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KADER HOLDINGS COMPANY LIMITED
開達集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 180)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Board of Directors of Kader Holdings Company Limited (the “Company”) announces that the results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 December 2023 together with comparative figures for the year 2022 are summarised as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	372,543	351,967
Other revenue and other net income/(loss)	4	21,621	(8,998)
Changes in inventories of finished goods and work in progress		15,941	47,599
Cost of purchase of finished goods		(56,015)	(54,393)
Raw materials and consumables used		(16,829)	(31,014)
Staff costs	5(b)	(163,223)	(170,402)
Depreciation	5(d)	(41,037)	(39,532)
Other operating expenses	5(c)	(109,400)	(116,267)
Profit/(loss) from operations		23,601	(21,040)
Finance costs	5(a)	(35,199)	(13,871)
Share of profits less losses of associates		(15,893)	(14,577)
Impairment loss of loans to an associate		(1,128)	(891)
Deficit on revaluation of investment properties		(57,643)	(40,788)
Loss before taxation	5	(86,262)	(91,167)
Income tax credit	6	12,824	6,202
Loss for the year		(73,438)	(84,965)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)**For the year ended 31 December 2023*

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Attributable to:			
Equity shareholders of the Company		(74,634)	(86,384)
Non-controlling interests		<u>1,196</u>	<u>1,419</u>
Loss for the year		<u>(73,438)</u>	<u>(84,965)</u>
Loss per share			
Basic	7(a)	(7.85)¢	(9.09)¢
Diluted	7(b)	<u>(7.85)¢</u>	<u>(9.09)¢</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
<i>Note</i>	HK\$'000	HK\$'000
Loss for the year	(73,438)	(84,965)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of HK\$Nil tax	<u>9,157</u>	<u>(5,466)</u>
Total comprehensive income for the year	<u>(64,281)</u>	<u>(90,431)</u>
Attributable to:		
Equity shareholders of the Company	(65,287)	(91,361)
Non-controlling interests	<u>1,006</u>	<u>930</u>
Total comprehensive income for the year	<u>(64,281)</u>	<u>(90,431)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Investment properties		2,023,641	2,073,199
Other property, plant and equipment		<u>237,134</u>	<u>187,173</u>
		2,260,775	2,260,372
Intangible assets		318	352
Interest in associates		61,342	59,834
Other financial assets		59,320	53,927
Deposits and prepayments		62,435	65,233
Deferred tax assets		<u>18,834</u>	<u>15,350</u>
		<u>2,463,024</u>	<u>2,455,068</u>
Current assets			
Trading securities		10,076	10,173
Inventories	8	285,136	255,569
Current tax recoverable		310	371
Loans to associates		51,518	50,362
Trade and other receivables	9	105,882	101,583
Cash and cash equivalents		<u>80,126</u>	<u>81,217</u>
		<u>533,048</u>	<u>499,275</u>
Current liabilities			
Trade and other payables and contract liabilities	10	142,437	152,684
Bank loans		646,707	509,381
Lease liabilities		7,662	7,624
Current tax payable		<u>23,475</u>	<u>35,508</u>
		<u>820,281</u>	<u>705,197</u>
Net current liabilities		<u>(287,233)</u>	<u>(205,922)</u>
Total assets less current liabilities carried forward		<u>2,175,791</u>	<u>2,249,146</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31 December 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Total assets less current liabilities brought forward		<u>2,175,791</u>	<u>2,249,146</u>
Non-current liabilities			
Bank loans		12,307	11,942
Lease liabilities		18,018	26,117
Rental deposits		–	3,637
Deferred tax liabilities		30,499	28,222
Accrued employee benefits		<u>147</u>	<u>127</u>
		<u>60,971</u>	<u>70,045</u>
NET ASSETS		<u><u>2,114,820</u></u>	<u><u>2,179,101</u></u>
CAPITAL AND RESERVES	<i>11</i>		
Share capital		95,059	95,059
Reserves		<u>2,012,879</u>	<u>2,078,166</u>
Total equity attributable to equity shareholders of the Company		2,107,938	2,173,225
Non-controlling interests		<u>6,882</u>	<u>5,876</u>
TOTAL EQUITY		<u><u>2,114,820</u></u>	<u><u>2,179,101</u></u>

