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KADER HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 180)

DISCLOSEABLE TRANSACTION

On 16th October, 2007, Bachmann (an indirect wholly-owned subsidiary of the Company) entered into the Agreement, pursuant to which Williams' has conditionally agreed to sell the Acquired Assets and Bachmann has conditionally agreed to buy the Acquired Assets for an aggregate consideration of US\$5,000,000 (equivalent to approximately HK\$39,000,000).

The transaction contemplated in the Agreement constitutes a discloseable transaction for the Company, on the basis that the calculation of the consideration ratio and the profits ratio is within the range of five per cent. and 25 per cent.

The Company will despatch a circular which contains, amongst other things, details of the terms of the Agreement to the shareholders of the Company as soon as practicable.

INTRODUCTION

On 16th October, 2007, Bachmann (an indirect wholly-owned subsidiary of the Company) entered into the Agreement, pursuant to which Williams' has conditionally agreed to sell the Acquired Assets and Bachmann has conditionally agreed to buy the Acquired Assets for an aggregate consideration of US\$5,000,000 (equivalent to approximately HK\$39,000,000).

THE AGREEMENT

Date

16th October, 2007.

Parties

- (1) Bachmann as buyer.
- (2) Williams' as seller.

The Assets Acquired

Pursuant to the terms of the Agreement, Williams' will grant, sell, convey, assign and deliver to Bachmann, all right, title and interest of Williams' in and to all of the assets, properties and rights of any kind, whether tangible or intangible, real or personal of Williams' related to or constituting the Business, free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever. The assets being acquired include the following:

- All molds owned by Williams' including Injection Molds, Diecast Molds, Stamping Molds, Power Metal Molds, Extrusion Molds
- Paint masks
- All rights, whether registered or not, in copyrights, trademarks, service marks, logos, trade dress, trade names, and goodwill related to the Business
- The name Williams' and the corresponding logos and all trade names under which Williams' uses in connection with the Business

Consideration

The consideration for the sale and purchase of the Acquired Assets will be US\$5,000,000 (equivalent to approximately HK\$39,000,000) and is to be satisfied by means of bank financing. A portion of the consideration will be accounted for as purchase of fixed assets and the balance will be allocated to goodwill. Allocation of the consideration among the Acquired Assets will be determined and done in a tax efficient manner.

The consideration was arrived at after arm's length negotiations between Bachmann and Williams', and represents a price/earning ratio of approximately 5.5 based on the adjusted profit for the year ended 31st December, 2006, which, in the opinion of the Directors, is fair and reasonable by reference to other toy businesses. The adjustments include the elimination of expenses such as rents and salaries which would not be incurred if the Business had been taken up by Bachmann.

Closing

The closing of the sale and purchase of the Acquired Assets and the transactions contemplated under the Agreement will be made on 19th October, 2007, or at such other date and location as may be mutually agreed by Bachmann and Williams', but, in any event, no later than 26th October, 2007.

INFORMATION ABOUT WILLIAMS'

The Directors are advised that Williams' is a company incorporated in the State of Maryland, United States of America with limited liability. It is principally engaged in the design, marketing and distribution of scale sized replica trains and related products.

To the best of the Directors' knowledge, Williams' and its ultimate owners are independent third parties not connected with the Company, any of its subsidiaries or any of their respective associates, or any of the connected persons of the Company, any of its subsidiaries or any of their respective associates.

INFORMATION ABOUT THE GROUP

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

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

INFORMATION ABOUT BACHMANN

Bachmann is a company incorporated in the United States of America with limited liability. Bachmann is engaged in the distribution of plastic and electric toy trains and accessories.

Bachmann is an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition, which include the acquisition of the name Williams' and the corresponding logos and all trade names under which Williams' uses in connection with the Business, represents a good opportunity for the Company to expand its business into the "O" gauge segment of the model trains market in which Williams' has established a name and the Company is relatively inactive.

Having regard to the nature of and the benefits resulting from the Acquisition, the Directors all believe that the terms of the sale and purchase of the Acquired Assets are fair and reasonable and in the interests of the Company and the shareholders of the Company taken as a whole. The Company acquires the Acquired Assets rather than Williams' so that liabilities, unknown or contingent, associated with the purchase of a company can be avoided.

Net unaudited profits attributable to the Acquired Assets for the two financial years ended 31st December, 2005 and 31st December, 2006 were:-

- (i) approximately US\$201,000 (both before and after taxation and extraordinary items) for the financial year ended 31st December, 2005; and
- (ii) approximately US\$574,000 (both before and after taxation and extraordinary items) for the financial year ended 31st December, 2006.

The profits were unaudited as the financial statements of Williams' are not required to be audited by the laws of the United States of America and were arrived at after charging higher-than-market rents and salaries paid to parties related to Williams'. If these expenses were charged at market rates, the profits would be higher.

Williams' is a Sub-Chapter S corporation for U.S. tax purposes. A Sub-Chapter S corporation pays no profits tax on its profits under U.S. tax laws. All of its profits are allocated to its shareholders and its shareholders will be taxed in accordance with U.S. tax laws.

As at 31st December, 2006, the book value of the Acquired Assets was zero as the costs, if any, related to the Acquired Assets were charged directly to the profit and loss account when these costs were incurred.

LISTING RULES IMPLICATIONS

The transaction contemplated in the Agreement constitutes a discloseable transaction for the Company, on the basis that the calculation of the consideration ratio and profits ratio is within the range of five per cent. and 25 per cent.

The Company will despatch a circular which contains, amongst other things, details of the terms of the Agreement to the shareholders of the Company as soon as practicable.

DIRECTORS

As at the date of this announcement, the Directors are:-

Executive directors:

Mr. Kenneth Ting Woo-shou, *SBS, JP (Managing Director)* and Mr. Ivan Ting Tien-li

Non-executive directors:

Dr. Dennis Ting Hok-shou, *OBE, JP (Chairman)* and Mr. Moses Cheng Mo-chi, *GBS, OBE, JP*

Independent non-executive directors:

Mr. Liu Chee-ming, Mr. Floyd Chan Tsoi-yin and Mr. Andrew Yao Cho-fai

DEFINITIONS

“Acquired Assets” all of the assets, properties and rights of any kind, whether tangible or intangible, real or personal of Williams' related to or constituting the Business

“Acquisition” acquisition of the Acquired Assets pursuant to the Agreement by Bachmann

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| “associates” | having the meaning ascribed to it under the Listing Rules |
| “Bachmann” | Bachmann Industries, Inc., a company incorporated in the United States of America with limited liability, and an indirect wholly-owned subsidiary of the Company |
| “Business” | the business carried on by Williams’, being the business of design, marketing and distribution of scale sized replica trains and related products |
| “Company” | Kader Holdings Company Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “connected person” | having the meaning ascribed to it under the Listing Rules |
| “Directors” | directors of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Agreement” | the conditional agreement for sale and purchase dated 16th October, 2007 entered into between Bachmann and Williams’, with respect to the sale and purchase of the Acquired Assets |
| “Shares” | shares of nominal value of HK\$0.10 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “US\$” | United States dollars, the lawful currency of the United States of America |
| “Williams” | Williams’ Reproduction, Limited, a company incorporated in the State of Maryland, United States of America |

In this announcement, unless otherwise stated, certain amounts denominated in US\$ have been converted (for information only) into HK\$ using an exchange rate of US\$1.00 to HK\$7.80.

On behalf of the Board
KADER HOLDINGS COMPANY LIMITED
Kenneth Ting Woo-shou
Managing Director

Hong Kong, 17th October, 2007