inquiries for new model developments. In the future, the Segment plans to leverage its Internet of Things ("IoT") expertise experience to co-develop more advanced healthcare products with its clients.

Future Outlook

Order volumes may continue to fluctuate, and niche market clients may need more time to grow and gain scale. Nonetheless, the Segment will focus on client and market development, improving order book visibility, and strategically planning its production schedule to minimise costs and maximise efficiency. In response to clients' increasing demand for a diversified and agile production setup, the Segment intends to further ramp up its production facility in Malaysia with new investments, and integrate it into its manufacturing metrics by reorganising orders, process flow, and resources. This will further establish the Company as a manufacturing group with multinational production facilities, allowing the Company to secure more orders and customers in the future.

The Segment will also continue to nurture existing clients in niche sectors, such as juvenile and baby care products and healthcare products, helping them in product co-development and driving order volume and customer stickiness. Overall, the Segment will maintain a sharp focus on areas of competitiveness and stringent cost control, aiming to boost its current margin level, and achieve sustainable growth.

Motors Business Segment

The Motors Segment focuses on the development, design, manufacturing, and sales of micro-electric motor drives and related products, ranging from direct-current ("DC") micro-electric motors to encoders and related products. Recently, its product offering was extended to larger-sized motor drives, brushless DC motors and gearboxes, under the "Motor Plus" category, to capture the latest technological trends and market demand. Supported by its major production facility in Shixing, supplemented by the production facility in Malaysia, the Segment has essentially established a dual-base production and research and development ("R&D") platform, able to provide customers with innovative, flexible, closer-to-market, yet cost-competitive manufacturing solutions. The Segment has been categorised into four sectors of application, namely automobiles, office automation equipment, toys, and household appliances.

Despite high hopes for a strong post-pandemic recovery, the Segment faced challenges such as geopolitical incidents, high interest and inflation rates, weaker-than-expected household consumer sentiment, and overconsumption during the pandemic, all casting doubts on the Segment's business visibility and sustainability. Product throughput has been slow, as notable downstream players reporting unsatisfactory sales performance, and branded partners generally reduced or delayed new orders and new product development due to the global economic slowdown. Consequently, sales volume decreased YoY with external turnover significantly decreased by 11.5% to HK$660,150,000 (FY2023: HK$745,516,000).

During the Year, the Segment suffered from rising raw material costs and the appreciation of major operating expenses, such as labour cost, partially offset by benefits of the RMB depreciation. In view of the decrease in orders, the Segment adjusted its production schedule and inventory levels to help mitigate rising operating costs. Despite these efforts, the decreased production volume increased per-unit depreciation expenses, which in turn has led to a decline in gross margin. In view of this and considering the uncertainty in the future economic environment, the negative value-in-use of the Segment was formed, and an impairment loss on non-financial assets comprising property, plant and equipment and right-of-use assets, goodwill with amount of approximately HK$139,408,000 (FY2023: Nil) was recorded, together with other specific impairments on property, plant and equipment with total amount of HK$6,732,000 (FY2023: HK$36,714,000), resulting in a segment loss result of HK$163,095,000 (FY2023: profit of HK$322,000) for the Year.

Future Outlook

One of the Segment's major raw materials, copper, continued its upward surge in price, recently hitting the highest level since June 2022. According to Chinese trade data published in April 2024, the import price of refined copper in the first quarter was also up 6.9% YoY. Such increase is expected to put additional cost pressure on the Segment's margin. Coupled with the increasing price competition from peers, the operating environment is expected to remain challenging. To counter, the Segment will implement aggressive cost control initiatives, including closely monitoring inventory level, improving workflows and increasing production efficiency, and improving utilisation of staff etc.

On the other hand, the Segment will also strengthen its R&D and client relationships, in order to ensure steady order volumes and future collaboration opportunities, particularly in the electric vehicle sector. On its manufacturing setup, the Segment will also maintain its "China Plus One" long-term strategy, capturing the growing demand for overseas expansion from its existing clients. The Segment will gradually expand its capacity in its production site in Malaysia, while exploring more expansion opportunities in the regional market, further diversifying its geographical and industry-specific risks.

OPERATIONAL REVIEW

Non-manufacturing Business

Real Estate Development Business Segment

During the Year, the Segment continued to hold two residential property development projects in Dushan Economic Development Zone, namely *The Royale Cambridge Residences* and *The Jardin Montsouris*.

China's troubled property market ended 2023 with the worst declines in new home prices in nearly nine years, despite government efforts to support the sector that was once a key driver of the world's second-largest economy. New home prices in December 2023 logged their steepest drop since February 2015, according to the National Bureau of Statistics of China, with new residential developments falling 58% from 1,515 million sq.m. in 2019 to 637 million sq.m. in 2023. Demand suffered from the broader economic slowdown in China, while notable industry players facing financial weaknesses, raising concerns about potential defaults and heightened credit risks. Under the sluggish market conditions, the Segment recorded a loss of HK$39,746,000 during the Year (FY2023: loss of HK$257,521,000), including impairment provisions of HK$26,482,000 (FY2023: HK$240,078,000).

