

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your stock broker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

A copy of each of the Rights Issue Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this prospectus, has been registered by the Registrars of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong takes no responsibility for the contents of any of these documents.

Dealings in the Shares and the Rights Shares in their nil-paid form and fully-paid form may be settled through CCASS and you should consult your stock broker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.



KADER

Manufacturing Trust

KADER HOLDINGS COMPANY LIMITED

開達集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 180)

RIGHTS ISSUE OF RIGHTS SHARES AT THE SUBSCRIPTION PRICE OF HK\$0.380 EACH ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY SEVEN EXISTING SHARES HELD ON THE RECORD DATE

Financial Adviser and Sole Underwriter



PLATINUM
Securities

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Tuesday, 21 January 2014. The procedure for acceptance and transfer of the Rights Shares are set out in the paragraph headed "Procedure for acceptance and payment or transfer" on pages 12 of this prospectus.

The Shares have been dealt in on an ex-rights basis since Thursday, 19 December 2013 and the Rights Shares are expected to be dealt with in their nil-paid form from Thursday, 9 January 2014 to Thursday, 16 January 2014 (both days inclusive). It is expected that the conditions referred to in the paragraph headed "Conditions of the Rights Issue" in this prospectus are to be fulfilled or waived at or before 6:00 p.m. Wednesday, 22 January 2014 (or such later time and/or date as the Company and the Sole Underwriter may agree). If the conditions referred to in that paragraph are not fulfilled or waived or the Underwriting Agreement has been terminated in accordance with the terms thereof, the Rights Issue will not proceed. Any person contemplating buying or selling Shares from the date of this prospectus up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as the case may be), and any dealings in Rights Shares in their nil-paid form between Thursday, 9 January 2014 and Thursday, 16 January 2014 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any persons contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional adviser.

The Sole Underwriter reserves the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given by the Sole Underwriter to the Company at any time prior to Latest Time for Termination (or such later time and/or date as the Company and the Sole Underwriter may determine in writing), if in the opinion of the Sole Underwriter:

- (i) if there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate, in the absolute judgment of the Sole Underwriter, so material and adverse as to make it or likely to make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in this prospectus or likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (ii) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Sole Underwriter, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement, or any of and the Sole Underwriter has reasonable cause to believe that any such breach has occurred; or
- (iii) there shall have developed, occurred, happened or come into effect any of the following: (i) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Stock Exchange; (ii) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange; (iii) a general moratorium on commercial banking activities declared by relevant governmental authorities in Bermuda, Hong Kong or any jurisdictions relevant to any member of the Group (the "Relevant Jurisdiction(s)") or a material disruption in commercial banking or foreign exchange trading or securities settlement or payment or clearance services, procedures or matters in any Relevant Jurisdiction; (iv) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation, exchange controls or currency exchange rates in any of the Relevant Jurisdictions; (v) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent governmental authority in any of the Relevant Jurisdictions; (vi) a governmental authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any director of any member of the Group; (vii) any director of any member of the Group committing any act of fraud or other indictable offense; (viii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting any of the Relevant Jurisdictions; or (ix) any outbreak or escalation of hostilities, or any change or development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in any financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions, if the effect of any such event or circumstance, individually or in the aggregate, in the sole and absolute judgment of the Sole Underwriter, (i) is or will or is likely to result in a material adverse effect, or any development likely to involve a prospective material adverse effect, on the earnings, general affairs, management, business, performance, positions, condition (financial or otherwise), prospects, shareholders' equity or results of operations of the Group taken as a whole, or (ii) makes it or is likely to make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in this prospectus, or (iii) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up.

Upon the giving of notice of termination, all obligations of the Sole Underwriter hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Sole Underwriter the fees and expenses in connection with the Rights Issue. If the Sole Underwriter exercises such right, the Rights Issue will not proceed.

7 January 2014

NOTICE

NOTICE TO AUSTRALIAN INVESTORS

Australian selling restrictions and important information

This prospectus, the PAL and EAF do not constitute disclosure documents under Australia's Corporations Act 2001 (Cwlth) ("**Corporations Act**") and have not been, and will not be, lodged with the Australian Securities and Investments Commission as disclosure documents for the purposes of the Corporations Act. This prospectus, the PAL and EAF have been prepared for the purposes of compliance with the legislative requirements applicable in respect of issues of securities in Hong Kong and the rules of the Stock Exchange and do not contain all information required to be contained for disclosure documents compliant with Australian law. The Company is not subject to the continuous disclosure requirements of the Corporations Act that apply in Australia.

The Rights Issue is extended to Australian Shareholders under sections 708(1), 708(8) or 708(11) of the Corporations Act. The Rights Shares will be offered to persons who receive offers in Australia only to the extent that the offer does not need disclosure to investors under Part 6D.2 of the Corporations Act. Any offer of Rights Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Act.

Any shares in the Company issued as a result of an application for Rights Shares pursuant to the Rights Issue may not be offered for sale (or transferred, assigned or otherwise alienated) to investors *in Australia* for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Chapter 6D of the Corporations Act or unless a compliant disclosure document is prepared and lodged with ASIC. Disclosure to investors would not generally be required under Chapter 6D where:

- (a) the shares are offered for sale in the ordinary course of trading on the Stock Exchange;
- (b) the shares are offered for sale to the categories of "professional investors" referred to in section 708(11) of the Corporations Act; or
- (c) the shares are offered for sale to persons who are "sophisticated investors" that meet the criteria set out in sections 708(8) or 708(10) of the Corporations Act.

The Company is not licensed to provide financial product advice in relation to the Rights Issue, under Australian law. The Company recommends that Shareholders obtain and read this prospectus before making a decision to acquire Rights Shares and confirms that there is no "cooling off" period under Australian law, in relation to the offer of Rights Shares under the Rights Issue. If in any doubt, Shareholders should obtain their own professional advice in relation to any investment decision.

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Event	2014
First day of dealings in nil-paid Rights Shares	Thursday, 9 January 2014
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Monday, 13 January 2014
Last day of dealings in nil-paid Rights Shares	Thursday, 16 January 2014
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Tuesday, 21 January 2014
Latest time for termination of the Underwriting Agreement and for the Rights Issue to become unconditional	6:00 p.m. on Wednesday, 22 January 2014
Announcement of results of acceptance of and excess applications for the Rights Issue	Tuesday, 28 January 2014
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for excess Rights Shares on or before	Wednesday, 29 January 2014
Despatch of certificates for fully-paid Rights Shares on or before	Wednesday, 29 January 2014
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 30 January 2014

All dates and times referred to in this prospectus are Hong Kong dates and times.

EXPECTED TIMETABLE

Dates or deadlines specified herein for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by agreement between the Company and the Sole Underwriter. Further announcement(s) will be made by the Company on any changes to the above expected timetable, if and when appropriate.

Note: The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take effect if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Acceptance Date, the dates mentioned above may be affected. The Company will notify the Shareholders by way of announcement(s) on any changes to the expected timetable as soon as practicable.

DEFINITIONS

In this prospectus, unless the context requires otherwise, the following expressions have the following meanings:

“Acceptance Date”	Tuesday, 21 January 2014, being the last day for acceptance and payment of the Rights Shares, or such other time or date as the Company and the Sole Underwriter may agree
“Announcement”	the announcement of the Company dated 12 December 2013 in relation to the Rights Issue
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Kader Holdings Company Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares

DEFINITIONS

“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Board, after making enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient to exclude them from the Rights Issue
“Existing Shares”	the Shares which are in issue on the Record Date
“Financial Adviser” or “Sole Underwriter”	Platinum Securities Company Limited, the financial adviser and sole underwriter to the Rights Issue, a licensed corporation under the SFO licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertaking(s)”	the irrevocable undertaking(s) to be given by each of Mr. Ting and Mr. Ting’s Associates to the Company and the Sole Underwriter, as described in the paragraph headed “Irrevocable Undertaking from each of Mr. Ting and Mr. Ting’s Associates” in this prospectus
“Last Closing Price”	the closing price of HK\$0.490 per Share as quoted in the Stock Exchange on the Last Trading Day
“Last Trading Day”	Thursday, 12 December 2013, being the last date on which trading took place in the Shares before the publication of the Announcement
“Latest Practicable Date”	Thursday, 2 January 2014, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information for inclusion herein
“Latest Time for Termination”	6:00 p.m. on Wednesday, 22 January 2014

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Period”	the period commencing on the date of the Underwriting Agreement and ending on the date that is 180 days after the first day of trading of the Rights Shares in fully-paid form on the Stock Exchange
“Mr. Ting”	Mr. Kenneth Ting Woo-shou, an executive Director, the Chairman and the Managing Director and a controlling shareholder of the Company
“Mr. Ting’s Associates”	the associates of Mr. Ting, namely Mrs. Nancy Ting Wang Wan-sun, H.C. Ting’s Holdings Limited and Glory Town Limited
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares
“Posting Date”	Tuesday, 7 January 2014 (or such other date as the Sole Underwriter may agree in writing with the Company), being the date of the despatch of the Rights Issue Documents
“PRC”	the People’s Republic of China, but excluding, for the purpose of this prospectus, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Monday, 6 January 2014, being the date for determining the entitlements to the Rights Issue
“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong

