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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
VERY SUBSTANTIAL ACQUISITION
AND
RESUMPTION OF TRADING

On 12 November 2008, the Company entered into the Agreement with the Vendor and the Receivers pursuant to which the Company conditionally agreed to acquire from the Vendor and the Receivers the Sale Shares at the total consideration of USD8,500,000 to be paid to the Receivers in cash.

The transaction contemplated by the Agreement constitutes a Very Substantial Acquisition for the Company under Rule 14.06(5) of the Listing Rules, on the basis that the calculation of the relevant Percentage Ratios is 100% or more.

A circular containing, among other things, further details of the Acquisition and a notice of the EGM for the purpose of approving the Agreement and the transaction contemplated thereunder will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 13 November 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:30 a.m. on 18 November 2008 following the publication of this announcement.

THE AGREEMENT

Date: 12 November 2008

Parties:

Vendor and Receivers: Sanda Kan (Cayman II) Holdings Company Limited. On 10 September 2008, the Receivers were appointed as receivers to the Sale Shares pursuant to a Deed of Appointment. The Receivers, in their capacity as receivers of the Sale Shares, have the power to sell the Sale Shares pursuant to a Deed of Share Charge.

Purchaser: the Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Receivers, the Vendor and the Vendor's ultimate beneficial owners, are independent third parties not connected with the Company and connected persons of the Company. Save for the Acquisition, there is no other business relationship between the Company and the Vendor.

Assets to be acquired

The Sale Shares represent the entire existing issued share capital of the Target Company.

The Target Company is the beneficial owner of:

- (i) NC Train Acquisition LLC, a company incorporated in the USA and is principally engaged in patent licensing;
- (ii) Sanda Kan Industrial Company Limited, a company incorporated in the Cayman Islands and is principally engaged in the trading of toys;
- (iii) Sanda Kan Industrial (2000) Limited, a company incorporated in Hong Kong and is principally engaged in investment holding. The direct wholly-owned subsidiary of Sanda Kan Industrial (2000) Limited is Sanda Kan Industrial (1981) Limited, a company incorporated in Hong Kong and is principally engaged in the manufacturing and marketing of toys;
- (iv) Sanda Kan (Mauritius) Holdings Company Limited, a company incorporated in Mauritius and is principally engaged in investment holding. The direct wholly-owned subsidiaries of Sanda Kan (Mauritius) Holdings Company Limited are (1) Sanda Kan Industrial (Dongguan) Company Limited, a company incorporated in the PRC and is principally engaged in the manufacturing of toys, and (2) Sanda Kan Technology (Shenzhen) Company Limited, a company incorporated in the PRC and is principally engaged in the manufacturing of toys;

- (v) SDK Services Limited, a company incorporated in Hong Kong and is principally engaged in the provision of administrative services;
- (vi) Sanda Kan Industrial Hong Kong Limited, a company incorporated in Hong Kong and is principally engaged in the trading of toys; and
- (vii) Plants and machineries for the manufacturing of model trains, model race cars and other toys.

The Sale Shares were acquired by way of a private tender.

As at the date of this announcement, financial due diligence is being conducted by a professional auditor engaged by the Company. The Company has conducted site visits and have checked the physical existence of, inter alia, the plants and machineries, inventories and finished products of the Target Group. Furthermore, the assets of the Target Group have been shown in the draft audited accounts of the Target Company for the year ended 31 December 2007.

Since the Target Company is an investment holding company, the Company will acquire the Target Group following the Completion.

Consideration

The total consideration for the Sale Shares under the Agreement is USD8,500,000. The consideration was determined with reference to the information and past financial records provided by the Receivers, as detailed below. In particular, the Board has also taken into consideration of various factors which include, inter alia, the net asset value of the Target Company for the year ended 31 December 2006 and 31 December 2007, and the net loss for the year ended 31 December 2007 in determining the consideration. The Directors confirm that the Acquisition is on normal commercial terms.

The total consideration will be satisfied by borrowings. An initial non-refundable deposit of USD25,000 has been paid by the Purchaser to the Receivers upon submission of its initial bid, and a further non-refundable payment of USD1,475,000 has been paid by the Company to the Receivers on execution and delivery of the Agreement. The balance of the total consideration in the sum of USD7,000,000 will be paid by the Company to the Receivers upon Completion.

If Completion does not take place by the Long Stop Date, the Company is not entitled to the refund of USD1,500,000, representing the non-refundable deposit of USD25,000 and the non-refundable payment of USD1,475,000, which have been paid by the Company to the Receivers.

CONDITIONS PRECEDENT

Completion is conditional upon, inter alia, the approval by the Shareholders of the Agreement and all transactions contemplated thereunder at the EGM in accordance with the Listing Rules.