Notes:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

This announcement does not comprise the consolidated financial statements for the year ended 31 December 2023 but the information herein has been extracted from the draft consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group's interest in associates.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Group recorded net current liabilities of HK\$287,233,000. Despite the net current liabilities as at 31 December 2023, the Group's cash and cash equivalents amounted to HK\$80,126,000 on the same day. Furthermore, based on the cash flow projection prepared by management which covers a period of not less than twelve months from 31 December 2023 and the unutilised banking facilities of HK\$140,706,000 at the date of approval of the financial statements by the Board, the directors are of the opinion that anticipated cash flows generated from the Group's operations can strengthen the Group's financial position and enable the Group to have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2023. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investment properties and debt and equity instruments are stated at their fair values.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the abolition of offsetting mechanism effective from 1 May 2025. The abolition of the offsetting mechanism did not have a material impact on the Group's results and financial position. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Toys and model trains:	The manufacture and sale of plastic, electronic and stuffed toys and model trains. These products are manufactured in the Group's manufacturing facilities located in Mainland China.
Property investment:	The leasing of office premises, commercial building and industrial buildings to generate rental income and to gain from the appreciation in the properties' value in the long term.
Investment holding:	The investment in securities.

3. REVENUE AND SEGMENT REPORTING (Continued)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by significant category of revenue is as follows:

	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods	322,751	302,379
Revenue from other sources		
– Gross rentals from investment properties that the lease payments are fixed	<u>49,792</u>	<u>49,588</u>
	<u>372,543</u>	<u>351,967</u>

Revenue from the sales of goods is recognised at the point in time when control of the goods is transferred to the customers.

The Group's customer base is diversified and, there is no customer with whom transactions have exceeded 10% of the Group's revenue in 2023 and 2022.

(b) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of intangible assets, interest in associates, deferred tax assets, current tax recoverable, cash and cash equivalents, loans to associates and other corporate assets. Segment liabilities include all liabilities with the exception of amount due to an associate, current tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

	Toys and model trains		Property investment		Investment holding		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	322,751	302,379	49,792	49,588	-	-	372,543	351,967
Inter-segment revenue	-	-	4,106	1,758	-	-	4,106	1,758
Reportable segment revenue	<u>322,751</u>	<u>302,379</u>	<u>53,898</u>	<u>51,346</u>	<u>-</u>	<u>-</u>	<u>376,649</u>	<u>353,725</u>
Reportable segment profit/(loss) (adjusted EBITDA)	17,625	(9,114)	31,964	39,041	(6,538)	(2,404)	43,051	27,523
Interest income	220	209	4	-	3,685	2,817	3,909	3,026
Interest expenses	(27,346)	(13,871)	(7,853)	-	-	-	(35,199)	(13,871)
Depreciation and amortisation for the year	(38,455)	(39,356)	(2,616)	(44)	-	(165)	(41,071)	(39,565)
Reportable segment assets	586,857	562,820	2,144,977	2,139,785	256,514	449,966	2,988,348	3,152,571
Additions to non-current segment assets during the year	26,936	35,215	64,292	71,717	5,207	15,335	96,435	122,267
Reportable segment liabilities	846,027	966,208	131,494	93,996	7,282	9,196	984,803	1,069,400