DEFINITIONS

“Rights Issue”	the issue of 285,176,397 Rights Shares at the Subscription Price on the basis of three Rights Share for every seven Existing Shares held on the Record Date payable in full on acceptance
“Rights Issue Documents”	this prospectus, the PAL and the EAF
“Rights Share(s)”	new Share(s) to be allotted and issued under the Rights Issue, being 285,176,397 Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of Hong Kong of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.380 per Rights Share
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Underwriting Agreement”	the underwriting agreement entered into between the Company, and the Sole Underwriter dated 12 December 2013 in relation to the Rights Issue
“Underwritten Rights Shares”	the Rights Shares, other than those agreed to be taken up pursuant to the Irrevocable Undertakings, to be underwritten by the Sole Underwriter subject to the terms and conditions of the Underwriting Agreement
“US\$”	United States of America dollars, the lawful currency of the United States of America
“%”	per cent

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

The Sole Underwriter reserves the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given by the Sole Underwriter to the Company at any time prior to Latest Time for Termination (or such later time and/or date as the Company and the Sole Underwriter may determine in writing), if in the opinion of the Sole Underwriter:

- (i) if there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate, in the absolute judgment of the Sole Underwriter, so material and adverse as to make it or likely to make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in this prospectus or likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (ii) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Sole Underwriter, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement, or any of and the Sole Underwriter has reasonable cause to believe that any such breach has occurred; or
- (iii) there shall have developed, occurred, happened or come into effect any of the following: (i) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Stock Exchange; (ii) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange; (iii) a general moratorium on commercial banking activities declared by relevant governmental authorities in Bermuda, Hong Kong or any jurisdictions relevant to any member of the Group (the "**Relevant Jurisdiction(s)**") or a material disruption in commercial banking or foreign exchange trading or securities settlement or payment or clearance services, procedures or matters in any Relevant Jurisdiction; (iv) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation, exchange controls or currency exchange rates in any of the Relevant Jurisdictions; (v) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving

TERMINATION OF THE UNDERWRITING AGREEMENT

a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent governmental authority in any of the Relevant Jurisdictions; (vi) a governmental authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any director of any member of the Group; (vii) any director of any member of the Group committing any act of fraud or other indictable offense; (viii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting any of the Relevant Jurisdictions; or (ix) any outbreak or escalation of hostilities, or any change or development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in any financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions, if the effect of any such event or circumstance, individually or in the aggregate, in the sole and absolute judgment of the Sole Underwriter, (i) is or will or is likely to result in a material adverse effect, or any development likely to involve a prospective material adverse effect, on the earnings, general affairs, management, business, performance, positions, condition (financial or otherwise), prospects, shareholders' equity or results of operations of the Group taken as a whole, or (ii) makes it or is likely to make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in this prospectus, or (iii) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up.

Upon the giving of notice of termination, all obligations of the Sole Underwriter hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Sole Underwriter the fees and expenses in connection with the Rights Issue. If the Sole Underwriter exercises such right, the Rights Issue will not proceed.



KADER HOLDINGS COMPANY LIMITED
開達集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 180)

Executive Directors:

Kenneth Ting Woo-shou *SBS, JP*
(Chairman and Managing Director)
Nancy Ting Wang Wan-sun

Non-executive Directors:

Ivan Ting Tien-li
Moses Cheng Mo-chi *GBS, OBE, JP*
Liu Chee-ming
Bernie Ting Wai-cheung

Independent Non-executive Directors:

Floyd Chan Tsoi-yin
Andrew Yao Cho-fai *JP*
Desmond Chum Kwan-yue
Ronald Montalto

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

22 Kai Cheung Road
Kowloon Bay
Kowloon
Hong Kong

7 January 2014

*To the Qualifying Shareholders and,
for information only, to the Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE OF RIGHTS SHARES AT
THE SUBSCRIPTION PRICE OF HK\$0.380
EACH ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY SEVEN EXISTING
SHARES HELD ON THE RECORD DATE**

INTRODUCTION

It was announced on Thursday, 12 December 2013 that the Company proposed the Rights Issue at the subscription price of HK\$0.380 per Rights Share on the basis of three Rights Shares for every seven Existing Shares held on the Record Date.

The purpose of this prospectus is to provide you, among other things, details of the Rights Issue.

LETTER FROM THE BOARD

THE RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	Three Rights Shares for every seven Existing Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date	:	665,411,594 Shares
Number of Rights Shares	:	285,176,397 Rights Shares
Subscription Price	:	HK\$0.380 per Rights Share
Enlarged issued share capital of the Company upon completion of the Rights Issue (assuming no Shares (other than the Rights Shares) are allotted and issued before the completion of the Rights Issue)	:	HK\$95,058,799 comprising 950,587,991 Shares
Financial Adviser and Sole Underwriter	:	Platinum Securities Company Limited

The 285,176,397 Rights Shares to be issued pursuant to the Rights Issue represent 42.86% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 30.00% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue (assuming no Shares (other than the Rights Shares) are allotted and issued before the completion of the Rights Issue).

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

Subscription Price

The Subscription Price of HK\$0.380 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue and, where applicable, applies for excess Rights Shares under the Rights Issue or when a transferee receives nil-paid Rights Shares from a renounce of any provisional allotment of the Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 22.45% to the Last Closing Price;

LETTER FROM THE BOARD

- (ii) a discount of approximately 21.81% to the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day of approximately HK\$0.486;
- (iii) a discount of approximately 21.97% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten consecutive trading days ended on the Last Trading Day of approximately HK\$0.487;
- (iv) a discount of approximately 16.85% to the theoretical ex-rights price of approximately HK\$0.457 per Share based on the Last Closing Price;
- (v) a discount of approximately 78.53% to the unaudited consolidated net tangible asset value attributable to equity holders of the Company per Share of approximately **HK\$1.770** (based on the latest published unaudited consolidated net tangible assets attributable to equity holders of the Company of approximately HK\$1,178 million as at 30 June 2013 as set out in Appendix II to this prospectus and 665,411,594 Shares in issue as at the Latest Practicable Date); and
- (vi) a discount of approximately 5.00% to the closing price of HK\$0.400 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Each Rights Share will have a par value of HK\$0.10.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Sole Underwriter with reference to the recent market prices of the Shares and market conditions. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding in the Company held on the Record Date. After taking into consideration the reasons for the Rights Issue as stated in the paragraph headed "Reasons for the Rights Issue and the Use of Proceeds" below, the Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu with the Shares then in issue on the date of allotment of the Rights Shares in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions, the record dates of which are on or after the date of allotment of the Rights Shares in their fully-paid form.

LETTER FROM THE BOARD

Rights of the Excluded Shareholders

This prospectus has not been registered or filed under or conformed to any applicable securities legislation of any jurisdiction other than Hong Kong. There were 10 Overseas Shareholders on the Record Date. The Board has made enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory bodies or stock exchanges. Having made enquiry regarding the legal restrictions under the laws of the United States and the requirements of the relevant regulatory bodies or stock exchanges, the Directors are of the view that it is necessary and expedient to exclude the Overseas Shareholders in the United States and such Overseas Shareholders will be regarded as Excluded Shareholders pursuant to Rule 13.36(2)(a) of the Listing Rules as the offering of the Rights Shares to these Overseas Shareholders would, or might, in the absence of compliance with registration or other special formalities, be unlawful or impracticable and the cost to be incurred would outweigh the possible benefits to the relevant Overseas Shareholders and the Company, if the Rights Shares are to be offered in the United States. Having made enquiry regarding the legal restrictions under the relevant laws and the requirements of the relevant regulatory body or stock exchanges in Australia, the PRC, Thailand and the United Kingdom, the Directors have been advised by its legal advisers that there are no specific legal restrictions and/or regulatory requirements applicable in Australia, the PRC, Thailand and the United Kingdom in terms of offering Rights Shares with respect to the Rights Issue to the Overseas Shareholders whose registered addresses are in Australia, the PRC, Thailand and the United Kingdom. In view of this, the Directors have decided to extend the Rights Issue to the Overseas Shareholders whose registered addresses are in Australia, the PRC, Thailand and the United Kingdom. Accordingly, such Overseas Shareholders together with the Shareholders with registered addresses in Hong Kong are Qualifying Shareholders. The Company has sent a copy of this prospectus to each of the Excluded Shareholders for information only, but not PAL or EAF.

