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KADER HOLDINGS COMPANY LIMITED
開達集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 180)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors of Kader Holdings Company Limited (the “Company”) announces that the results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 December 2021 together with comparative figures for the year 2020 are summarised as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	397,330	372,293
Other revenue and other net (loss)/income	4	11,140	29,133
Changes in inventories of finished goods and work in progress		11,957	(32,843)
Cost of purchase of finished goods		(58,358)	(36,243)
Raw materials and consumables used		(20,210)	(28,039)
Staff costs	5(b)	(165,831)	(158,256)
Depreciation	5(d)	(37,952)	(33,618)
Other operating expenses	5(c)	(115,275)	(123,694)
Profit/(loss) from operations		22,801	(11,267)
Finance costs	5(a)	(7,084)	(9,865)
Share of profits less losses of associates		(1,202)	(41,851)
Impairment loss of loans to an associate		(4,640)	(4,169)
Surplus/(deficit) on revaluation of investment properties		44,188	(43,059)
Profit/(loss) before taxation	5	54,063	(110,211)
Income tax (expense)/credit	6	(7,135)	715
Profit/(loss) for the year		46,928	(109,496)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)**For the year ended 31 December 2021*

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
Attributable to:			
Equity shareholders of the Company		45,942	(110,366)
Non-controlling interests		986	870
		<hr/>	<hr/>
Profit/(loss) for the year		46,928	(109,496)
		<hr/>	<hr/>
Earnings/(loss) per share			
Basic	7(a)	4.83¢	(11.61)¢
Diluted	7(b)	4.83¢	(11.61)¢
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year		46,928	(109,496)
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of HK\$Nil tax		(2,339)	(1,018)
Surplus on revaluation of land and buildings held for own use upon change of use to investment properties, net of HK\$Nil tax		<u>19,388</u>	<u>–</u>
Total comprehensive income for the year		<u>63,977</u>	<u>(110,514)</u>
Attributable to:			
Equity shareholders of the Company		62,853	(111,610)
Non-controlling interests		<u>1,124</u>	<u>1,096</u>
Total comprehensive income for the year		<u>63,977</u>	<u>(110,514)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Investment properties		2,059,744	1,985,510
Other property, plant and equipment		<u>230,106</u>	<u>211,412</u>
		2,289,850	2,196,922
Intangible assets		385	419
Interest in associates		65,044	55,372
Other financial assets		45,545	41,499
Deposits and prepayments		22,447	8,855
Deferred tax assets		<u>8,039</u>	<u>6,272</u>
		<u>2,431,310</u>	<u>2,309,339</u>
Current assets			
Other financial assets		–	5,000
Trading securities		13,224	14,047
Inventories	8	221,269	202,633
Current tax recoverable		358	208
Loans to an associate		41,306	39,699
Trade and other receivables	9	103,739	110,712
Cash and cash equivalents		<u>88,050</u>	<u>88,964</u>
		<u>467,946</u>	<u>461,263</u>
Current liabilities			
Trade and other payables and contract liabilities	10	140,913	126,969
Bank loans		361,722	324,351
Lease liabilities		8,748	9,229
Current tax payable		<u>39,538</u>	<u>35,697</u>
		<u>550,921</u>	<u>496,246</u>
Net current liabilities		<u>(82,975)</u>	<u>(34,983)</u>
Total assets less current liabilities carried forward		<u>2,348,335</u>	<u>2,274,356</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**At 31 December 2021*

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Total assets less current liabilities brought forward		<u>2,348,335</u>	<u>2,274,356</u>
Non-current liabilities			
Bank loans		14,068	–
Lease liabilities		35,710	45,093
Rental deposits		3,623	3,623
Deferred tax liabilities		25,402	20,067
Accrued employee benefits		<u>–</u>	<u>18</u>
		<u>78,803</u>	<u>68,801</u>
NET ASSETS		<u>2,269,532</u>	<u>2,205,555</u>
CAPITAL AND RESERVES	<i>11</i>		
Share capital		95,059	95,059
Reserves		<u>2,169,527</u>	<u>2,106,674</u>
Total equity attributable to equity shareholders of the Company		2,264,586	2,201,733
Non-controlling interests		<u>4,946</u>	<u>3,822</u>
TOTAL EQUITY		<u>2,269,532</u>	<u>2,205,555</u>

