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KADER HOLDINGS COMPANY LIMITED

開達集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 180)

CONTINUING CONNECTED TRANSACTION FACILITY AGREEMENT

SUMMARY

On 22 January 2021 (after trading hours), Wise Huge (a direct wholly-owned subsidiary of the Company) as lender entered into the Facility Agreement with SCA as borrower, pursuant to which Wise Huge agreed to provide a revolving loan facility with a principal amount not exceeding HK\$17,000,000 to SCA for a term of no more than 36 months and the maximum daily outstanding balance (including principal and accrued interest) of the Loan during the term of the Facility Agreement shall not exceed HK\$19,040,000.

LISTING RULE IMPLICATIONS

As of the date of this announcement, SCA is directly owned as to 62% by PSC, which is indirectly owned as to 63.89% by Mr. Ivan Ting. SCA is an associate of Mr. Ivan Ting and accordingly a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Facility Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Annual Caps under the Facility Agreement exceed 0.1% but is less than 5%, the transactions contemplated under the Facility Agreement are only subject to the announcement, reporting and annual review requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

On 22 January 2021 (after trading hours), Wise Huge (a direct wholly-owned subsidiary of the Company) as lender entered into the Facility Agreement with SCA as borrower, pursuant to which Wise Huge agreed to provide a revolving loan facility with a principal amount not exceeding HK\$17,000,000 to SCA for a term of no more than 36 months and the maximum daily outstanding balance (including principal and accrued interest) of the Loan during the term of the Facility Agreement shall not exceed HK\$19,040,000.

THE FACILITY AGREEMENT

The principal terms of the Facility Agreement are set out below:

Date:	22 January 2021 (after trading hours)
Parties:	(i) Wise Huge, a direct wholly-owned subsidiary of the Company, as lender; and (ii) SCA, as borrower
Amount of principal and accrued interest of the Loan:	The Loan to be granted is a revolving loan facility with a principal amount not exceeding HK\$17,000,000, and the maximum daily outstanding balance (including principal and accrued interest) during the term of the Loan shall not exceed HK\$19,040,000.
Term of the Loan:	No more than 36 months from the date of the Facility Agreement
Purpose of the Loan:	The Borrower may apply the Loan for developing the resort operation business of SCA, maintaining liquidity of the business and general working capital purposes
Conditions precedent:	Wise Huge will only be obliged to make the Loan available if, on the date(s) of drawdown, (i) no event of default has occurred or is continuing or would result from the Loan; (ii) no litigation, arbitration or administrative proceedings is currently taking place or pending or threatened against SCA which may have a material adverse effect on SCA; (iii) the representations and warranties of SCA set out in the Facility Agreement are true in all material respects; and (iv) there has been no material adverse change which may affect the business or financial conditions of SCA.

Drawdown: Wise Huge shall advance part or whole of the Loan on the date(s) and in the amount(s) as requested by SCA from time to time within 36 months from the date of the Facility Agreement. There is no limit on the number of drawdown to SCA for advancing any part or whole of the Loan during the term of the Facility Agreement.

Interest rate: 12% per annum. Interest shall be calculated by reference to the actual number of days elapsed and on the basis of a 365-day year, inclusive of the date(s) of drawdown but exclusive of the repayment date or the actual day of repayment of the Loan (as the case may be).

Interest shall be payable in arrears quarterly on 31 March, 30 June, 30 September and 31 December of each year.

Repayment date: A date falling 36 months from the date of this Agreement unless otherwise mutually agreed in writing between Wise Huge and SCA.

Voluntary repayment: Upon expiration of the first six-month period from the date of the Facility Agreement, SCA shall, with at least seven Business Days' prior written notice to Wise Huge, be entitled to make early and full repayment of the Loan, interest and all other amounts from time to time payable by SCA under the Facility Agreement together with late interest (if any) accrued thereon.

Security: The Loan is unsecured.

INFORMATION ON THE COMPANY, THE GROUP AND THE PARTIES

The Company and the Group

The Company is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The principal activities of the Group are manufacturing and trading of plastic, electronic and stuffed toys and model trains, property investment, and investment holding.

Wise Huge

Wise Huge is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

SCA

SCA is a company incorporated in Delaware, the United States with limited liability. It is principally engaged in resort operation, and the sale and management of condominium apartments.

PROPOSED ANNUAL CAPS

Pursuant to the Facility Agreement, the maximum daily outstanding balance (including principal amount and accrued interest) owed by SCA to Wise Huge under the Facility Agreement shall not exceed HK\$19,040,000 on any day throughout the term of the Loan, which constitutes the proposed Annual Caps.