3. REVENUE AND SEGMENT REPORTING (Continued)

(c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2023 HK\$'000	2022 HK\$'000
Revenue		
Reportable segment revenue	376,649	353,725
Elimination of inter-segment revenue	<u>(4,106)</u>	<u>(1,758)</u>
Consolidated revenue	<u><u>372,543</u></u>	<u><u>351,967</u></u>
Profit or loss		
Reportable segment profit	43,051	27,523
Elimination of inter-segment profit	<u>–</u>	<u>–</u>
Reportable segment profit derived from the Group's external customers	43,051	27,523
Other revenue and other net income/(loss)	21,621	(8,998)
Depreciation and amortisation	(41,071)	(39,565)
Finance costs	(35,199)	(13,871)
Share of profits less losses of associates	(15,893)	(14,577)
Impairment loss of loans to an associate	(1,128)	(891)
Deficit on revaluation of investment properties	<u>(57,643)</u>	<u>(40,788)</u>
Consolidated loss before taxation	<u><u>(86,262)</u></u>	<u><u>(91,167)</u></u>
Assets		
Reportable segment assets	2,988,348	3,152,571
Elimination of inter-segment receivables	<u>(204,724)</u>	<u>(405,714)</u>
	2,783,624	2,746,857
Intangible assets	318	352
Interest in associates	61,342	59,834
Loans to associates	51,518	50,362
Current tax recoverable	310	371
Deferred tax assets	18,834	15,350
Cash and cash equivalents	<u>80,126</u>	<u>81,217</u>
Consolidated total assets	<u><u>2,996,072</u></u>	<u><u>2,954,343</u></u>
Liabilities		
Reportable segment liabilities	984,803	1,069,400
Elimination of inter-segment payables	<u>(204,724)</u>	<u>(405,714)</u>
	780,079	663,686
Amount due to an associate	47,199	47,826
Current tax payable	23,475	35,508
Deferred tax liabilities	<u>30,499</u>	<u>28,222</u>
Consolidated total liabilities	<u><u>881,252</u></u>	<u><u>775,242</u></u>

3. REVENUE AND SEGMENT REPORTING (Continued)

(d) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, non-current deposits and prepayments and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and the location of operations, in the case of interest in associates.

	Revenue from external customers		Specified non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong (place of domicile)	<u>49,118</u>	49,954	<u>2,056,674</u>	<u>2,110,073</u>
Mainland China	5,243	5,847	53,048	56,065
North America	144,408	129,725	120,978	118,598
Europe	171,446	165,530	54,659	47,907
Japan	407	220	60,649	48,744
Singapore	760	–	38,862	4,404
Others	<u>1,161</u>	<u>691</u>	<u>–</u>	<u>–</u>
	<u>323,425</u>	<u>302,013</u>	<u>328,196</u>	<u>275,718</u>
	<u>372,543</u>	<u>351,967</u>	<u>2,384,870</u>	<u>2,385,791</u>

4. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2023 HK\$'000	2022 HK\$'000
Other revenue		
Interest income from loans to associates	2,504	2,768
Other interest income	1,405	258
Dividend income	460	404
Air conditioning, management and maintenance service charges from tenants	5,023	5,348
Gain on termination of lease contracts	–	389
COVID-19-related rent concessions received	–	6
Management service fee	1,473	1,359
Government grants (<i>note (i)</i>)	–	1,535
Material charges	379	281
Sundry income	2,210	1,396
	13,454	13,744
	13,454	13,744
Other net income/(loss)		
Net gain on disposal of other property, plant and equipment	53	14
Net gain on disposal of subsidiary	17	–
Net realised and unrealised exchange gain/(loss)	8,163	(14,037)
Net realised and unrealised loss on trading securities	(291)	(2,624)
Net realised and unrealised gain/(loss) on other financial assets	225	(6,095)
	8,167	(22,742)
	8,167	(22,742)
	21,621	(8,998)