Notes:

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

This announcement does not comprise the consolidated financial statements for the year ended 31 December 2021 but the information herein has been extracted from the draft consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and the Group's interest in associates.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Group recorded net current liabilities of HK\$82,975,000 (2020: HK\$34,983,000). Despite the net current liabilities as at 31 December 2021, the Group's cash and cash equivalents amounted to HK\$88,050,000 (2020: HK\$88,964,000) on the same day and the Group recorded net cash generated from operating activities of HK\$55,736,000 (2020: HK\$97,869,000) during the year ended 31 December 2021. Furthermore, based on the cash flow projection prepared by management which covers a period of not less than twelve months from 31 December 2021, and the unutilised banking facilities of HK\$414,949,000, the directors are of the opinion that anticipated cash flows generated from the Group's operations can strengthen the Group's financial position and enable the Group to have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2021. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investment properties and debt and equity instruments are stated at their fair values.

The financial figures in this announcement of the Group's results for the year ended 31 December 2021 have been compared by the Group's auditor, KPMG, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with *Hong Kong Standards on Auditing*, *Hong Kong Standards on Review Engagements* or *Hong Kong Standards on Assurance Engagements* issued by the HKICPA, and consequently no assurance has been expressed by KPMG on this announcement.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2
- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Toys and model trains: The manufacture and sale of plastic, electronic and stuffed toys and model trains. These products are manufactured in the Group's manufacturing facilities located in Mainland China.

Property investment: The leasing of office premises and industrial building to generate rental income and to gain from the appreciation in the properties' value in the long term.

Investment holding: The investment in securities.

(a) Disaggregation of revenue

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods	346,630	327,982
Revenue from other sources		
– Gross rentals from investment properties that the lease payments are fixed	<u>50,700</u>	<u>44,311</u>
	<u>397,330</u>	<u>372,293</u>

Revenue from the sales of goods is recognised at the point in time when control of the goods is transferred to the customers.

The Group's customer base is diversified and includes one (2020: one) customer with whom transactions have exceeded 10% of the Group's revenue. In 2021, revenue from sales of toys and model trains to this customer (2020: one), including sales to entities which are known to the Group to be under common control of this customer, amounted to approximately HK\$45,765,000 (2020: HK\$56,748,000) and arose in the North America (2020: North America) geographical region in which the toys and model trains division is active.

3. REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of intangible assets, interest in associates, deferred tax assets, current tax recoverable, cash and cash equivalents, loans to an associate and other corporate assets. Segment liabilities include all liabilities with the exception of amount due to an associate, current tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

	Toys and model trains		Property investment		Investment holding		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue from external customers	346,630	327,982	50,700	44,311	-	-	397,330	372,293
Inter-segment revenue	-	-	1,525	1,858	-	-	1,525	1,858
Reportable segment revenue	346,630	327,982	52,225	46,169	-	-	398,855	374,151
Reportable segment profit/(loss) (adjusted EBITDA)	13,674	(38,036)	41,462	34,912	(5,489)	(3,624)	49,647	(6,748)
Interest income	70	86	-	-	3,079	2,964	3,149	3,050
Interest expenses	(7,084)	(9,865)	-	-	-	-	(7,084)	(9,865)
Depreciation and amortisation for the year	(37,775)	(33,454)	-	-	(211)	(198)	(37,986)	(33,652)
Reportable segment assets	546,774	523,299	2,098,735	2,002,121	443,374	385,486	3,088,883	2,910,906
Additions to non-current segment assets during the year	25,428	36,821	44,442	23,078	6,245	15,567	76,115	75,466
Reportable segment liabilities	861,500	758,777	53,498	43,661	5,499	4,797	920,497	807,235

