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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 2022**

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 2022 together with comparative figures for the year 2021 are summarised as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	<b>2021</b> <i>HK\$'000</i>
<b>Revenue</b>	3	<b>351,967</b>	397,330
Other revenue and other net (loss)/income	4	<b>(8,998)</b>	11,140
Changes in inventories of finished goods and work in progress		<b>47,599</b>	11,957
Cost of purchase of finished goods		<b>(54,393)</b>	(58,358)
Raw materials and consumables used		<b>(31,014)</b>	(20,210)
Staff costs	5(b)	<b>(170,402)</b>	(165,831)
Depreciation	5(d)	<b>(39,532)</b>	(37,952)
Other operating expenses	5(c)	<b>(116,267)</b>	(115,275)
<b>(Loss)/profit from operations</b>		<b>(21,040)</b>	22,801
Finance costs	5(a)	<b>(13,871)</b>	(7,084)
Share of profits less losses of associates		<b>(14,577)</b>	(1,202)
Impairment loss of loans to an associate		<b>(891)</b>	(4,640)
(Deficit)/surplus on revaluation of investment properties		<b>(40,788)</b>	44,188
<b>(Loss)/profit before taxation</b>	5	<b>(91,167)</b>	54,063
Income tax credit/(expense)	6	<b>6,202</b>	(7,135)
<b>(Loss)/profit for the year</b>		<b>(84,965)</b>	46,928

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)***For the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(86,384)</b>	45,942
Non-controlling interests		<u><b>1,419</b></u>	<u>986</u>
<b>(Loss)/profit for the year</b>		<u><b>(84,965)</b></u>	<u>46,928</u>
<b>(Loss)/earnings per share</b>			
Basic	7(a)	<b>(9.09)¢</b>	4.83¢
Diluted	7(b)	<u><b>(9.09)¢</b></u>	<u>4.83¢</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(Loss)/profit for the year</b>		<b>(84,965)</b>	46,928
<b>Other comprehensive income for the year</b> <b>(after tax and reclassification adjustments)</b>			
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		<b>(5,466)</b>	(2,339)
Surplus on revaluation of land and buildings held for own use upon change of use to investment properties, net of HK\$Nil tax		—	19,388
<b>Total comprehensive income for the year</b>		<b><u>(90,431)</u></b>	<b><u>63,977</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(91,361)</b>	62,853
Non-controlling interests		<b><u>930</u></b>	<u>1,124</u>
<b>Total comprehensive income for the year</b>		<b><u>(90,431)</u></b>	<b><u>63,977</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Investment properties		2,073,199	2,059,744
Other property, plant and equipment		<u>187,173</u>	<u>230,106</u>
		<b>2,260,372</b>	<b>2,289,850</b>
<b>Intangible assets</b>			
Intangible assets		352	385
Interest in associates		59,834	65,044
Other financial assets		53,927	45,545
Deposits and prepayments		65,233	22,447
Deferred tax assets		<u>15,350</u>	<u>8,039</u>
		<u>2,455,068</u>	<u>2,431,310</u>
<b>Current assets</b>			
Trading securities		10,173	13,224
Inventories	8	255,569	221,269
Current tax recoverable		371	358
Loans to associates		50,362	41,306
Trade and other receivables	9	101,583	103,739
Cash and cash equivalents		<u>81,217</u>	<u>88,050</u>
		<u>499,275</u>	<u>467,946</u>
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	10	152,684	140,913
Bank loans		509,381	361,722
Lease liabilities		7,624	8,748
Current tax payable		<u>35,508</u>	<u>39,538</u>
		<u>705,197</u>	<u>550,921</u>
<b>Net current liabilities</b>		<u>(205,922)</u>	<u>(82,975)</u>
<b>Total assets less current liabilities carried forward</b>		<u>2,249,146</u>	<u>2,348,335</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