- (i) In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. No funding support was granted in 2023.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loans	34,031	12,305
Interest on lease liabilities	<u>1,168</u>	<u>1,566</u>
	<u>35,199</u>	<u>13,871</u>
(b) Staff costs		
Salaries, wages and other benefits	147,492	155,030
Employer's contributions to defined contribution retirement plans	<u>15,731</u>	<u>15,372</u>
	<u>163,223</u>	<u>170,402</u>
(c) Other operating expenses		
Other operating expenses for the year included:		
Amortisation of intangible assets	34	33
Addition of/(reversal of) impairment losses of		
– trade receivables	70	(523)
– other receivables	<u>44</u>	<u>99</u>
	114	(424)
Auditors' remuneration		
– audit services	4,663	5,028
– non-assurance services	184	175
Advertising and promotion	7,770	8,359
Building management and security service fee	5,246	4,744
Entertainment	3,092	2,587
Fuel, electricity and water	8,370	8,840
Government rent and rates	2,362	2,207
Insurance	4,366	3,771
Legal and professional fee	5,726	7,463
Office supplies	1,260	1,194
Expenses relating to short-term leases	154	430
Postage, telephone and fax	2,064	2,357
Product testing fee	404	535
Repair and maintenance	3,363	4,033
Research and development	779	319
Royalties, commission and sales service fee	8,510	9,859
Subcontracting fee	22,793	27,995
Subscription fee	230	208
Tools and consumables	1,465	2,032
Transportation and travelling	<u>13,756</u>	<u>13,457</u>

5. LOSS BEFORE TAXATION (Continued)

	2023 HK\$'000	2022 HK\$'000
(d) Other items		
Depreciation		
– owned assets	31,131	29,087
– right-of-use assets	9,906	10,445
Cost of inventories	183,413	181,972
Reversal of write-down of inventories	(3,938)	(3,334)
Rental receivable from investment properties less direct outgoings of HK\$7,154,000 (2022: HK\$6,088,000)	<u>(42,638)</u>	<u>(43,500)</u>

Cost of inventories includes HK\$77,216,000 (2022: HK\$87,017,000) relating to staff costs, depreciation charges in respect of other property, plant and equipment and lease expenses, which amount is also included in the respective total amounts disclosed separately above and in the consolidated statement of profit or loss for each of these types of expenses.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2023 HK\$'000	2022 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	93	26
Over-provision in respect of prior years	<u>(13,983)</u>	<u>(2,066)</u>
	----- (13,890)	----- (2,040)
Current tax – Outside Hong Kong		
Provision for the year	2,587	102
Under/(over-provision) in respect of prior years	<u>139</u>	<u>(42)</u>
	----- 2,726	----- 60
Deferred tax		
Origination and reversal of temporary differences	<u>(1,660)</u>	<u>(4,222)</u>
	<u><u>(12,824)</u></u>	<u><u>(6,202)</u></u>

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year.

The Corporate Income Tax (“CIT”) rate applicable to subsidiaries registered in the People’s Republic of China (“PRC”) is 25% (2022: 25%).

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(a) Taxation in the consolidated statement of profit or loss represents: (Continued)

The Corporation tax rates applicable to the Group's operations in the United Kingdom (the "UK") and the United States ("the US") are 23.5% (2022: 19%) and 21% (2022: 21%) respectively.

Taxation for other subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

(b) Reconciliation between tax credit and accounting loss at applicable tax rates:

	2023 HK\$'000	2022 HK\$'000
Loss before taxation	<u>(86,262)</u>	<u>(91,167)</u>
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(43,470)	(16,580)
Tax effect of non-deductible expenses	52,765	22,093
Tax effect of non-taxable income	(9,268)	(10,611)
Tax effect of previously unrecognised tax losses utilised	(10)	(95)
Tax effect of unused tax losses not recognised	449	2,402
Tax effect of other temporary difference not recognised	554	(2,001)
Over-provision in prior years	(13,844)	(2,108)
Others	<u>–</u>	<u>698</u>
Income tax credit	<u>(12,824)</u>	<u>(6,202)</u>

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$74,634,000 (2022: HK\$86,384,000) and the weighted average of 950,588,000 ordinary shares (2022: 950,588,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

The Company did not have dilutive potential ordinary shares outstanding during both 2023 and 2022. Accordingly, the diluted loss per share is the same as the basic loss per share for both 2023 and 2022.