3. REVENUE AND SEGMENT REPORTING (Continued)

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	398,855	374,151
Elimination of inter-segment revenue	<u>(1,525)</u>	<u>(1,858)</u>
Consolidated revenue	<u><u>397,330</u></u>	<u><u>372,293</u></u>
Profit or loss		
Reportable segment profit/(loss)	49,647	(6,748)
Elimination of inter-segment profit	<u>–</u>	<u>–</u>
Reportable segment profit/(loss) derived from the Group's external customers	49,647	(6,748)
Other revenue and other net (loss)/income	11,140	29,133
Depreciation and amortisation	(37,986)	(33,652)
Finance costs	(7,084)	(9,865)
Share of profits less losses of associates	(1,202)	(41,851)
Impairment loss of loans to associates	(4,640)	(4,169)
Surplus/(deficit) on revaluation of investment properties	<u>44,188</u>	<u>(43,059)</u>
Consolidated profit/(loss) before taxation	<u><u>54,063</u></u>	<u><u>(110,211)</u></u>
Assets		
Reportable segment assets	3,088,883	2,910,906
Elimination of inter-segment receivables	<u>(392,809)</u>	<u>(331,238)</u>
	2,696,074	2,579,668
Intangible assets	385	419
Interest in associates	65,044	55,372
Loans to an associate	41,306	39,699
Current tax recoverable	358	208
Deferred tax assets	8,039	6,272
Cash and cash equivalents	<u>88,050</u>	<u>88,964</u>
Consolidated total assets	<u><u>2,899,256</u></u>	<u><u>2,770,602</u></u>

3. REVENUE AND SEGMENT REPORTING (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Liabilities		
Reportable segment liabilities	920,497	807,235
Elimination of inter-segment payables	<u>(392,808)</u>	<u>(331,238)</u>
	527,689	475,997
Amount due to an associate	37,095	33,286
Current tax payable	39,538	35,697
Deferred tax liabilities	<u>25,402</u>	<u>20,067</u>
Consolidated total liabilities	<u><u>629,724</u></u>	<u><u>565,047</u></u>

(d) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, non-current deposits and prepayments and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and the location of operations, in the case of interest in associates.

	Revenue from external customers		Specified non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong (place of domicile)	<u>52,558</u>	44,665	<u>2,129,840</u>	2,045,454
Mainland China	5,009	1,810	62,214	72,355
North America	171,646	197,296	106,399	98,049
Europe	168,052	128,153	54,260	31,916
Others	<u>65</u>	<u>369</u>	<u>25,013</u>	<u>13,794</u>
	<u><u>344,772</u></u>	<u><u>327,628</u></u>	<u><u>247,886</u></u>	<u><u>216,114</u></u>
	<u><u>397,330</u></u>	<u><u>372,293</u></u>	<u><u>2,377,726</u></u>	<u><u>2,261,568</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other revenue		
Interest income from loans to an associate	2,789	2,609
Other interest income	360	441
Air conditioning, management and maintenance service charges from tenants	5,590	5,290
Gain on lease modifications	402	255
Loan forgiveness (<i>note (i)</i>)	4,735	–
Government grants (<i>note (ii)</i>)	–	5,696
Material charges	722	817
Sundry income	3,799	3,366
	<u>18,397</u>	<u>18,474</u>
Other net (loss)/income		
Net (loss)/gain on disposal of other property, plant and equipment	(694)	38
Net exchange (loss)/gain	(1,635)	6,187
Net realised and unrealised (loss)/gain on trading securities	(4,014)	3,597
Net realised and unrealised (loss)/gain on other financial assets	(914)	837
	<u>(7,257)</u>	<u>10,659</u>
	<u><u>11,140</u></u>	<u><u>29,133</u></u>

- (i) In 2020, the Group received loan proceeds of HK\$4,735,000 under the Paycheck Protection Program (“PPP”) set up by the United States Government, which was established as part of the Coronavirus Aid, Relief and Economic Security Act to provide loans to qualifying businesses. The PPP loan was forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. In 2021, the PPP loan amounts were fully forgiven.
- (ii) In 2020, the Group successfully applied for funding support both from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region (“the HKSAR”) and the Coronavirus Job Retention Scheme, set up by the United Kingdom Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. No funding support was granted in 2021.