COMPLETION

All reasonable steps shall be taken to procure the Completion on or before the Long Stop Date.

Under the Agreement, the Company has not assumed the Indebtedness and has not given any guarantee on the repayment of the Indebtedness. Moreover, upon Completion, the Vendor shall procure from the Security Trustee the release of the Target Group from the Indebtedness and all claims, demands and liabilities under and security provided by the Target Group in connection with the Indebtedness. Hence, the Company shall not be obliged to proceed to Completion should the Vendor fail to procure from the Security Trustee the release of the Target Group from the Indebtedness and all claims, demands and liabilities under and security provided by the Target Group in connection with the Indebtedness.

Based on the understanding from the negotiations between the Company and the representatives of the Receivers, the Directors consider that the Indebtedness is likely to be released and such release is procedural in nature.

INFORMATION RELATING TO THE COMPANY

The Company is a company incorporated in Bermuda with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The principal business activities of its major subsidiaries are the manufacture and sale of plastic, electronic and stuffed toys and model trains, property investment, and investment holding and trading.

INFORMATION RELATING TO THE VENDOR, THE TARGET COMPANY AND THE RECEIVERS

The Vendor

The Vendor is a company incorporated in the Cayman Islands with limited liability.

The principal business activity of the Vendor is investment holding. The principal business activities of its major subsidiaries are patent licensing, trading, manufacturing and marketing toys.

The Target Company

The Target Company is a company incorporated in the Cayman Islands with limited liability, and is a wholly-owned subsidiary of the Vendor.

The principal business activities of the Target Company is investment holding. The principal business activities of its major subsidiaries are patent licensing, trading, manufacturing and marketing toys and in particular, manufacturing model trains and race cars on OEM basis.

On 23 February 2007, the Loan Agreement was entered into between, inter alia, the Target Company, as borrower, and the Creditors, as lenders, for a loan of USD92,000,000 for the acquisition of subsidiaries by the Target Company. As of 31 December 2007, certain loan covenants were breached and in accordance with the Loan Agreement, the Creditors have the right to demand for immediate repayment of the Indebtedness. The Target Group also failed to repay the Indebtedness in accordance with its repayment schedule in February, May and August 2008, respectively. However, the Target Group had fully repaid all due interest and outstanding principal for February's instalment and repaid all due interests and partially repaid the outstanding principal for May's instalment in May 2008. On 10 September 2008, the Creditors appointed the Receivers to the Sale Shares pursuant to the Deed of Appointment.

The Receivers

The Receivers were appointed as receivers to the Sale Shares by a Deed of Appointment. The Receivers, in their capacity as receivers of the Sale Shares, have the power to sell the Sale Shares pursuant to the Deed of Share Charge.

INFORMATION RELATING TO THE TARGET COMPANY

The Target Company is a company incorporated in the Cayman Islands with limited liability, and is a wholly-owned subsidiary of the Vendor.

The principal business activities of the Target Company is investment holding. The principal business activities of its major subsidiaries are patent licensing, trading, manufacturing and marketing toys and in particular, manufacturing model trains and race cars on OEM basis.

SUMMARY OF FINANCIAL RESULTS OF THE TARGET COMPANY

A summary of the audited results of the Target Company for the two financial years ended 31 December 2007 are as follows:

	Year ended 31 December	
	2006	2007
	<i>USD'000</i>	<i>USD'000</i>
Revenue	102,948	104,261
(Loss) Profit before tax	13,317	(186,464)
(Loss) Profit after tax	11,534	(186,804)

The draft audited consolidated net liabilities of the Target Company as at 31 December 2007 was approximately USD46,570,000. The audited consolidated net asset value of the Target Company as at 31 December 2006 was approximately USD141,032,000.

Based on the draft audited financial statements of the Target Company as at 31 December 2007, the substantial loss for the same year is attributable to the impairment loss recognised on goodwill in the amount of approximately USD170,225,000 due to adverse market change in the industries, and the amount due from immediate and intermediate holding company of approximately USD10,077,000 due to the full provision of the same made by the Target Group.

Upon Completion and release of the Target Group from the Debt, the Debt will be removed from the books of the Target Company. If the books of the Target Company exclude the Debt, the draft audited consolidated net asset of the Target Company as at 31 December 2007 would be approximately USD33,092,000.

The accounts summarised above have been prepared in accordance with the HKFRS.

REASONS FOR THE ACQUISITION

The principal businesses of the Target Group is model train and model race cars manufacturing on an OEM basis. The Directors believe that the Acquisition will (i) increase the production capacity of the Group in model train and other plastic, electronic and stuffed toys; (ii) expand the Group's sources of revenue through manufacturing model trains and race cars on OEM basis, and (iii) mutually enhance the manufacturing capability of both the Group and the Target Group.