No action has been taken to permit the offering of the Rights Shares, or the distribution of this prospectus or any of the PAL or EAF, in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving a copy of this prospectus or any of the PAL or EAF in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements.

It is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving a copy of this prospectus or any of the PAL or EAF outside Hong Kong and wishing to take up the Rights Shares or making an application for the excess Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. The Company will not be responsible for verifying the legal qualification of such Overseas Shareholder and/or resident in such territory or jurisdiction, thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of such territory or

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jurisdiction by any such Overseas Shareholder and/or resident, the Overseas Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or fully-paid Rights Shares to any such Overseas Shareholder and/or resident, if at the Company's absolute discretion issuing the nil-paid Rights Shares or fully-paid Rights Shares to them does not comply with the relevant laws of such territory or jurisdiction. Completion and return of the PAL and/or EAF by any person will be deemed to constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant territories and jurisdictions other than Hong Kong, in connection with the PAL and/or EAF and any acceptance of it/them, have been, or will be, duly complied with. For the avoidance of doubt, HKSCC Nominees Limited, who subscribes the Rights Shares on behalf of CCASS Participants, is not subject to the above representation and warranty. If you are in any doubt as to your position, you should consult your professional advisers.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, of HK\$100 or more will be paid pro rata to the relevant Excluded Shareholders in Hong Kong dollars by ordinary post at their own risk to their registered addresses. The Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold Rights Shares to which the Excluded Shareholders would otherwise have been entitled will be available for applications for excess Rights Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, the Company has appointed Platinum Broking Company Limited to stand in the market to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the Rights Shares for a period of 3 weeks from 9:00 a.m. on Thursday, 30 January 2014 to 4:00 p.m. on Wednesday, 19 February 2014 (both dates inclusive).

Holders of odd lots of the Rights Shares who wish to take advantage of this facility either to dispose of their odd lots of the Rights Shares or top up to a full board lot may, directly or through their brokers, contact Mr. Peter Choi by phone at (852)2841 7078 or by fax at (852)2522 3500 during this period. Holders of odd lots of the Rights Shares should note that successful matching of the sale and purchase of odd lots of the Rights Shares is not guaranteed and will depend on there being adequate amounts of odd lots of Rights Shares available for such matching. Any Shareholder, who is in any doubt about the odd lot facility, is recommended to consult his/her/its own professional advisers.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot and will not accept application for any fraction of nil-paid Rights Shares. All fractions of nil-paid Rights Shares will be aggregated (and rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted to the Sole Underwriter or its nominee, and will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will retain the net proceeds for its own benefit. Any unsold fractions of nil-paid Rights Shares will be aggregated and made available for excess application by the Qualifying Shareholders.

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Procedure for acceptance and payment or transfer

For each Qualifying Shareholder, a PAL is enclosed with this prospectus which entitles Qualifying Shareholders to subscribe for the number of Rights Shares shown therein. If Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares specified in the enclosed PALs, Qualifying Shareholders must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Tuesday, 21 January 2014. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Kader Holdings Company Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 21 January 2014, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders.

If Qualifying Shareholders wish to accept only part of their provisional allotment, to transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them or to transfer their rights to more than one person, the entire original PALs must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Monday, 13 January 2014 to the Registrar which will cancel the original PALs and issue new PALs in the denominations required. The new PALs will be available for collection at the office of the Registrar during normal business hours on the second Business Day after the surrender of the original PALs. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

The PAL contains the full information regarding the procedure to be followed if Qualifying Shareholders wish to accept only part of their provisional allotment or if they wish to renounce all or part of their provisional allotment.

All cheques and banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the PAL together with a cheque or banker's cashier order in payment for the Rights Shares accepted will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. If any cheque or banker's cashier order is dishonoured on first presentation, the PAL is liable to be rejected, and in that event the provisional allotment and all rights given pursuant to it will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application received.

If the conditions of the Rights Issue are not fulfilled by the Latest Time for Termination (or such later time and/or date as the Company and the Sole Underwriter may determine in writing), the Rights Issue will not proceed and the application monies, without interest, will be returned to the applicants by means of cheques crossed "Account Payee Only" to be despatched by ordinary post to their registered addresses and, in the case of joint applicants, to the registered address of the applicant whose name first appears on the register of members of the Company or the transfer form at the risk of such applicants on or before Wednesday, 29 January 2014.

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Application for excess Rights Shares

Qualifying Shareholders are entitled to, by way of excess application, apply for (a) any unsold entitlements of the Excluded Shareholders; (b) any unsold Rights Shares created by aggregating fractions of the nil-paid Rights Shares; and (c) any nil-paid Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares. The Board will, upon consultation with the Sole Underwriter, allocate the excess Rights Shares being applied for at its discretion on a fair and equitable basis and on the following principles:

- (1) preference will be given to those applications that will top up odd lots to whole board lots where they appear to the Board that such applications are not made with intention to abuse this mechanism, unless the total number of excess Rights Shares is not sufficient to top up all odd lots into whole board lots; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, any further remaining excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess Rights Shares based on a pro-rata basis based on the number of the excess Rights Shares applied by them, with board lots allocation to be made on a best effort basis.

In applying principles (1) and (2) above, no reference will be made to the number of Rights Shares comprised in a Shareholder's assured entitlement or to the existing number of ordinary Shares held by the Shareholders. The Board reserves the right and absolute discretion to reject any excess applications which appears to them to be made with intention to abuse the top up odd lots mechanism.

Shareholders with their Shares held by a nominee (or CCASS) should note that the Board will regard the nominee (including CCASS) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to ultimate beneficial owners individually. Shareholders with their Shares held by a nominee (or CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his provisional allotment, he must complete and sign the EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Company's branch share registrar and transfer office in Hong Kong, being Computershare Hong Kong Investor Services Limited, by a time which is currently expected to be 4:00 p.m. on Tuesday, 21 January 2014, or such later time and/or date as may be agreed between the Company and the Sole Underwriter.

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Application for excess Rights Shares may be made by completing and signing the enclosed EAF in accordance with the instructions printed thereon and lodging it, together with a separate remittance for the full amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by not later than 4:00 p.m. on Tuesday, 21 January 2014. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Kader Holdings Company Limited – Excess Application Account**" and crossed "**Account Payee Only**".

If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be returned to such Qualifying Shareholders in full by ordinary post at their own risk to their registered addresses on or before Wednesday, 29 January 2014. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application money is also expected to be returned to them by ordinary post at their own risk to their registered addresses on or before Wednesday, 29 January 2014. All cheques or banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. If the cheque or banker's cashier order is dishonoured on first presentation, the application for excess Rights Shares is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar.

If the conditions of the Rights Issue are not fulfilled by the Latest Time for Termination (or such later time and/or date as the Company and the Sole Underwriter may determine in writing), the Rights Issue will not proceed and the monies received in respect of application for excess Rights Shares without interest will be returned to the applicants by means of cheques crossed "Account Payee Only" to be despatched by ordinary post to their registered addresses and, in the case of joint applicants, to the registered address of the applicant whose name first appears on the register of members of the Company at the risk of such applicants on or before Wednesday, 29 January 2014.

Irrevocable Undertakings from each of Mr. Ting and Mr. Ting's Associates

As at the Latest Practicable Date, Mr. Ting is an executive Director, the Chairman, the Managing Director and a controlling shareholder of the Company.

Mr. Ting personally holds 133,279,385 Shares and his spouse, Mrs. Nancy Ting Wang Wan-sun, an executive Director, personally holds 1,452,629 Shares. He has a controlling interest in H.C. Ting's Holdings Limited, a substantial shareholder of the Company, and Glory Town Limited, which respectively hold 209,671,000 and 34,504,800 Shares. Accordingly, Mr. Ting was deemed to have total interests in 378,907,814 Shares representing approximately 56.94% of the existing issued share capital of the Company.

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Pursuant to the Irrevocable Undertaking by Mr. Ting, Mr. Ting has, among other things, irrevocably and unconditionally undertaken to the Company and the Sole Underwriter that (i) such 133,279,385 Shares currently owned by him will remain owned by him at the close of business on the Record Date, and (ii) he will subscribe or procure the subscription of the 57,119,736 Rights Shares, representing his assured entitlement to the new Shares under the Rights Issue, and (iii) he will apply or procure the application for, by way of excess application under the Rights Issue, for 72,473,827 Rights Shares in excess of those which will be provisionally allotted to him under the assured entitlement. The aforesaid number of Rights Shares to be applied by Mr. Ting is determined based on commercial negotiation among the Company, Mr. Ting and the Sole Underwriter.