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loans and other borrowings	5,115	7,605
Interest on lease liabilities	<u>1,969</u>	<u>2,260</u>
	<u>7,084</u>	<u>9,865</u>
(b) Staff costs		
Salaries, wages and other benefits	149,420	144,851
Employer's contributions to defined contribution retirement plans	<u>16,411</u>	<u>13,405</u>
	<u>165,831</u>	<u>158,256</u>
(c) Other operating expenses		
Other operating expenses for the year included:		
Amortisation of intangible assets	34	34
Addition of impairment losses of		
– other property, plant and equipment	–	19,137
– trade receivables	231	77
– other receivables	–	394
Auditors' remuneration		
– audit services	5,045	4,830
– tax services	180	45
Advertising and promotion	7,559	7,832
Building management and security service fee	4,472	4,060
Entertainment	2,683	2,026
Fuel, electricity and water	9,577	9,023
Government rent and rates	2,010	2,396
Insurance	4,182	3,986
Legal and professional fee	5,375	5,521
Office supplies	1,334	941
Operating lease charges	39	778
Postage, telephone and fax	2,370	2,263
Product testing fee	740	997
Repair and maintenance	5,711	11,129
Research and development	1,007	964
Royalties, commission and sales service fee	9,704	9,688
Subcontracting fee	28,009	17,033
Subscription fee	1,011	–
Tools and consumables	1,918	1,678
Transportation and travelling	<u>12,069</u>	<u>9,492</u>

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

	2021 HK\$'000	2020 HK\$'000
(d) Other items		
Depreciation		
– owned assets	26,573	22,163
– right-of-use assets	11,379	11,455
Cost of inventories	205,999	223,595
Rental receivable from investment properties less direct outgoings of HK\$5,450,000 (2020: HK\$5,316,000)	<u>(45,250)</u>	<u>(38,995)</u>

Cost of inventories includes HK\$81,936,000 (2020: HK\$81,827,000) relating to staff costs, depreciation charges, impairment loss in respect of other property, plant and equipment and lease expenses, which amount is also included in the respective total amounts disclosed separately above and in the consolidated statement of profit or loss for each of these types of expenses.

6. **INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(a) **Taxation in the consolidated statement of profit or loss represents:**

	2021 HK\$'000	2020 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	2,035	42
Under/(over)-provision in respect of prior years	<u>15</u>	<u>(20)</u>
	----- 2,050	----- 22
Current tax – Outside Hong Kong		
Provision for the year	1,289	145
Under/(over)-provision in respect of prior years	<u>118</u>	<u>(19)</u>
	----- 1,407	----- 126
Deferred tax		
Origination and reversal of temporary differences	<u>3,678</u>	<u>(863)</u>
	<u>7,135</u>	<u>(715)</u>

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year.

The Corporate Income Tax (“CIT”) rate applicable to subsidiaries registered in the People’s Republic of China (“PRC”) is 25% (2020: 25%).

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(a) Taxation in the consolidated statement of profit or loss represents: (Continued)

The Corporation tax rates applicable to the Group's operations in the United Kingdom (the "UK") and the United States ("the US") are 19% (2020: 19%) and 21% (2020: 21%) respectively.

Taxation for other subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

(b) Reconciliation between tax expense/(credit) and accounting profit/(loss) at applicable tax rates:

	2021 HK\$'000	2020 HK\$'000
Profit/(loss) before taxation	<u>54,063</u>	<u>(110,211)</u>
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	8,221	(6,122)
Tax effect of non-deductible expenses	7,985	13,921
Tax effect of non-taxable income	(9,932)	(9,850)
Tax effect of previously unrecognised tax losses utilised	(1,111)	(423)
Tax effect of unused tax losses not recognised	566	1,638
Tax effect of other temporary difference not recognised	311	63
Under-provision/(over-provision) in prior years	133	(39)
Others	<u>962</u>	<u>97</u>
Actual tax expense/(credit)	<u>7,135</u>	<u>(715)</u>

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of HK\$45,942,000 (2020: loss of HK\$110,366,000) and the weighted average of 950,588,000 ordinary shares (2020: 950,588,000 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

The Company did not have dilutive potential ordinary shares outstanding during both 2021 and 2020. Accordingly, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share for both 2021 and 2020.