8. INVENTORIES

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Carrying amount of inventories sold	187,351	185,306
Reversal of write-down of inventories	<u>(3,938)</u>	<u>(3,334)</u>
	<u><u>183,413</u></u>	<u><u>181,972</u></u>

The reversal of write-down of inventories made in the prior year arose upon subsequent sale of these inventories.

9. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	32,101	33,286
1 to 3 months	27,714	25,689
3 to 12 months	20,808	7,680
Over 12 months	<u>107</u>	<u>1,755</u>
	<u><u>80,730</u></u>	<u><u>68,410</u></u>

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

All of the trade and other payables, except for the amounts due to related companies and an associate, are expected to be settled or recognised as income within one year or are repayable on demand.

Amounts due to related companies and an associate are unsecured, interest-free and repayable on demand. The related companies have common directors and shareholders with the Company.

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (Continued)

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	7,740	12,638
Over 1 month but within 3 months	7,765	10,394
Over 3 months but within 6 months	3,256	4,670
Over 6 months	<u>1,618</u>	<u>606</u>
	<u><u>20,379</u></u>	<u><u>28,308</u></u>

11. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: HK\$Nil).

(b) Issued share capital

	2023		2022	
	Number of shares '000	<i>HK\$'000</i>	Number of shares '000	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.10 each	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>
Ordinary shares, issued and fully paid:				
At the beginning and the end of the year	<u>950,588</u>	<u>95,059</u>	<u>950,588</u>	<u>95,059</u>

(c) Share premium

The application of the share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

BUSINESS REVIEW

The slow economic recovery after COVID-19 pandemic and the geopolitical conflicts have significant impacts on the Group's performance for 2023. The Group believes that it still takes some time for the economy to recover. To cope with these unfavourable conditions, the Group will continuously diversify its businesses, explore sales opportunities, implement further measures to enhance efficiency and strengthen the cost control measures.

Toys and Model Trains

The toys and model train business represents the manufacture and sale of plastic, electronic and stuffed toys and model trains. These products are mainly manufactured in the Group's manufacturing facilities located in Mainland China and mostly sold to the United States, Europe and Mainland China. For the financial year ended 31 December 2023, the revenue was approximately HK\$322.75 million, representing an increase of approximately 6.74% as compared to last year.

The Group will strive to explore new sales opportunities and manufacture high quality products with competitive prices to sustain its business.

Property Investment

Other than the core toys and model trains business, the property investment business plays a significant role too. The Group's properties are located in Hong Kong and overseas. For the financial year ended 31 December 2023, the Group's rental income amounted to approximately HK\$49.79 million (2022: approximately 49.59 million). The rental income represented approximately 13.37% of the Group's revenue for the year (2022: approximately 14.09%).

During the year, the Group recorded valuation deficit of its investment properties of approximately HK\$57.64 million (2022: approximately 40.79 million). The occupancy rate of its major investment properties, Kader Building, was approximately 69% (2022: approximately 74%).

RISKS AND UNCERTAINTIES

The Group's financial position and results of operations may be affected by a number of risks and uncertainties pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group:

Business Risk

Performance of the Group's core business will be affected by various factors, including but not limited to economic conditions which would not be completely mitigated even with strict operational procedures.

Interest Rate Risk

The Group's interest rate risk arises primarily from bank borrowings. The Group analyses its interest rate exposure on a dynamic basis and manages this risk in a cost-effective manner.

RISKS AND UNCERTAINTIES *(Continued)*

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding. In managing the liquidity risk, the Group monitors the cash flows and will negotiate with banks for the banking facilities, if necessary.

Customer Risk

The Group's customer base is diversified and for the year ended 31 December 2023, there is no customer with whom transactions have exceeded 10% of the Group's revenue.