Pursuant to the Irrevocable Undertakings by each of Mrs. Nancy Ting Wang Wan-sun, H.C. Ting's Holdings Limited and Glory Town Limited, each of them has, among other things, irrevocably and unconditionally undertaken to the Company and the Sole Underwriter that (i) such 1,452,629, 209,671,000 and 34,504,800 Shares currently owned by them respectively will remain registered in their respective name at the close business on the Record Date and (ii) each of them will subscribe or procure the subscription of the 622,554, 89,859,000 and 14,787,771 Rights Shares respectively, representing their respective assured entitlement to the new Shares under the Rights Issue but will not apply for any excess Rights Shares in their capacity as Qualifying Shareholders.

Save for Mr. Ting and H.C. Ting's Holdings Limited, the Board has not received any information from any substantial shareholders of their intention to take up the Rights Shares provisionally allotted to them.

In addition, each of Mr. Ting, Mrs. Nancy Ting Wang Wan-sun, H.C. Ting's Holdings Limited and Glory Town Limited has undertaken to the Company and the Sole Underwriter that, except for (A) the Rights Shares to be allotted and issued pursuant to the Rights Issue and (B) any Shares or other securities or rights issued or granted under existing share schemes or pursuant to the exercise of existing rights of subscription or conversion, if any, without the prior written consent of the Sole Underwriter, at any time during the Lock-up Period, each of Mr. Ting, Mrs. Nancy Ting Wang Wan-sun, H.C. Ting's Holdings Limited and Glory Town Limited will not:-

- (i) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any Shares or any securities of the Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein);
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or securities or interest therein;

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- (iii) enter into any transaction with the same economic effect as in (i) or (ii) above;
or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction as in (i), (ii) or (iii) above,

whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise.

Application for listing

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

The primary listing of the Shares is on the Stock Exchange. Subject to the granting of the listings of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The nil-paid Rights Shares will have the same board lot size as the Shares of 2,000 Shares in one board lot.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment or waiver of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto on or before Wednesday, 29 January 2014 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Wednesday, 29 January 2014 by ordinary post to the applicants at their own risk.

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Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Excluded Shareholders (if any), their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The obligations of the Sole Underwriter under the Underwriting Agreement are conditional upon, among other things:

- (i) the Rights Shares being duly issued and provisionally allotted by the authorized representatives of the Board on the terms set out in the Rights Issue Documents to the Qualifying Shareholders;
- (ii) the Sole Underwriter receiving from the Company all conditions precedent documents as set out in the Underwriting Agreement in accordance with the times specified therein;
- (iii) the delivery to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong of the Rights Issue Documents complying with the requirements of the Companies Ordinance and the Listing Rules on or before the date of despatch of the Rights Issue Documents;
- (iv) the grant of the approval for the listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms (either unconditional or subject only to allotment and despatch of the share certificates in respect thereof) by the Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked);
- (v) the posting of the Rights Issue Documents to the Qualifying Shareholders on or before the date of despatch of the Rights Issue Documents and the posting, to the extent reasonably practicable and legally permitted, of this prospectus for information purposes only to the Excluded Shareholder;
- (vi) the obligations of the Sole Underwriter under the Underwriting Agreement not being terminated by the Sole Underwriter in accordance with the terms thereof;

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- (vii) the representations and warranties and other statements in the Underwriting Agreement on the part of the Company being true and accurate and not misleading; and
- (viii) the performance by the Company of all its obligations under the Underwriting Agreement.

If the conditions of the Rights Issue are not fulfilled (and/or waived, if permitted by the terms of the Underwriting Agreement, in whole or in part by the Sole Underwriter) at or before 6:00 p.m. on Wednesday, 22 January 2014 (or such later time and/or date as the Company and the Sole Underwriter may agree), the Underwriting Agreement shall terminate and, the Rights Issue will not proceed.

The Rights Issue is not subject to the approval of the Shareholders.

UNDERWRITING ARRANGEMENTS FOR THE RIGHTS ISSUE

Underwriting Agreement

Date	:	12 December 2013 (after trading hour)
Issuer	:	The Company
Sole Underwriter	:	Platinum Securities Company Limited
Number of Underwritten Rights Shares	:	50,313,509 Rights Shares
Underwriting commission	:	2.5% of the aggregate Subscription Price of the Underwritten Rights Shares

The Sole Underwriter has conditionally agreed to fully underwrite 50,313,509 Rights Shares, representing the total number of Rights Shares less (a) 162,389,061 Rights Shares, being the full entitlement of Mr. Ting and Mr. Ting's Associates to the new Shares under the Rights Issue, and (b) 72,473,827 Rights Shares to be applied by Mr. Ting by way of excess application under the Rights Issue.

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Termination of the Underwriting Agreement

The Sole Underwriter reserves the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given by the Sole Underwriter to the Company at any time prior to Latest Time for Termination (or such later time and/or date as the Company and the Sole Underwriter may determine in writing), if in the opinion of the Sole Underwriter:

- (i) if there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate, in the absolute judgment of the Sole Underwriter, so material and adverse as to make it or likely to make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in this prospectus or likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (ii) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Sole Underwriter, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement, or any of and the Sole Underwriter has reasonable cause to believe that any such breach has occurred; or
- (iii) there shall have developed, occurred, happened or come into effect any of the following: (i) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Stock Exchange; (ii) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange; (iii) a general moratorium on commercial banking activities declared by relevant governmental authorities in Bermuda, Hong Kong or any jurisdictions relevant to any member of the Group (the "**Relevant Jurisdiction(s)**") or a material disruption in commercial banking or foreign exchange trading or securities settlement or payment or clearance services, procedures or matters in any Relevant Jurisdiction; (iv) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation, exchange controls or currency exchange rates in any of the Relevant Jurisdictions; (v) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving

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a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent governmental authority in any of the Relevant Jurisdictions; (vi) a governmental authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any director of any member of the Group; (vii) any director of any member of the Group committing any act of fraud or other indictable offense; (viii) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting any of the Relevant Jurisdictions; or (ix) any outbreak or escalation of hostilities, or any change or development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in any financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions, if the effect of any such event or circumstance, individually or in the aggregate, in the sole and absolute judgment of the Sole Underwriter, (i) is or will or is likely to result in a material adverse effect, or any development likely to involve a prospective material adverse effect, on the earnings, general affairs, management, business, performance, positions, condition (financial or otherwise), prospects, shareholders' equity or results of operations of the Group taken as a whole, or (ii) makes it or is likely to make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in this prospectus, or (iii) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up.

Upon the giving of notice of termination, all obligations of the Sole Underwriter hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Sole Underwriter the fees and expenses in connection with the Rights Issue. If the Sole Underwriter exercises such right, the Rights Issue will not proceed.

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CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming all Rights Shares will be taken up by Qualifying Shareholders); and (iii) immediately after completion of the Rights Issue (assuming no Rights Shares will be taken up by Qualifying Shareholders other than (i) Mr. Ting and Mr. Ting's Associates under their assured entitlement and pursuant to the Irrevocable Undertakings and (ii) the Sole Underwriter pursuant to the Underwriting Agreement), will be as follows:

Assuming no issue of new Shares after the Record Date:

Shareholder	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares will be taken up by Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no Rights Shares will be taken up by Qualifying Shareholders other than (i) Mr. Ting and Mr. Ting's Associates under their assured entitlement and pursuant to the Irrevocable Undertakings and (ii) the Sole Underwriter pursuant to the Underwriting Agreement)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Ting and Mr. Ting's Associates	378,907,814 ^(Note)	56.94	541,296,875	56.94	613,770,702	64.57
Sole Underwriter	—	—	—	—	50,313,509	5.29
Sub-total	<u>378,907,814</u>	<u>56.94</u>	<u>541,296,875</u>	<u>56.94</u>	<u>664,084,211</u>	<u>69.86</u>
Other Shareholders	<u>286,503,780</u>	<u>43.06</u>	<u>409,291,116</u>	<u>43.06</u>	<u>286,503,780</u>	<u>30.14</u>
Total	<u><u>665,411,594</u></u>	<u><u>100.00</u></u>	<u><u>950,587,991</u></u>	<u><u>100.00</u></u>	<u><u>950,587,991</u></u>	<u><u>100.00</u></u>

Note: Mr. Ting personally holds 133,279,385 Shares and his spouse, Mrs. Nancy Ting Wang Wan-sun, personally holds 1,452,629 Shares. Mr. Ting has a controlling interest in H.C. Ting's Holdings Limited, a substantial shareholder of the Company, and Glory Town Limited, which respectively hold 209,671,000 and 34,504,800 Shares. Accordingly, Mr. Ting is deemed to have total interests in a total of 378,907,814 Shares.

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REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

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

The gross proceeds from the Rights Issue are expected to be approximately HK\$108.4 million before expenses. The net proceeds from the Rights Issue after deducting the expenses, which will be borne by the Company, are estimated to be approximately HK\$103.7 million. The net Subscription Price per Rights Share is expected to be approximately HK\$0.364.