At 31 December 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Total assets less current liabilities brought forward</b>		<u>2,249,146</u>	<u>2,348,335</u>
<b>Non-current liabilities</b>			
Bank loans		11,942	14,068
Lease liabilities		26,117	35,710
Rental deposits		3,637	3,623
Deferred tax liabilities		28,222	25,402
Accrued employee benefits		<u>127</u>	<u>–</u>
		<u>70,045</u>	<u>78,803</u>
<b>NET ASSETS</b>		<u><b>2,179,101</b></u>	<u><b>2,269,532</b></u>
<b>CAPITAL AND RESERVES</b>	<i>11</i>		
Share capital		95,059	95,059
Reserves		<u>2,078,166</u>	<u>2,169,527</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,173,225</b>	2,264,586
<b>Non-controlling interests</b>		<u>5,876</u>	<u>4,946</u>
<b>TOTAL EQUITY</b>		<u><b>2,179,101</b></u>	<u><b>2,269,532</b></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 2022 but the information herein has been extracted from the draft consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2022 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 accounting principles generally accepted in Hong Kong 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\$205,922,000 (2021: HK\$82,975,000). Despite the net current liabilities as at 31 December 2022, the Group's cash and cash equivalents amounted to HK\$81,217,000 (2021: HK\$88,050,000) 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 2022, and the unutilised banking facilities of HK\$319,599,000 (2021: HK\$414,949,000), 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 2022. 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 financial figures in this announcement of the Group's results for the year ended 31 December 2022 have been compared by the Group's auditor, KPMG, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with *Hong Kong Standards on Auditing*, *Hong Kong Standards on Review Engagements* or *Hong Kong Standards on Assurance Engagements* issued by the HKICPA, and consequently no assurance has been expressed by KPMG on this 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:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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. 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.

#### (a) Disaggregation of revenue

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
– Sales of goods	<b>302,379</b>	346,630
<b>Revenue from other sources</b>		
– Gross rentals from investment properties that the lease payments are fixed	<u><b>49,588</b></u>	<u>50,700</u>
	<u><b>351,967</b></u>	<u>397,330</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 in 2022, there is no (2021: one) customer with whom transactions have exceeded 10% of the Group's revenue. In 2021, revenue from sales of toys and model trains to this customer, amounted to approximately HK\$45,765,000 and arose in the North America geographical region in which the toys and model trains division is active.

### 3. REVENUE AND SEGMENT REPORTING *(Continued)*

#### **(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 2022 and 2021 is set out below:

	Toys and model trains		Property investment		Investment holding		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from external customers	302,379	346,630	49,588	50,700	-	-	351,967	397,330
Inter-segment revenue	-	-	1,758	1,525	-	-	1,758	1,525
<b>Reportable segment revenue</b>	<b>302,379</b>	<b>346,630</b>	<b>51,346</b>	<b>52,225</b>	<b>-</b>	<b>-</b>	<b>353,725</b>	<b>398,855</b>
Reportable segment (loss)/profit (adjusted EBITDA)	(9,114)	13,674	39,041	41,462	(2,404)	(5,489)	27,523	49,647
Interest income	209	70	-	-	2,817	3,079	3,026	3,149
Interest expenses	(13,871)	(7,084)	-	-	-	-	(13,871)	(7,084)
Depreciation and amortisation for the year	(39,356)	(37,775)	(44)	-	(165)	(211)	(39,565)	(37,986)
<b>Reportable segment assets</b>	<b>562,820</b>	<b>546,774</b>	<b>2,139,785</b>	<b>2,098,735</b>	<b>449,966</b>	<b>443,374</b>	<b>3,152,571</b>	<b>3,088,883</b>
Additions to non-current segment assets during the year	35,215	25,428	71,717	44,442	15,335	6,245	122,267	76,115
<b>Reportable segment liabilities</b>	<b>966,208</b>	<b>861,500</b>	<b>93,996</b>	<b>53,498</b>	<b>9,196</b>	<b>5,499</b>	<b>1,069,400</b>	<b>920,497</b>