The Royale Cambridge Residences

With a total site area of approximately 83,166 sq.m., the project is divided into two phases. As of 31 March 2024, the completed gross floor area ("GFA") of the residential properties of the first phase for sale was 35,338 sq.m., comprising 116 units of villa, with the second phase development continuously put on hold amid the challenging market condition. During the Year, 6 units of the villa were sold, of which 4 were entered into for the settlement and offsetting part of the outstanding construction and development cost of the Jardin Montsouris, bringing the total number of sold villas to 54 as of 31 March 2024.

The Jardin Montsouris

With a total site area of approximately 66,666 sq.m., the Segment is currently on course to complete its Phase 1A development, which comprises a total of 460 units of apartments with a total GFA of 64,427 sq.m. for sale. During the Year, 4 units were sold to construction contractors, settling part of their outstanding construction and development cost balances. As of 31 March 2024, approximately 62% of 460 units of apartments developed under Phase 1A were contracted for sale. However, without, the final acceptance certificates, these contracted sales were not able to be recognised as revenue during the Year.

In consideration of the dim outlook, the Segment has discontinued the further development of Shelved Phases (the "Shelved Phases") (i.e. Phases 1B, IC and 1D of *the Jardin Montsouris*) during the last financial year, comprising a land area of 45,869 sq.m., with 275,867 sq.m. of the GFA of the properties yet to be developed, writing off all the construction and development costs incurred (except for the related land parcel, in which its value was assessed and appraised in accordance with the relevant valuation conducted by an independent valuer) attributable to the Shelved Phases in the last financial year. The loss arising from the written-off was one-off and non-recurring in nature.

Future Outlook

The China real estate market underwent profound adjustments throughout 2023 due to weak overall demand and cautious sentiment. Despite the recent rollout of supportive policies to salvage the beleaguered property market, the Segment remains cautious about the near and middle-term prospects for its properties in Dushan County. The China real estate market is becoming more polarised. As one of the underprivileged regions in China, the Segment believes that Dushan is unlikely to see a quick rebound in residential housing demand in the near future, given the county's worsening demographic composition, subdued economic activities, and oversupply. The downward pressure on property prices is also expected to continue as local developers increasingly favour further discounts for quick cash conversion.

In view of the recent sales performance, the Segment will prioritise completing the remaining minor construction and auxiliary works of Phase 1A of *The Jardin Montsouris*, and securing the relevant final acceptance certificates. Efforts will continue to sell the remaining property units to individual end-users, and the Segment will explore the possibility of realising the projects as a whole for an appropriate consideration to liquidate investments sooner.

GROUP OUTLOOK

Given the deteriorating macroeconomic environment and fast-changing consumer market, the Group does not expect a quick recovery for its businesses in the near future. Rising material costs, increasing order book uncertainty, worsening capacity utilisation, and growing finance costs will all put pressure on the Group's financial performance. The stagnated real estate market in China may also further impact its real estate development business and hence financial results. As a result, much effort will be on customer retention and acquisition to secure order book, as well as cost control initiatives to improve and enhance margins.

To expand its revenue streams, the Group will continue to nurture new sectors' development, while keeping a keen eye on the changing consumer preferences for potential new market entries. Despite the low capacity utilisation rate of the E&E Segment Malaysia production plant, the Group is committed to pursing its "China Plue One" strategy, aiming to ramp up the usage of its Malaysian plant and laying a solid foothold for its overseas market expansion. The Group will also strive to boost its capacity utilisation through order and resources reorganisation, in order to mitigate the rising cost pressure from the rising per-unit depreciation. All in all, the Group will cautiously manage its working capital, implement stringent cost control measures, and exercise caution in dealing with uncertain market conditions and challenges ahead.

DIVIDENDS

The Board has resolved not to declare any final dividend for the Year (2023: 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 2024, the Group had time deposits of HK$129,990,000 (31 March 2023: HK$10,006,000), cash and bank balances of HK$118,810,000 (31 March 2023: HK$203,372,000), and net current assets of HK$180,992,000 (31 March 2023: HK$257,905,000). As at 31 March 2024, shareholders' equity was HK$855,589,000 (31 March 2023: HK$1,104,685,000). Total consolidated banking facilities of the Group from all banks as at 31 March 2024 amounted to approximately HK$457,300,000 (31 March 2023: HK$548,486,000). As at 31 March 2024, total bank borrowings amounted to HK$369,146,000 (31 March 2023: HK$351,265,000).

As at 31 March 2024, the bank borrowings of the Group was repayable within one year amounted to HK$369,146,000 (31 March 2023: HK$269,065,000) and the remaining balance is nil (31 March 2023: HK$82,200,000) was repayable within second to fifth years.