8. INVENTORIES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Carrying amount of inventories sold	206,309	220,724
Write down of inventories	1,818	2,895
Reversal of write-down of inventories	<u>(2,128)</u>	<u>(24)</u>
	<u><u>205,999</u></u>	<u><u>223,595</u></u>

The reversal of write-down of inventories made in the prior year arose upon subsequent sale of these inventories.

9. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	24,727	31,431
1 to 3 months	34,594	41,484
3 to 12 months	17,093	15,593
Over 12 months	<u>1,738</u>	<u>711</u>
	<u><u>78,152</u></u>	<u><u>89,219</u></u>

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

All of the trade and other payables, except for the amounts due to related companies and an associate, are expected to be settled or recognised as income within one year or are repayable on demand.

Amounts due to related companies and an associate are unsecured, interest-free and repayable on demand. The related companies have common directors and shareholders with the Company.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	10,053	7,599
Over 1 month but within 3 months	8,617	7,554
Over 3 months but within 6 months	3,661	1,697
Over 6 months	—	1,535
	<u>22,331</u>	<u>18,385</u>

11. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: HK\$Nil).

(b) Issued share capital

	2021		2020	
	Number of shares '000	<i>HK\$'000</i>	Number of shares '000	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.10 each	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>
Ordinary shares, issued and fully paid:				
At the beginning and the end of the year	<u>950,588</u>	<u>95,059</u>	<u>950,588</u>	<u>95,059</u>

(c) Share premium

The application of the share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

BUSINESS REVIEW

The continuous outbreak and spreading of the COVID-19, the United States and China tension, and the global unfavourable economic environment have notable effects on the Group's performance for 2021. The Group believes that it will take some time for the economy to recover. To cope with the unfavourable conditions, the Group will diversify its businesses, implement various measures to increase efficiency and strengthen the cost control measures.

Toys and Model Trains

For the financial year ended 31 December 2021, the revenue was approximately HK\$346.63 million, representing an increase of approximately 5.69% as compared to last year.

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

Property Investment

For the financial year ended 31 December 2021, the Group's rental income amounted to approximately HK\$50.70 million, representing an increase of approximately 14.42% over the previous year. In addition, the Group recorded valuation gain of approximately HK\$44.19 million on its investment properties for the year, as compared to last year's valuation loss of approximately HK\$43.06 million.

During the year under review, the occupancy rate of its investment properties is approximately 75% (2020: approximately 67%).

RISKS AND UNCERTAINTIES

The Group's financial position and results of operations may be affected by a number of risks and uncertainties pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group:

Business Risk

Performance of the Group's core business will be affected by various factors, including but not limited to economic conditions which would not be completely mitigated even with strict operational procedures.

Interest Rate Risk

The Group's interest rate risk arises primarily from bank borrowings. The Group analyses its interest rate exposure on a dynamic basis and manages this risk in a cost-effective manner.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding. In managing the liquidity risk, the Group monitors the cash flows and will negotiate with banks for banking facilities, if necessary.

Customer Risk

The sales to one of the Group's customers represented approximately 13% of the Group's sales in 2021. The Group has endeavored to diversify its customer base and provided quality products and services to the customers to maintain good relationship with them so as to mitigate the customer risk.