### 3. REVENUE AND SEGMENT REPORTING (Continued)

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	353,725	398,855
Elimination of inter-segment revenue	<u>(1,758)</u>	<u>(1,525)</u>
Consolidated revenue	<u><u>351,967</u></u>	<u><u>397,330</u></u>
<b>Profit or loss</b>		
Reportable segment profit	27,523	49,647
Elimination of inter-segment profit	<u>–</u>	<u>–</u>
Reportable segment profit derived from the Group's external customers	27,523	49,647
Other revenue and other net (loss)/income	(8,998)	11,140
Depreciation and amortisation	(39,565)	(37,986)
Finance costs	(13,871)	(7,084)
Share of profits less losses of associates	(14,577)	(1,202)
Impairment loss of loans to an associate	(891)	(4,640)
(Deficit)/surplus on revaluation of investment properties	<u>(40,788)</u>	<u>44,188</u>
Consolidated (loss)/profit before taxation	<u><u>(91,167)</u></u>	<u><u>54,063</u></u>
<b>Assets</b>		
Reportable segment assets	3,152,571	3,088,883
Elimination of inter-segment receivables	<u>(405,714)</u>	<u>(392,809)</u>
	2,746,857	2,696,074
Intangible assets	352	385
Interest in associates	59,834	65,044
Loans to associates	50,362	41,306
Current tax recoverable	371	358
Deferred tax assets	15,350	8,039
Cash and cash equivalents	<u>81,217</u>	<u>88,050</u>
Consolidated total assets	<u><u>2,954,343</u></u>	<u><u>2,899,256</u></u>

### 3. REVENUE AND SEGMENT REPORTING (Continued)

#### (c) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Liabilities</b>		
Reportable segment liabilities	1,069,400	920,497
Elimination of inter-segment payables	<u>(405,714)</u>	<u>(392,808)</u>
	663,686	527,689
Amount due to an associate	47,826	37,095
Current tax payable	35,508	39,538
Deferred tax liabilities	<u>28,222</u>	<u>25,402</u>
Consolidated total liabilities	<u><u>775,242</u></u>	<u><u>629,724</u></u>

#### (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	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	<u>49,954</u>	<u>52,558</u>	<u>2,110,073</u>	<u>2,129,840</u>
Mainland China	5,847	5,009	56,065	62,214
North America	129,725	171,646	118,598	106,399
Europe	165,530	168,052	47,907	54,260
Japan	220	–	48,744	25,013
Others	<u>691</u>	<u>65</u>	<u>4,404</u>	<u>–</u>
	<u><u>302,013</u></u>	<u><u>344,772</u></u>	<u><u>275,718</u></u>	<u><u>247,886</u></u>
	<u><u>351,967</u></u>	<u><u>397,330</u></u>	<u><u>2,385,791</u></u>	<u><u>2,377,726</u></u>

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

	2022 HK\$'000	2021 HK\$'000
<b>Other revenue</b>		
Interest income from loans to associates	2,768	2,789
Other interest income	258	360
Dividend income	404	509
Air conditioning, management and maintenance service charges from tenants	5,348	5,590
Gain on termination of lease contracts	389	402
COVID-19-related rent concessions received	6	–
Loan forgiveness ( <i>note (i)</i> )	–	4,735
Management service fee	1,359	1,302
Government grants ( <i>note (ii)</i> )	1,535	–
Material charges	281	722
Sundry income	1,396	1,988
	<u>13,744</u>	<u>18,397</u>
<b>Other net (loss)/income</b>		
Net gain/(loss) on disposal of other property, plant and equipment	14	(694)
Net realised and unrealised exchange loss	(14,037)	(1,635)
Net realised and unrealised loss on trading securities	(2,624)	(4,014)
Net realised and unrealised loss on other financial assets	(6,095)	(914)
	<u>(22,742)</u>	<u>(7,257)</u>
	<u><u>(8,998)</u></u>	<u><u>11,140</u></u>

- (i) In 2020, the Group received loan proceeds of HK\$4,735,000 under the Paycheck Protection Program (“PPP”) set up by the United States Government, which was established as part of the Coronavirus Aid, Relief and Economic Security Act to provide loans to qualifying businesses. The PPP loan was forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. In 2021, the PPP loan amounts were fully forgiven. No PPP loan was granted in 2022.
- (ii) 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 2021.