The net proceeds of the Rights Issue will be applied by the Group as follows:

- approximately 25% for the repayment of bank borrowings with details as follow:
 - (i) Existing indebtedness of the Group as at the close of business on 30 November 2013

Principal	:	HK\$554,300,000
Interest rates	:	1.2% – 7.75%
Maturity date	:	December 2013 – August 2023
Annual finance costs	:	HK\$15,500,000
 - (ii) The Directors consider that such repayment would have the effect of reducing interest payment by the Company and thus will be in the interests of the Company and its shareholders.
- approximately 5% for the upgrade of the facilities. The Group intends to use the proceeds for renovation of the investment properties including but not limited to the lobby and washrooms in the second half of 2014.
- approximately 10% for investment of future opportunities. As at the Latest Practicable Date, the Group had not identified nor commenced identifying target companies or business collaborations with any parties. The Group will only commence identifying potential targets after the completion of the Rights Issue.
- approximately 60% for general working capital purposes. The Group intends to use the proceeds from the Rights Issue for funding of the Group's general corporate overheads. If there is any residual cash designated for general working capital unutilized, the Board may choose to utilize it to fund suitable investment opportunities to be identified by the Group after the completion of the Rights Issue.

LETTER FROM THE BOARD

The Directors consider that it is in the interests of the Group and the Shareholders as a whole to strengthen the Group's financial position and to enlarge its capital base by way of the Rights Issue, which will allow all Shareholders (other than the Excluded Shareholders (if any)) the opportunity to participate in further development of the Group. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted other equity fund raising exercise in the past 12 months immediately preceding the Latest Practicable Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares have been dealt in on an ex-rights basis from Thursday, 19 December 2013. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 9 January 2014 to Thursday, 16 January 2014 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived at or before 6:00 p.m. on Wednesday, 22 January 2014 (or such later time and/or date as the Company and the Sole Underwriter may determine in writing), or the Underwriting Agreement is terminated by the Sole Underwriter, the Rights Issue will not proceed and the Rights Issue will lapse.

Any person contemplating buying or selling Shares from the date of this prospectus up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as the case may be), and any dealings in the Rights Shares in their nil-paid form between Thursday, 9 January 2014 and Thursday, 16 January 2014 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholder or other person contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

SHAREHOLDERS' APPROVAL NOT REQUIRED

There is no requirement under the Listing Rules for the Rights Issue to be approved by the Shareholders in general meeting.

CONNECTED TRANSACTION

On 12 December 2013, the Company has appointed the Financial Adviser and Sole Underwriter, namely Platinum Securities Company Limited, as the financial adviser and sole underwriter to the Rights Issue. The Financial Adviser and Sole Underwriter is a company controlled by Mr. Liu Chee-ming ("Mr. Liu"), a non-executive Director. Further on 16 December 2013, the Company has appointed Platinum Broking Company Limited (the "Matching Agent"), which is also a company controlled by Mr. Liu, as agent to provide matching services for the odd lots of Rights Shares on a best effort basis at nil consideration. Therefore, the Financial Adviser and Sole Underwriter are connected

LETTER FROM THE BOARD

persons of the Company. The payment of underwriting commission and financial advisory fee, which in aggregate amount to approximately HK\$3.0 million, by the Company to the Financial Adviser and Sole Underwriter constitute connected transactions for the Company under the Listing Rules. The said underwriting commission and financial advisory fee was agreed after arm's length negotiations between the Company and the Financial Adviser and Sole Underwriter, and is expected to be settled in cash by not later than the fifth Business Day following the Acceptance Date. As one or more of the applicable percentage ratios for the total amount of underwriting commission and financial advisory fee on an aggregated basis payable by the Company exceeds 0.1% but is less than 5%, the same is subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

The Directors, including the independent non-executive Directors, consider the terms of the engagements of the Financial Adviser and Sole Underwriter and the Matching Agent (and the said underwriting commission and financial advisory fee as indicated above) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. Liu was required to and did abstain from voting on the relevant resolutions of the Board approving the respective engagements of the Financial Adviser and Sole Underwriter and the Matching Agent and the transactions contemplated thereunder pursuant to the Bye-laws of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully,
On behalf of the Board
Kader Holdings Company Limited
Kenneth Ting Woo-shou
Chairman

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2010, 2011 and 2012 are disclosed in the annual reports of the Company for the years ended 31 December 2010 (pages 29-111), 2011 (pages 30-112) and 2012 (pages 30-118). The published unaudited consolidated financial statements of the Group for the six months ended 30 June 2013 is disclosed in the interim report of the Company for the six months ended 30 June 2013 (pages 1-19). They can be accessed on the website of the Company (www.kader.com.hk) and the website of the Stock Exchange (www.hkexnews.hk).

2. INDEBTEDNESS

As at the close of business on 30 November 2013, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining information contained in this indebtedness statement, the Group had outstanding borrowings of HK\$574.3 million, comprising secured bank overdrafts and loans of HK\$10.9 million and HK\$543.4 million and an unsecured loan from a director of HK\$20.0 million. The secured bank overdrafts and loans were secured by charges on investment properties, leasehold land and buildings, inventories and other assets of the Group with aggregate net book value of HK\$1,424.2 million.

3. CONTINGENT LIABILITIES

As at the close of business on 30 November 2013, the Group had issued guarantees to banks of HK\$730.6 million to secure banking facilities granted by the banks to subsidiaries. The maximum liability of the Company under the guarantees issued is the amount of banking facilities drawn down by the subsidiaries of HK\$554.3 million. The Directors do not consider probable that a claim will be made against the Company under any of the guarantees issued.

(a) Litigation

During the first quarter of 2003, a Mexican company commenced a lawsuit in the State of Arizona, the United States, against the Company on the grounds that the Company was a guarantor for a lease agreement of factory premises occupied by Siempre Novedoso De Mexico (Sinomex) S.A. de C.V. as tenant. The Arizona trial court issued an order that called for 24% annual simple interest on the unpaid rent portion of the principal amount and 10% annual simple interest on the remainder of the principal amount. The Judgment was entered in June 2011 (the "**Judgment**"). The Company filed an appeal from the Judgment and the Arizona Court of Appeals upheld the decision of the trial court. A petition for review was then filed with the Arizona Supreme Court but was denied by the Arizona Supreme Court.

The plaintiff has subsequently sought to enforce the Judgment in the courts of Hong Kong, England and Wales, and Bermuda. The Company has been advised by its legal adviser that it has good grounds to resist the enforcement of the Judgment in Hong Kong, England and Wales, and Bermuda. The management and the Board believe that the Company's opposition to the plaintiff's claims, as well as the Company's defenses and appeal rights, continues to be meritorious.

- (b) During the year ended 31 December 2011, the Inland Revenue Department of Hong Kong (“IRD”) conducted a review of the operations of certain subsidiaries of the Company in relation to the years since 2004, focusing on certain sales and purchases made by these subsidiaries. In July 2012 and May 2013, the relevant subsidiaries have submitted certain required information to the IRD and provided justification for the tax treatment adopted. Owing to the uncertainty inherited in IRD enquiries of this nature, the conclusion to be made by the IRD may result in an impact to the Group’s Hong Kong profits tax provision in the period in which the conclusion is made.

To the best knowledge and belief of the Directors, there is no material adverse operational or financial impact from each of the litigation cases disclosed above in this prospectus over the Company.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not, as at 30 November 2013, have any material outstanding: (a) debt securities, where issued and outstanding, authorized or otherwise created but unissued, or term loans, whether guaranteed, secured (whether the security is provided by the Company or by third parties) or unsecured; (b) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (c) mortgages or charges; or (d) guarantees or other material contingent liabilities.

The Directors have confirmed that there have been no material changes on the indebtedness and contingent liabilities of the Group since 30 November 2013.

4. WORKING CAPITAL

The Directors are of the opinion that, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; (ii) the available banking facilities of the Group; and (iii) the estimated net proceeds of the proposed Rights Issue, the Group will have sufficient working capital for its present requirements and for at least the next 12 months from the date of this prospectus.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial and trading position of the Group since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up.

6. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The global economy continues to be affected by the unsolved European sovereign debt crisis and the uncertainty in the economy in the United States market. The Group expects the operating environment of the year ahead will be challenging. For the coming year, the Group will focus on the continuous development of our toys and model trains business. In addition, the Group will continue to explore sales opportunities in the global market, develop own brand products, improve operational and production efficiency, and implement strategic restructuring plans. Given our dominant market position, the Group is confident of achieving performance improvements.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2013 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed at the date reported on (i.e. 30 June 2013).