The Annual Caps for the respective financial years are set out below:

	For the period from 22 January 2021 to 31 December 2021 <i>HK\$'000</i>	For the year ended 31 December 2022 <i>HK\$'000</i>	For the year ended 31 December 2023 <i>HK\$'000</i>	For the period from 1 January 2024 to 21 January 2024 <i>HK\$'000</i>
Maximum principal amount outstanding on any day during the term of the Loan	17,000	17,000	17,000	17,000
Maximum accrued interest amount	<u>1,923</u>	<u>2,040</u>	<u>2,040</u>	<u>118</u>
Proposed Annual Caps	<u><u>18,923</u></u>	<u><u>19,040</u></u>	<u><u>19,040</u></u>	<u><u>17,118</u></u>

Note: All figures in the above table are rounded up to the nearest HK\$'000.

In determining the Annual Caps, the Company has taken into account (i) the maximum principal amount of the Loan of HK\$17,000,000 that may be outstanding on any day during the term of the Loan, which is determined with reference to the funding need of SCA for developing its resort operation business and maintaining liquidity of the business; and (ii) the maximum amount of accrued interest payable under the Facility Agreement based on the said maximum principal amount and the annual interest rate stipulated thereunder, with the assumption that the maximum principal amount of the Loan is drawn down and the accrued interest is paid annually at the respective financial year ends.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACILITY AGREEMENT

As at the date of this announcement, the Company and Mr. Ivan Ting are members holding approximately 37.39% and 39.61% interest in SCA respectively. Therefore, SCA is regarded as a commonly held entity under Rule 14A.27 of the Listing Rules. Considering the adverse market conditions caused by the unprecedented COVID-19 pandemic and to maintain a sufficient level of

liquidity and financial flexibility for the day-to-day business operations of SCA, SCA would need additional cash flow as obtained under the Loan. Therefore, after arm's length negotiations between SCA and the Company, the Company agrees, through Wise Huge, to enter into the Facility Agreement and provide financial assistance to SCA to support its business development.

The terms of the Facility Agreement were arrived at after arm's length negotiations between Wise Huge and SCA having taken into account the current market norm including the prevailing market interest rates and practices. Furthermore, entering into the Facility Agreement will not affect the working capital or daily operation of the Group.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that (i) the Facility Agreement is entered into on an arm's length basis and in the ordinary and usual course of business of the Group; (ii) the terms of the Facility Agreement are fair and reasonable, on normal commercial terms or better, and are in the interest of the Group and the Shareholders as a whole; and (iii) the Annual Caps in respect of the continuing connected transactions contemplated under the Facility Agreement are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As of the date of this announcement, SCA is directly owned as to 62% by PSC, which is indirectly owned as to 63.89% by Mr. Ivan Ting. SCA is an associate of Mr. Ivan Ting and accordingly a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Facility Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Annual Caps under the Facility Agreement exceed 0.1% but is less than 5%, the transactions contemplated under the Facility Agreement are only subject to the announcement, reporting and annual review requirements, but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Due to Mr. Ivan Ting's interest in the Facility Agreement, each of Mr. Ivan Ting and his associates, including Mr. Kenneth Ting (the father of Mr. Ivan Ting) and Mrs. Nancy Ting (the mother of Mr. Ivan Ting), are considered to have material interest in the Facility Agreement and the transactions contemplated thereunder and have therefore abstained from voting on the relevant Board resolution(s) approving the same. Save as the aforesaid, to the best knowledge of the Company and having made all reasonable enquiries, no other Directors have any material interest in the Facility Agreement and were required to abstain from voting on the relevant Board resolution(s) approving the same.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Annual Caps”	the maximum daily outstanding balance (including the principal amount and accrued interest) owed by SCA to Wise Huge under the Facility Agreement, which shall not exceed HK\$19,040,000 on any day during the term of the Loan
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong
“Company”	Kader Holdings Company Limited (開達集團有限公司), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 180)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Facility Agreement”	the facility agreement dated 22 January 2021 entered into between Wise Huge and SCA, pursuant to which Wise Huge agreed to provide the Loan to SCA
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Loan”	a revolving loan facility with a principal amount not exceeding HK\$17,000,000 to be granted pursuant to the Facility Agreement, subject to a maximum daily outstanding balance (including the principal and accrued interest) of HK\$19,040,000

“Mr. Ivan Ting”	Mr. Ivan Ting Tien-li, an executive Director
“Mr. Kenneth Ting”	Mr. Kenneth Ting Woo-shou, SBS, JP, chairman and managing director of the Board
“Mrs. Nancy Ting”	Mrs. Nancy Ting Wang Wan-sun, an executive Director
“PSC”	Pacific Squaw Creek, Inc, a corporation incorporated in California, the United States
“SCA”	Squaw Creek Associates, LLC, a company incorporated in Delaware, the United States with limited liability
“Share(s)”	the share(s) of the Company in the nominal value of HK\$0.10 each
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wise Huge”	Wise Huge Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 22 January 2021

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