Foreign Exchange Rate Risk

Major assets, liabilities and transactions of the Group are denominated in Hong Kong dollars, United States dollars, Sterling Pounds ("GBP"), Renminbi Yuan ("RMB"), Japanese Yen ("JPY"), Euro ("EUR"), Australian dollars ("AUD") and Singapore dollar ("SGD"). As such, the Group faces a certain degree of exchange rate risk mainly arising from GBP, RMB, JPY, EUR, AUD and SGD denominated transactions for which the exchange rate volatility is relatively high.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to sustainable and responsible business practices. We have established a comprehensive Environmental, Health, and Safety ("EHS") Management System to manage the environmental footprint of our business. The Environmental, Social, and Governance ("ESG") Committee meets periodically to discuss EHS in order to assess the Group's environmental performance and the application of the system and pertinent policies. An ESG risk management system is also in place to allow the Group to make better decisions and assist our stakeholders by identifying and managing the risks in a dynamic operating environment. To further enhance our environmental performance, we have established systems and policies to achieve our emission reduction targets based on the key performance indicator regarding greenhouse gas emission, waste generation, use of energy and water. The Group also recognises that the long-term risks of climate change have far-reaching impacts on our operations and business environment.

In the financial year of 2023, the Group was not aware of any material non-compliance with the applicable environmental laws and regulations in Hong Kong and Mainland China.

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has been maintaining long-term trusting relationships with its employees, customers and suppliers:

Employees:

The Group believes that employees are the driving force behind our business success. We are committed to creating a supportive and innovative workplace for employees as well as cultivating a corporate culture with mutual trust and encouragement. We place a strong focus on improving employment management, safeguarding employees' health and safety, and ensuring they can fully leverage their strengths and potentials. We respect the unique perspective and experience of each employee. We are determined to provide equal employment and training opportunities to suitable candidates and all staff.

Customers:

The Group strives to maximise customer loyalty through quality products and on-time delivery. Quality Management system has been developed to systemise and standardise the product quality control process. The Group firmly believes that customer satisfaction plays a vital role within our business as well as acting as a key differentiator that enables us to thrive. All customers are welcomed to express their opinions and suggestions on our products and/or services through different channels.

Suppliers:

We understand that it is essential for our supply chain to align with our corporate social responsibility ("CSR") commitments and thus we select our suppliers carefully. All potential suppliers are requested to process evaluating purposes, including filling in the quality survey, providing compliance proof and submitting testing reports or reference sample. Supplier performance appraisal is also conducted regularly to assess their performance. In addition to quality consideration, we also take into account various ESG-related areas, including anti-corruption, occupational health and safety, product safety, labour standards and environmental protection.

For more details, please refer to the "Environmental, Social and Governance Report" section in the annual report.

FINANCIAL REVIEW

RESULTS

The Board announces that the Group's revenue for the financial year ended 31 December 2023 amounted to approximately HK\$372.54 million, representing an increase of approximately 5.84% over that reported last year and the profit from operations for 2023 amounted to approximately HK\$23.60 million as compared to last year's loss from operations of approximately HK\$21.04 million. The Group's loss attributable to equity shareholders for the financial year ended 31 December 2023 was approximately HK\$74.63 million, which included deficit on revaluation of investment properties of approximately HK\$57.64 million and interest expenses of approximately HK\$35.20 million, as compared to last year's loss attributable to equity shareholders of approximately HK\$86.38 million which included deficit on revaluation of investment properties of approximately HK\$40.79 million and the exchange loss of approximately HK\$14.04 million.