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2013, as extracted from the published unaudited interim financial information of the Group for the six months ended 30 June 2013, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Group as at 30 June 2013 or any future date; or (ii) the consolidated net tangible assets per Share of the Group as at 30 June 2013 or any future date.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION
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	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2013 <i>HK\$'000</i> <i>(Note 1)</i>	Add: Estimated net proceeds from the Rights Issue <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue <i>HK\$'000</i>
Based on the issue of 285,176,397 Rights Shares <i>(Note 2)</i>	<u>1,177,811</u>	<u>103,700</u>	<u>1,281,511</u>
Unaudited consolidated net tangible assets per Share attributable to the owners of the Company based on 665,411,594 Shares in issue as at 30 June 2013 immediately before the completion of the Rights Issue			<u>HK\$1.770</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company as at 30 June 2013 based on the enlarged issued share capital of 950,587,991 Shares immediately after the completion of the Rights Issue <i>(Note 3)</i>			<u>HK\$1.348</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2013 of approximately HK\$1,177,811,000 is arrived at based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2013 of approximately HK\$1,181,851,000 as adjusted to exclude intangible assets of approximately HK\$4,040,000 as shown on the unaudited consolidated balance sheet of the Group as at 30 June 2013 as extracted from the published interim report of the Company for the six months ended 30 June 2013.
2. The 285,176,397 Rights Shares is calculated on the basis of three Rights Shares for every seven Existing Shares in issue as at 30 June 2013, which is 665,411,594 Shares. The estimated net proceeds from the Rights Issue of approximately HK\$103,700,000 are based on the proceeds of approximately HK\$108,400,000 from the issue of 285,176,397 Rights Shares at the Subscription Price of HK\$0.380 per Rights Share, less estimated related expenses directly attributable to the Rights Issue of approximately HK\$4,700,000 including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses.
3. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company as at 30 June 2013 is based on the enlarged issued share capital of 950,587,991 Shares, which represents 665,411,594 Shares in issue as at 30 June 2013 and 285,176,397 Rights Shares to be issued upon the completion of the Rights Issue (as described in note 2 above).
4. The Unaudited Pro Forma Financial Information does not take account of any trading or other transactions of the Group entered into subsequent to 30 June 2013.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

7 January 2014

The Directors
Kader Holdings Company Limited

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Kader Holdings Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2013 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-3 of the prospectus dated 7 January 2014 (the "**Prospectus**") issued by the Company on the proposed rights issue at a subscription price of HK\$0.380 per rights share, on the basis of three rights shares for every seven existing shares (the "**Rights Issue**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in pages II-1 to II-3 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue of the Company on the Group's net tangible assets as at 30 June 2013 as if the Rights Issue had taken place at 30 June 2013. As part of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2013, on which no audit or review report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of

Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Reporting Accountant’s responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date and immediately following the Rights Issue are expected to be as follows:

Authorised

<u>1,000,000,000</u>	Shares	<u>HK\$100,000,000.00</u>
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Issued and fully-paid

<u>665,411,594</u>	Shares	<u>HK\$66,541,159.40</u>
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<u>285,176,397</u>	Rights Shares to be issued pursuant to the Rights Issue	<u>HK\$28,517,639.70</u>
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<u>950,587,991</u>	Shares in issue immediately following the Rights Issue	<u>HK\$95,058,799.10</u>
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3. DIRECTORS AND SENIOR MANAGEMENT

(1) Particulars of Directors

Name	Address
<i>Executive Directors</i>	
Mr. Kenneth Ting Woo-shou	Apartment 6B 6A Bowen Road Hong Kong
Mrs. Nancy Ting Wang Wan-sun	Apartment 6B 6A Bowen Road Hong Kong

Non-executive Directors

Mr. Ivan Ting Tien-li	9A Royal Garden 27 Repulse Bay Road Hong Kong
Dr. Moses Cheng Mo-chi	Flat 4B Hollywood Heights 6 Old Peak Road Hong Kong
Mr. Liu Chee-ming	House A5 Sherwood's Bluff 10 Bluff Path The Peak Hong Kong
Mr. Bernie Ting Wai-cheung	Unit B, 15th Floor Butler Towers 1-5 Boyce Road Hong Kong

Independent Non-executive Directors

Mr. Floyd Chan Tsoi-yin	12D Rialto Mansion 183 King's Road North Point Hong Kong
Mr. Andrew Yao Cho-fai	16th Floor 34 Bellevue Drive Repulse Bay Hong Kong
Mr. Desmond Chum Kwan-yue	11B Kennedy Heights 10-18 Kennedy Road Mid Levels Hong Kong
Mr. Ronald Montalto	9 Quali Ridge Road South Rolling Hills CA 90274 United States

(2) Biographies of the Directors*Executive Directors*

Mr. Kenneth Ting Woo-shou, *SBS, JP*, aged 71, was reappointed as the Managing Director of the Company in July 2012. He was appointed as the Chairman of the Company and resigned as the Managing Director of the Company in July 2010. He has been the Managing Director of the Company since its incorporation in 1989. He has been a director of Kader Industrial Company Limited since 1971 and was appointed as the Chairman in 1993. He was appointed as an Independent Non-executive Director of Cheuk Nang (Holdings) Limited in November 2012. He is also an Independent Non-executive Director of Wheelock and Company Limited.

Mr. Ting currently serves as the Honorary President of HK Wuxi Trade Association Limited, Federation of Hong Kong Industries, The Chinese Manufacturers' Association of Hong Kong and The Toys Manufacturers' Association of Hong Kong Limited, and the Honorary Life President of the Hong Kong Plastics Manufacturers' Association Limited.

He also serves as a member of a number of other trade organizations and public committees such as The Hong Kong General Chamber of Commerce, The Hong Kong Polytechnic University Court and The Hong Kong University of Science and Technology Court. He also serves as member of the Jiangsu Provincial Committee of Chinese People's Political Consultative Conference.

Mr. Ting is a director of H.C. Ting's Holdings Limited, Border Shipping Limited, Glory Town Limited and Tyrol Investments Limited which are companies which have an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. He is the father of Mr. Ivan Ting Tien-li, the Non-executive Director of the Company, husband of Mrs. Nancy Ting Wang Wan-sun, the Executive Director of the Company, and uncle of Mr. Bernie Ting Wai-cheung, the Non-executive Director of the Company.

Mrs. Nancy Ting Wang Wan-sun, aged 66, was appointed as a Non-executive Director of the Company in January 2008, and was redesignated as an Executive Director of the Company in February 2009. She has been an Executive Director of Kader Industrial Company Limited since 2001. Mrs. Ting has not held any directorship in other listed public companies in the last three years. She is a director of Glory Town Limited and Tyrol Investments Limited which are companies which have an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. She is the wife of Mr. Kenneth Ting Woo-shou, the Chairman and Managing Director of the Company, mother of Mr. Ivan Ting Tien-li, the Non-executive Director of the Company, and auntie of Mr. Bernie Ting Wai-cheung, the Non-executive Director of the Company.

Non-executive Directors

Mr. Ivan Ting Tien-li, aged 38, was appointed as the Managing Director of the Company in July 2010 and stepped down in July 2012. He remains as a Non-executive Director of the Company. He was appointed as an Executive Director of the Company in April 2006. He holds a Bachelor's Degree in International Politics and Economics. He has been an Executive Director of Kader Industrial Company Limited since 1998. Apart from this, he also serves as director of certain other subsidiaries of the Company. Mr. Ting currently serves as the Chairman of the Hong Kong Exporters' Association. He is the son of Mr. Kenneth Ting Woo-shou, the Chairman and Managing

Director of the Company and Mrs. Nancy Ting Wang Wan-sun, the Executive Director of the Company, and the cousin of Mr. Bernie Ting Wai-cheung, the Non-executive Director of the Company.

Dr. Moses Cheng Mo-chi, *GBS, OBE, JP*, aged 63, was appointed as an Independent Non-executive Director of the Company in March 1999, and was redesignated as a Non-executive Director of the Company in September 2004.

Dr. Cheng is the senior partner of Messrs. P. C. Woo & Co. Dr. Cheng was a member of the Legislative Council of Hong Kong. He is the founder chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. Dr. Cheng currently holds directorships in Hong Kong Television Network Limited (formerly City Telecom (H.K.) Limited), China Mobile Limited, China Resources Enterprise, Limited, Towngas China Company Limited, K. Wah International Holdings Limited, Liu Chong Hing Investment Limited, Guangdong Investment Limited and Tian An China Investments Company Limited, all being public listed companies in Hong Kong. He is also an Independent Non-executive Director of ARA Asset Management Limited, a company whose shares are listed on Singapore Exchange Limited. His other directorships in public listed companies in the last three years include Hong Kong Exchanges and Clearing Limited and China COSCO Holdings Company Limited. Save as disclosed above, Dr. Cheng did not hold any directorship, whether in Hong Kong or overseas, in any other public listed companies in the previous three years.