## 5. (LOSS)/PROFIT BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on bank loans	12,305	5,115
Interest on lease liabilities	1,566	1,969
	<u>13,871</u>	<u>7,084</u>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	155,030	149,420
Employer's contributions to defined contribution retirement plans	15,372	16,411
	<u>170,402</u>	<u>165,831</u>
<b>(c) Other operating expenses</b>		
Other operating expenses for the year included:		
Amortisation of intangible assets	33	34
(Reversal of)/addition of impairment losses of		
– trade receivables	(523)	231
– other receivables	99	–
	<u>(424)</u>	<u>231</u>
Auditors' remuneration		
– audit services	5,028	5,045
– non-assurance services	175	180
Advertising and promotion	8,359	7,559
Building management and security service fee	4,744	4,472
Entertainment	2,587	2,683
Fuel, electricity and water	8,840	9,577
Government rent and rates	2,207	2,010
Insurance	3,771	4,182
Legal and professional fee	7,463	5,375
Office supplies	1,194	1,334
Expenses relating to short-term leases	430	39
Postage, telephone and fax	2,357	2,370
Product testing fee	535	740
Repair and maintenance	4,033	5,711
Research and development	319	1,007
Royalties, commission and sales service fee	9,859	9,704
Subcontracting fee	27,995	28,009
Subscription fee	208	1,011
Tools and consumables	2,032	1,918
Transportation and travelling	13,457	12,069

5. (LOSS)/PROFIT BEFORE TAXATION (Continued)

	2022 HK\$'000	2021 HK\$'000
<b>(d) Other items</b>		
Depreciation		
– owned assets	29,087	26,573
– right-of-use assets	10,445	11,379
Cost of inventories	181,972	205,999
Reversal of write-down of inventories	(3,334)	(310)
Rental receivable from investment properties less direct outgoings of HK\$6,088,000 (2021: HK\$5,450,000)	<u>(43,500)</u>	<u>(45,250)</u>

Cost of inventories includes HK\$87,017,000 (2021: HK\$81,936,000) 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:

	2022 HK\$'000	2021 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	26	2,035
(Over)/under-provision in respect of prior years	<u>(2,066)</u>	<u>15</u>
	----- (2,040)	----- 2,050
<b>Current tax – Outside Hong Kong</b>		
Provision for the year	102	1,289
(Over)/under-provision in respect of prior years	<u>(42)</u>	<u>118</u>
	----- 60	----- 1,407
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(4,222)</u>	<u>3,678</u>
	<u>(6,202)</u>	<u>7,135</u>

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 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% (2021: 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 19% (2021: 19%) and 21% (2021: 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)/expense and accounting (loss)/profit at applicable tax rates:

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit before taxation	<u>(91,167)</u>	<u>54,063</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(16,580)	8,221
Tax effect of non-deductible expenses	22,093	7,985
Tax effect of non-taxable income	(10,611)	(9,932)
Tax effect of previously unrecognised tax losses utilised	(95)	(1,111)
Tax effect of unused tax losses not recognised	2,402	566
Tax effect of other temporary difference not recognised	(2,001)	311
(Over)/under-provision in prior years	(2,108)	133
Others	<u>698</u>	<u>962</u>
Income tax (credit)/expense	<u>(6,202)</u>	<u>7,135</u>

## 7. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$86,384,000 (2021: profit of HK\$45,942,000) and the weighted average of 950,588,000 ordinary shares (2021: 950,588,000 ordinary shares) in issue during the year.

### (b) Diluted (loss)/earnings per share

The Company did not have dilutive potential ordinary shares outstanding during both 2022 and 2021. Accordingly, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for both 2022 and 2021.