Liquidity and Financial Resources

As at 31 December 2023, the Group's net asset value per share was approximately HK\$2.22 (2022: approximately HK\$2.29). The Group had net current liabilities of approximately HK\$287.23 million (2022: approximately HK\$205.92 million). Total bank borrowings were approximately HK\$659.01 million (2022: approximately HK\$521.32 million) while the secured total banking facilities were approximately HK\$882.75 million (2022: approximately HK\$840.92 million). Included in total bank borrowings were revolving loans of approximately HK\$602.00 million (2022: approximately HK\$506.00 million) which are intended to be rolled over upon maturity. The Group's financial gearing, based on the total bank borrowings compared to the total equity, was approximately 31.16% (2022: approximately 23.92%). The majority of borrowings are on floating interest rate terms. The Group will negotiate with banks for banking facilities for working capital needs, if necessary.

Capital Structure

During the year, there were no changes in the Company's share capital.

Charges on Group Assets

As at 31 December 2023, investment properties and certain leasehold land and buildings of the Group with a net book value of approximately HK\$1,918.83 million (2022: approximately HK\$1,932.56 million) were mortgaged to various banks to secure the banking facilities granted to the Group.

Material Acquisitions and Disposals

There were no material acquisitions and disposals during the year ended 31 December 2023.

Contingent Liabilities

As at 31 December 2023, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 817 (2022: 1,009) full time management, administrative and production staff in the HKSAR, Mainland China, the United States and Europe. The Group has seasonal fluctuations in the number of workers employed in its production plants while the number of management and administrative staff remains stable. The staff costs for the year ended 31 December 2023 amounted to approximately HK\$163.22 million (2022: approximately HK\$170.40 million). The Group remunerates its employees based on their performance, experience and prevailing industry practices. In the area of staff training, the Group encourages staff to participate in courses on technical skills improvement and personal development.

PROSPECTS

The economic outlook for the year ahead will continue to be challenging due to adverse global economy, geopolitical conflicts and keen competition. Faced with the challenging economy, the Group will continuously diversify its businesses, explore sales opportunities, raise production efficiency and strengthen the cost control measures in order to sustain its businesses. With the completion of the revitalization of Kader Building in the near future, it is expected that the Group's source of revenue and profitability will be enhanced.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: HK\$Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 June 2024 to Thursday, 20 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the forthcoming annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 14 June 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

The Board sets its corporate governance procedure and duties pursuant to the Corporate Governance Code (“CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and it accordingly reviews and monitors the training and continuous development in profession of directors and senior management and its policies and practices in compliance with relevant laws and regulatory requirements. The Company has adopted and applied a corporate governance policy. During the reporting year, the Group has complied with all code provisions set out in the CG Code, except for the deviation from CG Code C.2.1 as described below:

Under CG Code C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kenneth Ting Woo-shou has the combined role of Chairman and Managing Director. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group as non-executive director and independent non-executive directors (“INEDs”) form the majority of the Board, with six out of ten of the directors of the Company being non-executive director and INEDs. The Board believes the appointment of Mr. Kenneth Ting Woo-shou to the posts of Chairman and Managing Director is beneficial to the Group as he has considerable industry experience.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as its model code for securities transactions by the Company’s directors and relevant employees who are or may be in possession of unpublished inside information. Based on specific enquiries made, all directors have confirmed that they have complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the key accounting policies and discussed auditing, internal controls and financial reporting matters, including a review of the annual results for the year ended 31 December 2023.

By order of the Board
Kader Holdings Company Limited
Kenneth Ting Woo-shou
Chairman

Hong Kong, 27 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Kenneth Ting Woo-shou, SBS, JP (Chairman and Managing Director), Mrs. Nancy Ting Wang Wan-sun, Mr. Ivan Ting Tien-li and Mr. Lao Wai-keung; the non-executive director of the Company is Mr. Bernie Ting Wai-cheung; and the independent non-executive directors of the Company are Mr. Floyd Chan Tsoi-yin, Mr. Andrew Yao Cho-fai, BBS, JP, Mr. Desmond Chum Kwan-yue, Ms. Sabrina Chao Sih-ming, BBS, JP and Mr. Daryl Liu Zhen-rong.