Furthermore, based on the audited financial statements of the Target Company for the two years ended 31 December 2006 and 2005, the audited net profit before and after taxation of the Target Company for the year ended 31 December 2006 were approximately USD13,317,000 and USD11,534,000 respectively and the audited net profit before and after taxation of the Target Company for the year ended 31 December 2005 were approximately USD16,873,000 and USD14,512,000. Based on the draft audited financial statements of the Target Company for the year ended 31 December 2007, the revenue/turnover was approximately USD104,261,000 and the net asset value of the Target Company was approximately USD33,092,000 upon Completion and release of the Target Group from the Debt. Based on the past records of the Target Company, the Directors believe the Acquisition is a valuable investment with potential return from the synergy as a result of the Acquisition.

In view of the above, the Directors are of the view that the Acquisition and the terms of the Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The transaction contemplated by the Agreement constitutes a Very Substantial Acquisition for the Company under Rule 14.06(5) of the Listing Rules, on the basis that the calculation of the relevant Percentage Ratios is 100% or more.

A circular containing, among other things, further details of the Acquisition and a notice of the EGM for the purpose of approving the Agreement and the transactions contemplated thereunder will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 13 November 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading in the Shares to resume from 9:30 a.m. on 18 November 2008 following the publication of this announcement.

DEFINITIONS

“Acquisition”	the sale and purchase of the Sale Shares contemplated under the Agreement
“Agreement”	the sale and purchase agreement dated 12 November 2008 entered into between the Company, the Vendor and the Receivers for the acquisition of the Sale Shares by the Company at the total consideration of USD8,500,000 to be satisfied by cash by the Company to the Receivers
“Board”	the board of Directors
“Company”	Kader Holdings Company Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Agreement
“Creditors”	Creditors of the Target Company
“Debt”	a debt of USD79,662,000 owed by the Target Company to the Creditors as at the date of this announcement as shown in the draft audited financial statements of the Target Company for the year ended 31 December 2007, and representing the full Indebtedness as at the date of this announcement
“Deed of Appointment”	the deed of appointment entered into between the Security Trustee and the Receivers dated 10 September 2008 pursuant to which the Receivers are appointed as receivers and managers of, inter alia, all present and future shares in the Target Company
“Deed of Share Charge”	the deed of share charge entered into between the Vendor and the Security Trustee dated 28 February 2007 pursuant to which the Vendor as legal and beneficial owner of the Sale Shares charges in favour of the Security Trustee, inter alia, the Sale Shares

“Director(s)”	director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened to approve, inter alia, the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Indebtedness”	the amount outstanding and owed by the Target Company under the Loan Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	a loan of USD92,000,000 made available by the Creditors to the Target Company pursuant to the Loan Agreement
“Loan Agreement”	a loan agreement entered into between, inter alia, the Creditors and the Target Company dated 23 February 2007 for the Loan
“Long Stop Date”	means 12 February 2009
“OEM”	original equipment manufacturing, a type of manufacturing under which products are manufactured, in whole or in part, in accordance with specifications of the customer and are marketed and sold under the customer’s brand name
“Percentage Ratios”	the “percentage ratios” as defined in rule 14.04(9) of the Listing Rules
“PRC”	The People’s Republic of China
“Receivers”	Messrs John Howard Batchlor, Fok Hei Yu and Roderick John Sutton of Ferrier Hodgson acting as receivers of the Sale Shares

“Sale Shares”	all the issued shares in the capital of the Target Company representing its entire issued share capital to be sold by the Vendor and the Receivers to the Company pursuant to the Agreement
“Security Trustee”	means Standard Chartered Bank (Hong Kong) Limited as security trustee for the Creditors
“Share(s)”	shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sanda Kan (Cayman III) Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries
“USA”	United States of America
“USD”	United States dollars
“Vendor”	Sanda Kan (Cayman II) Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and has been placed into receivership pursuant to the Deed of Appointment
“Very Substantial Acquisition”	has the same meaning ascribed to it under the Listing Rules
“%”	Percentage

By order of the Board
Kader Holdings Company Limited
Ivan Ting Tien-li
Executive Director

Hong Kong, 17 November 2008

As at the date of this announcement, the executive directors of the Company are Mr. Kenneth Ting Woo-shou, SBS, JP (Managing Director) and Mr. Ivan Ting Tien-li; the non-executive directors of the Company are Dr. Dennis Ting Hok-shou, OBE, JP (Chairman), Mr. Moses Cheng Mo-chi, GBS, OBE, JP and Mrs. Nancy Ting Wang Wan-sun; and the independent non-executive directors of the Company are Mr. Liu Chee-ming, Mr. Floyd Chan Tsoi-yin and Mr. Andrew Yao Cho-fai.

<http://www.kaderholdings.com>