## 8. INVENTORIES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Carrying amount of inventories sold	<b>185,306</b>	206,309
Write down of inventories	–	1,818
Reversal of write-down of inventories	<u>(3,334)</u>	<u>(2,128)</u>
	<b><u>181,972</u></b>	<b><u>205,999</u></b>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	<b>33,286</b>	24,727
1 to 3 months	<b>25,689</b>	34,594
3 to 12 months	<b>7,680</b>	17,093
Over 12 months	<u>1,755</u>	<u>1,738</u>
	<b><u>68,410</u></b>	<b><u>78,152</u></b>

## 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.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	12,638	10,053
Over 1 month but within 3 months	10,394	8,617
Over 3 months but within 6 months	4,670	3,661
Over 6 months	<u>606</u>	<u>–</u>
	<u><u>28,308</u></u>	<u><u>22,331</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 2022 (2021: HK\$Nil).

### (b) Issued share capital

	2022		2021	
	Number of shares '000	<i>HK\$'000</i>	Number of shares '000	<i>HK\$'000</i>
<b>Authorised:</b>				
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>
<b>Ordinary shares, issued and fully paid:</b>				
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 COVID-19 variants and the global unfavourable economic environment have notable effects on the Group's performance for 2022. The Group believes that it will take some time for the economy to recover. To cope with the unfavourable conditions, the Group will diversify its businesses, explore sales opportunities, implement various measures to increase efficiency and strengthen the cost control measures.

### **Toys and Model Trains**

For the financial year ended 31 December 2022, the revenue was approximately HK\$302.38 million, representing a decrease of approximately 12.77% as compared to last year.

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

### **Property Investment**

For the financial year ended 31 December 2022, the Group's rental income amounted to approximately HK\$49.59 million, representing a decrease of approximately 2.19% over the previous year. In addition, the Group recorded valuation deficit of its investment properties of approximately HK\$40.79 million for the year, as compared to last year's valuation surplus of approximately HK\$44.19 million.

During the year under review, the occupancy rate of its investment properties is approximately 74% (2021: approximately 75%).

## **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.

## **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 2022, 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"), and Australian dollars ("AUD"). As such, the Group faces a certain degree of exchange rate risk mainly arising from GBP, RMB, JPY, EUR and AUD 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 2022, 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 2022 amounted to approximately HK\$351.97 million, representing a decrease of approximately 11.42% over that reported last year and the loss from operations for 2022 amounted to approximately HK\$21.04 million as compared to last year's profit from operations of approximately HK\$22.80 million. The Group's loss attributable to equity shareholders for the financial year ended 31 December 2022 was 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, as compared to last year's profit attributable to equity shareholders of approximately HK\$45.94 million which included surplus on revaluation of investment properties of approximately HK\$44.19 million.

## **Liquidity and Financial Resources**

As at 31 December 2022, the Group's net asset value per share was approximately HK\$2.29 (2021: approximately HK\$2.39). The Group had net current liabilities of approximately HK\$205.92 million (2021: approximately HK\$82.98 million). Total bank borrowings were approximately HK\$521.32 million (2021: approximately HK\$375.79 million) while the secured total banking facilities were approximately HK\$840.92 million (2021: approximately HK\$790.74 million). Included in total bank borrowings were revolving loans of approximately HK\$506.00 million (2021: approximately HK\$348.00 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 23.92% (2021: approximately 16.56%). 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 2022, investment properties and certain leasehold land and buildings of the Group with a net book value of approximately HK\$1,932.56 million (2021: approximately HK\$1,967.57 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 2022.

## **Contingent Liabilities**

As at 31 December 2022, the Group did not have any significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group employed 1,009 (2021: 955) 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 2022 amounted to approximately HK\$170.40 million (2021: approximately HK\$165.83 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 by keen competition and the global unfavourable economic environment. Faced with the challenging economy, the Group will 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 2023, 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 2022 (2021: HK\$Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 18 May 2023 to Tuesday, 23 May 2023, 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 Wednesday, 17 May 2023.

## **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 14 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 five out of nine 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 10 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 2022.

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

Hong Kong, 30 March 2023

*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 and Ms. Sabrina Chao Sih-ming, BBS, JP.*