Mr. Liu Chee-ming, aged 62, has been a Non-executive Director of the Company since December 2013 and was an Independent Non-executive Director of the Company from June 1998 to December 2013. Mr. Liu is the Managing Director of Platinum Holdings Company Limited (“**Platinum**”). Prior to setting up Platinum, Mr. Liu was a member of the Executive Committee of Jardine Fleming Holdings Limited where he had worked for 19 years. He was the head of Investment Banking Department between 1992 and 1995.

Mr. Liu was appointed as an Independent Non-executive Director of Haitong Securities Company Limited in November 2011, a company listed in Shanghai. He is an Independent Non-executive Director of StarHub Limited, a Singapore listed company. He is also a Non-executive Director of CIMC Raffles Offshore (Singapore) Ltd listed on the Oslo OTC Exchange. In addition, he is the Independent Directors of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd., which are the REIT Manager and Trustee-Manager respectively of OUE Hospitality Trust (Singapore-listed), and Independent Non-Executive Director of Founder BEA Trust Co., Ltd. (an associate company of The Bank of East Asia, Limited (HK-listed)). He is currently a Governor of the Singapore International School and the Director of The Singapore International School Foundation Ltd. He is a member of the Takeovers Appeal Committee and was appointed as a Deputy Chairman of the Takeovers and Mergers Panel of the Securities and Futures Commission in Hong Kong.

Mr. Bernie Ting Wai-cheung, aged 48, was appointed as a Non-executive Director of the Company in July 2010. He was appointed as a director of Kader Industrial Company Limited since July 2010. He is the Director & General Manager of Qualidux Industrial Company Limited. He studied Mechanical Engineering at the University of Toronto, Canada. He obtained his MBA at Worcester Polytechnic Institute in the USA. He briefly worked in a manufacturing company in Canada. He is now working at Qualidux Industrial Company Limited as the Director & General Manager. Mr. Ting has not held any directorship in other listed public companies in the last three years.

Mr. Ting is the Honorary President of Hong Kong Toys Council under the auspices of the Federations of Hong Kong Industries. He became the Vice President of International Council of Toys Industries (“ICTI”) in 2009 and he participates in The Toys Manufacturers’ Association of Hong Kong. As part of his public duties in Hong Kong, he is the Chairman of Hong Kong Q-Mark Council and the Vice Chairman of The Hong Kong Standards and Testing Centre Ltd.. He has become the Council Member of Vocational Training Council since 2008. He contributes his spare time to community service through Rotary Club of Hong Kong South.

He is the nephew of Mr. Kenneth Ting Woo-shou, the Chairman and Managing Director of the Company and Mrs. Nancy Ting Wang Wan-sun, the Executive Director of the Company, and the cousin of Mr. Ivan Ting Tien-li, the Non-executive Director of the Company.

Independent Non-executive Directors

Mr. Floyd Chan Tsoi-yin, aged 70, has been an Independent Non-executive Director of the Company since 30 September 2004. Mr. Chan is a member of the American Institute of Certified Public Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants. He had been a partner of BDO Seidman in the United States for many years. He was the Asia Pacific Regional Coordinator of BDO International and a member of BDO McCabe Lo Limited’s executive committee in Hong Kong. He has significant experience in assisting clients in exploring business opportunities in the Asia Pacific region, particularly the Southeast Asian developing countries and the People’s Republic of China. He is also closely involved with assisting clients in developing business in North America and Europe.

Mr. Andrew Yao Cho-fai, JP, aged 48, has been an Independent Non-executive Director of the Company since 30 September 2004. Mr. Yao, graduated from the University of California, Berkeley and Harvard Graduate School of Business, is the Chairman of Van Shung Chong Holdings Ltd. He retired as a Non-executive Director of North Asia Strategic Holdings Limited which is a company listed in GEM Board of the Stock Exchange with effect from 15 September 2011.

Mr. Yao is the Hong Kong Deputy of the 12th National People's Congress of People's Republic of China, Standing Committee Member of the Shanghai China People's Political Consultative Conference, Standing Committee Member of All-China Youth Federation, Vice Chairman of Shanghai Youth Federation, Former Chairman of Hong Kong United Youth Association and Board Member of Fudan University in Shanghai, Former Court Member of The University of Hong Kong and Member of the Barristers Disciplinary Tribunal Panel. He was awarded the "Young Industrialist Award of Hong Kong" in 2004. He was awarded Justice of Peace by the HKSAR in 2008.

Mr. Desmond Chum Kwan-yue, aged 40, has been an Independent Non-executive Director of the Company since 10 March 2009. Mr. Chum is also an Independent Non-executive Director of Bingo Group Holdings Limited. Mr. Chum is a portfolio manager at Claren Road Asset Management, a US based credit hedge fund. Prior to working at Claren Road Asset Management, Mr. Chum was a Managing Director of Citigroup where he spent 12 years and helped to build its fixed income franchise in Asia. He oversaw a team of investment professionals and ran the Global Special Situations Group's investment activities in the Greater China Region. He has extensive experience in sourcing, evaluating and executing private lending, private equity and real estate investments in the Greater China Region. Mr. Chum graduated from Oxford University.

Mr. Ronald Montalto, aged 65, has been an Independent Non-executive Director of the Company since 22 April 2009. Mr. Montalto graduated from East Carolina University in 1971. He was also awarded Juris Doctor from Emory University School of Law in 1974. Mr. Montalto was practicing Attorney in Atlanta between 1975 and 1982. Currently, he is Member of State Bar of California (Inactive). After his retirement from Mattel, Mr. Montalto consulted for Mattel Inc. senior management and developed a plan to relocate all Mattel's European manufacturing operations and back office support to Asia during 2005. He was a Senior Vice President of various Operations at Mattel where he worked for 21 years (15 of which were in Hong Kong) and established Mattel's Asian sourcing unit and was responsible for managing and integrating Mattel Brands' procurement and manufacturing Operations. He was a Director of Business Development for Mattel Far East Operations (Hong Kong) between 1983 and 1987. Since retirement, Mr. Montalto has consulted periodically on sales advisory programs for Teradata, a division of NCR (National Cash Register Corporation). He also conducted an Asian business/supply chain study for Enesco, an industry leading international giftware company headquartered in Chicago and Dansk Investment Group, a California company with manufacturing operations in Shanghai. Mr. Montalto has not held any directorship in other listed public companies in the last three years.

4. CORPORATE INFORMATION

Registered office	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Head office and principal place of business in Hong Kong	22 Kai Cheung Road Kowloon Bay Kowloon Hong Kong
Company secretary	Lao Wai-keung (ACA)
Authorized representatives	Kenneth Ting Woo-shou Apartment 6B 6A Bowen Road Hong Kong Ivan Ting Tien-li 9A Royal Garden 27 Repulse Bay Road Hong Kong
Auditor	KPMG <i>Certified Public Accountants</i> 8th Floor Prince's Building 10 Chater Road Central Hong Kong
Legal advisers to the Company	<i>As to Hong Kong law</i> P. C. Woo & Co. 12th Floor Prince's Building 10 Chater Road Central Hong Kong <i>As to Bermuda law</i> Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
Principal share registrar and transfer office	HSBC Securities Services (Bermuda) Limited 6 Front Street Hamilton HM11 Bermuda

Branch share registrar and transfer office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	Chong Hing Bank Limited Ground Floor Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong China CITIC Bank International Limited 61-65 Des Voeux Road Central Hong Kong DBS Bank (Hong Kong) Limited 16th Floor The Center 99 Queen's Road Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong

5. PARTIES INVOLVED IN THE RIGHTS ISSUE

Financial Adviser and Sole Underwriter	Platinum Securities Company Limited 21st Floor LHT Tower 31 Queen's Road Central Hong Kong
Legal advisers to the Company	<i>As to Hong Kong law</i> P. C. Woo & Co. 12th Floor Prince's Building 10 Chater Road Central Hong Kong <i>As to Bermuda law</i> Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong

6. DISCLOSURE OF INTERESTS

Interests of the Directors

As at the Latest Practicable Date, the interests of the Directors in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange (except the changes arising as a result of the Underwriting Agreement) were as follows:

(1) *Interests in the Company*

Name of Directors	Number of Shares				Approximate percentage of total interests in the shares in issue
	Personal interests	Family interests	Corporate interests	Total interests	
Kenneth Ting Woo-shou	262,872,948 ⁽ⁱ⁾	2,075,183 ⁽ⁱⁱ⁾	348,822,571 ⁽ⁱⁱⁱ⁾	613,770,702	64.57% ^(v)
Nancy Ting Wang Wan-sun	2,075,183 ^(iv)	-	-	2,075,183	0.22% ^(v)
Ivan Ting Tien-li	14,336,303	-	-	14,336,303	2.15%
Moses Cheng Mo-chi	11,000	-	-	11,000	0.00%
Liu Chee-ming	-	100,000 ^(vi)	1,000,000	1,100,000	0.17%

Notes:

- (i) Included 133,279,385 Shares personally held by Mr. Ting, and 57,119,736 Rights Shares, being his entitlement under the Rights Issue, and 72,473,827 Rights Shares undertaken by Mr. Ting under his Irrevocable Undertaking.
- (ii) The spouse of Mr. Ting is the beneficial shareholder. Included 1,452,629 Shares personally held by Mrs. Nancy Ting Wang Wan-sun and 622,554 Rights Shares, being her entitlement under the Rights Issue which Mrs. Ting has undertaken to take up.
- (iii) Included in the "Corporate Interests" above were 209,671,000 Shares held by the Company's substantial shareholder, H.C. Ting's Holdings Limited, in which Mr. Ting has a controlling interest through Border Shipping Limited; and 34,504,800 Shares held by Glory Town Limited, in which Mr. Ting has a controlling interest through Tyrol Investments Limited. Also, included 89,859,000 Rights Shares and 14,787,771 Rights Shares entitled to H.C. Ting's Holdings Limited and Glory Town Limited respectively under the Rights Issue which each of such entities has undertaken to take up.
- (iv) Included 1,452,629 Shares personally held by Mrs. Nancy Ting Wang Wan-sun and 622,554 Rights Shares, being her entitlement under the Rights Issue which Mrs. Ting has undertaken to take up.
- (v) The basis is calculated by the enlarged issued share capital of the Company upon completion of the Rights Issue (assuming no Shares (other than the Rights Shares) are allotted and issued before the completion of the Rights Issue).
- (vi) The spouse of Mr. Liu Chee-ming is the beneficial shareholder.

(2) *Interests in Associated Corporations*

Name of associated corporation	Beneficial interests	Class of shares	Number of Shares			Approximate percentage of total interests in the shares in issue
			Personal interests	Family interests	Corporate interests	
Allman Holdings Limited	Kenneth Ting Woo-shou	Ordinary shares of US\$1.00 each	-	-	920 ⁽ⁱ⁾	63.89%
Pacific Squaw Creek, Inc.	Kenneth Ting Woo-shou	Ordinary shares of US\$1.00 each	-	-	1,000 ⁽ⁱⁱ⁾	100.00%
Squaw Creek Associates, LLC	Kenneth Ting Woo-shou	Not applicable ⁽ⁱⁱⁱ⁾	-	-	-	62.00% ^(iv)
Squaw Creek Associates, LLC	Kenneth Ting Woo-shou	Not applicable ⁽ⁱⁱⁱ⁾	-	-	-	8.00% ^(v)

Notes:

- (i) These interests are held by Tyrol Investments Limited which is wholly owned by Mr. Ting.
- (ii) These interests are held by Allman Holdings Limited (“**Allman**”). Mr. Ting’s beneficial interests in Allman are disclosed in note (i) above.
- (iii) Squaw Creek Associates, LLC (“**SCA**”) does not have issued share capital, the percentage of interest in SCA represents the interest in capital account balance.
- (iv) These interests are held by Pacific Squaw Creek, Inc. (“**PSC**”). Mr. Ting’s beneficial interests in PSC are disclosed in note (ii) above.
- (v) These interests are held by Ting Corporation which is wholly owned by Mr. Ting.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest in any shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange (except the changes arising as a result of the Underwriting Agreement).

Interests of the substantial shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (except the changes arising as a result of the Underwriting Agreement) or, who was, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the Shares:

Name of Shareholders	Capacity	Number of Shares	
		Number of ordinary Shares held (long position)	Approximate percentage of total interests in the share in issue
H.C. Ting's Holdings Limited ⁽ⁱ⁾	Beneficial owner	209,671,000	31.51%
Border Shipping Limited ⁽ⁱⁱ⁾	Beneficial owner	209,671,000	31.51%
Ting Hok Shou	Beneficial owner	246,975,589 ⁽ⁱⁱⁱ⁾	37.12%
Tsang Wing Hin Emily ("Mrs. Emily Ting")	Beneficial owner/ Family interest	246,975,589 ^(iv)	37.12%
Glory Town Limited ^(v)	Beneficial owner	34,504,800	5.19%
Tyrol Investments Limited ^(vi)	Beneficial owner	34,504,800	5.19%

Note:

- (i) Mr. Ting has a controlling interest in H.C. Ting's Holdings Limited through Border Shipping Limited.
- (ii) Border Shipping Limited has a controlling interest in H.C. Ting's Holdings Limited.
- (iii) Includes 9,730,789 Shares personally held by Mr. Ting Hok Shou, 275,000 Shares held by Mrs. Emily Ting, the spouse of Mr. Ting Hok Shou, 209,671,000 Shares held by H.C. Ting's Holdings Limited, 2,669,800 Shares held by Golden Tree Investment Company Limited and 24,629,000 Shares held by Kimpont Limited. Mr. Ting Hok Shou has a controlling interest in each of Border Shipping Limited, Golden Tree Investment Company Limited and Kimpont Limited.
- (iv) Includes 275,000 Shares personally held by Mrs. Emily Ting and 246,700,589 Shares beneficially owned by Mr. Ting Hok Shou, the spouse of Mrs. Emily Ting.
- (v) Mr. Ting has a controlling interest in Glory Town Limited through Tyrol Investments Limited.
- (vi) Tyrol Investments Limited has a controlling interest in Glory Town Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any director or chief executive of the Company, no person had an interest or a short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

As at the Latest Practicable Date, no share capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

7. INTERESTS OF THE EXPERT IN THE GROUP

The expert named in the paragraph headed “Qualification of the expert” in this appendix does not have any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

8. INTERESTS IN CONTRACT OR ARRANGEMENT

Save for the Underwriting Agreement, none of the Directors has any interests in contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole.

9. INTERESTS IN ASSETS

None of the Directors or the expert named in the paragraph headed “Qualification of the expert” in this appendix has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Group were made up.

10. SERVICE CONTRACTS

No Directors proposed for re-election at the forthcoming annual general meeting have an unexpired service contract which is not determined by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

All Non-executive Directors and Independent Non-Executive Directors are engaged on contract term of service of two years, renewable for another two years upon expiry, and subject to re-election upon retirement by rotation at the forthcoming annual general meeting.

11. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Group were made up.

12. MATERIAL CONTRACT

The following contract (not being a contract in the ordinary course of business) has been entered into by members of the Group within the two years preceding the date of this prospectus and is or may be material:

- (a) the Underwriting Agreement.

13. LITIGATION

During the first quarter of 2003, a Mexican company commenced a lawsuit in the State of Arizona, the United States, against the Company on the grounds that the Company was a guarantor for a lease agreement of factory premises occupied by Siempre Novedoso De Mexico (Sinomex) S.A. de C.V. as tenant. The Arizona trial court issued an order that called for 24% annual simple interest on the unpaid rent portion of the principal amount and 10% annual simple interest on the remainder of the principal amount. The Judgment was entered in June 2011 (the "Judgment"). The Company filed an appeal from the Judgment and the Arizona Court of Appeals upheld the decision of the trial court. A petition for review was then filed with the Arizona Supreme Court but was denied by the Arizona Supreme Court.

The plaintiff has subsequently sought to enforce the Judgment in the courts of Hong Kong, England and Wales, and Bermuda. The Company has been advised by its legal adviser that it has good grounds to resist the enforcement of the Judgment in Hong Kong, England and Wales, and Bermuda. The management and the Board believe that the Company's opposition to the plaintiff's claims, as well as the Company's defenses and appeal rights, continues to be meritorious.

Save as disclosed above, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

14. EXPENSES

The expenses in connection with the Rights Issue, including the financial advisory fee, printing, registration, translation, legal and accounting charges are estimated to amount to approximately HK\$4.7 million and will be payable by the Company.

15. QUALIFICATION OF THE EXPERT

The qualification of the expert who has given opinions in this prospectus is as follow:

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

16. CONSENT

The expert named in the paragraph headed "Qualification of the expert" in this appendix has given and has not withdrawn its written consent to the issue of this prospectus with copy of its report and the references to its name included herein in the form and context in which they respectively appear.

17. LEGAL EFFECT

This prospectus, the PAL and the EAF, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

18. BINDING EFFECT

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

19. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of this prospectus, together with copies of the PAL and EAF and the written consent referred to in the paragraph headed "Consent" in this appendix, has been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies Ordinance.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at 22 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong, during normal business hours from the date of this prospectus up to and including Tuesday, 21 January 2014:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2011 and 31 December 2012 and the interim report of the Company for the six months ended 30 June 2013;

- (c) the accountants' report on the unaudited pro forma statement of adjusted consolidated net tangible asset of the Group, the text of which is set out in Appendix II to this prospectus;
- (d) the service contracts referred to in the paragraph headed "Service Contracts" in this appendix;
- (e) the material contract referred to in the paragraph headed "Material Contract" in this appendix; and
- (f) the written consent referred to in the paragraph headed "Consent" in this appendix.