As at 31 March 2024, the current ratio of the Group (current assets divided by current liabilities) was maintained at 1.20 times (31 March 2023: 1.31 times) and the gearing ratio of the Group (total bank borrowings divided by total equity) was 43.1% (31 March 2023: 31.8%).

CAPITAL STRUCTURE

As at 31 March 2024, the total issued share capital of the Company was HK$43,896,000 (31 March 2023: HK$43,896,000), comprising 438,960,000 (31 March 2023: 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

As at 31 March 2024, the following assets were pledged as collaterals for credit facilities granted to the Group by a bank and certain other borrowings to the Group.

	2024	2023
	HK$'000	*HK$'000*
Credit facilities from a bank:		
Leasehold land and buildings	**104,647**	–
Other borrowings:		
Properties under development	**6,664**	14,825
Completed properties held for sales	**7,864**	4,826
	14,528	19,651
	119,175	19,651

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars and Renminbi ("RMB") or U.S. dollars ("US$"). 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 2024, the Group employed around 3,900 full-time employees, of which less than 70 of them were stationed in Hong Kong headquarters with the remaining working mainly 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.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND CAPITAL ASSETS

As reported in the 2023 annual report and the announcements of the Company dated 24 March 2023, 29 March 2023, 19 April 2023, and 25 April 2023 and the circular dated 31 May 2023, the Group has entered into a transaction to dispose of the land use rights of the lands (comprise three parcels of land situated at Huang Hua Yuan Industrial Area, Tai Ping Town, Shixing County, Shaoguan City, Guangdong Province, the PRC (the "Lands")) and the erection, construction, machinery, and other relevant assets on the Lands under the Three-old Renovation. The asset disposal transaction was completed on 27 April 2023. The Group recorded a net gain on the asset disposal transaction before tax of approximately HK$61,812,000 for the Period.

Saved as disclosed above, there was no material acquisition or disposal of subsidiaries during the Year.

CONNECTED TRANSACTION

As reported in the 2023 annual report and the announcement of the Company dated 31 March 2023, the Company entered into a renewal tenancy agreement ("Renewal Tenancy Agreement") with Unicon Investments Limited ("Unicon"), to renew a leasing agreement, concerning the leaseback of the property located at 7/F., Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong, as the Company's principal place of business in Hong Kong, for a term of three years commencing from 1 April 2023 to 31 March 2026, with a monthly lease rental of HK$124,800 (inclusive of government rent, rates and management fee).

The transactions contemplated under the Renewal Tenancy Agreement are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Unicon is wholly owned by Mr. Cheng Chor Kit ("Mr. Cheng"), an executive Director, the chairman and chief executive officer of the Company and the controlling shareholder of the Company (as defined under the Listing Rules). Thus, each of Mr. Cheng and Unicon is a connected person of the Company. Accordingly, the entering into the Renewal Tenancy Agreement and the transactions contemplated thereunder constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the right-of-use assets to be recognised under the Renewal Tenancy Agreement exceed more than 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Rule 14A of the Listing Rules.

Saved as disclosed above, under the Listing Rules, the Company did not have any other disclosable non-exempted connected transaction during the Year and up to the date of this annual report.

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.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 18 April 2024, Resplendent Global Limited ("Resplendent Global"), as the offeror (the "Offeror") and the Company jointly announced (the "Joint Announcement") that on 27 March 2024, the Offeror requested the Board of the Company to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. Resplendent Global is ultimately beneficially owned as to 52% by Mr. Cheng, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors. Unless otherwise defined, capitalised terms used herein have the same meanings as those defined in the Joint Announcement. Please refer to the Company's relevant announcements dated 18 April 2024, 6 May 2024, 8 May 2024 and 11 June 2024 posted on the HKEx for details of the privatization proposal.

Save as disclosed above, there is no significant event that occurred after the reporting period up to the latest practicable date of the annual report.

CORPORATE GOVERNANCE PRACTICES

The Board regularly reviews the guidelines and reports the latest development in corporate governance to the chairman of the Board. 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 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 the Company has been in full compliance with all the requirements stipulated in the CG Report in Appendix 14 of the Listing Rules, apart from the above described deviation.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to provision C.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 calibre individuals, with a highly independent element in the Board where the Board members meet regularly to discuss issues affecting the 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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

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 this 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 and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this announcement.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 26 August 2024 to Thursday, 29 August 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Thursday, 29 August 2024, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 23 August 2024.

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.

By order of the Board
Kin Yat Holdings Limited
CHENG Chor Kit
Chairman and chief executive officer

Hong Kong, 21 June 2024

As at the date of this joint announcement, the Board comprises (a) four executive Directors, namely Mr. Cheng Chor Kit, Mr. Liu Tat Luen, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang; and (b) three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Cheung Wang Ip and Mr. Chan Yim Por Bonnie.