Foreign Exchange Rate Risk

Major assets, liabilities and transactions of the Group are denominated in Hong Kong dollars, United States dollars, Sterling Pounds ("GBP"), Renminbi Yuan ("RMB"), Japanese Yen ("JPY"), Euro ("EUR") and Australian dollar ("AUD"). As such, the Group faces a certain degree of exchange rate risk mainly arising from GBP, RMB, JPY, EUR and AUD denominated transactions for which the exchange rate volatility is relatively high.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has established the Environmental, Health and Safety Management System and an Environmental, Social and Governance ("ESG") risk management system to integrate sustainable practices into its business operation. The ESG Committee coordinates the identification and management of the Group's ESG-related risks, as well as its overall environmental performance of its production facilities. The ESG Working Committee has been set up to implement the Group's ESG strategy and policies. We strive to minimise our environmental impacts by addressing climate-related risks, managing the consumption of natural resources and setting up goals in reducing greenhouse gas emissions, energy consumption, waste generation and water usage.

During the period from 1 January 2021 to 31 December 2021, the Group was not aware of any material non-compliance with the applicable environmental laws and regulations that have a significant impact on the Group.

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has been maintaining long-term trusting relationships with its employees, customers and suppliers:

Employees:

The Group believes that employees are the driving force behind our business success. We are committed to creating a supportive and innovative workplace for employees as well as cultivating a corporate culture with mutual trust and encouragement. We place a strong focus on improving employment management, safeguarding employees' health and safety, and ensuring they can fully leverage their strengths and potentials. We respect the unique perspective and experience of each employee. We are determined to provide equal employment and training opportunities to suitable candidates and all staff.

Customers:

The Group strives to maximise customer loyalty through quality products and on-time delivery. Quality Management system has been developed to systemise and standardise the product quality control process. The Group firmly believes that customer satisfaction plays a vital role within our business as well as acting as a key differentiator that enables us to thrive. All customers are welcomed to express their opinions and suggestions on our products and/or services through different channels.

Suppliers:

We understand that it is essential for our supply chain to align with our corporate social responsibility ("CSR") commitments and thus we select our suppliers carefully. All potential suppliers are requested to process evaluating purposes, including filling in the quality survey, providing compliance proof and submitting testing reports or reference sample. Supplier performance appraisal is also conducted regularly to assess their performance. In addition to quality consideration, we also take into account various ESG-related areas, including anti-corruption, occupational health and safety, product safety, labour standards and environmental protection.

For more details, please refer to the "Environmental, Social and Governance Report" section in the annual report.

FINANCIAL REVIEW

RESULTS

The Board announces that the Group's revenue for the financial year ended 31 December 2021 amounted to approximately HK\$397.33 million, representing an increase of approximately 6.73% over that reported last year and the profit from operations for 2021 amounted to approximately HK\$22.80 million as compared to last year's loss from operations of approximately HK\$11.27 million. The Group's profit attributable to equity shareholders for the financial year ended 31 December 2021 was approximately HK\$45.94 million, which included surplus on revaluation of investment properties amounting to approximately HK\$44.19 million, as compared to last year's loss attributable to equity shareholders of approximately HK\$110.37 million which included deficit on revaluation of investment properties of approximately HK\$43.06 million.

Liquidity and Financial Resources

As at 31 December 2021, the Group's net asset value per share was approximately HK\$2.39 (2020: approximately HK\$2.32). The Group had net current liabilities of approximately HK\$82.98 million (2020: approximately HK\$34.98 million). Total bank borrowings were approximately HK\$375.79 million (2020: approximately HK\$324.35 million) while the secured total banking facilities were approximately HK\$790.74 million (2020: approximately HK\$743.01 million). Included in total bank borrowings were revolving loans of approximately HK\$348.00 million (2020: approximately HK\$294.00 million) which are intended to be rolled over upon maturity. The Group's financial gearing, based on the total bank borrowings compared to the total equity, was approximately 16.56% (2020: approximately 14.71%). The majority of borrowings are on floating interest rate terms. The Group will negotiate with banks for banking facilities for working capital needs, if necessary.

Capital Structure

During the year, there were no changes in the Company's share capital.

Charges on Group Assets

As at 31 December 2021, investment properties and certain leasehold land and buildings of the Group with a net book value of approximately HK\$1,967.57 million (2020: approximately HK\$1,886.83 million) were mortgaged to various banks to secure the banking facilities granted to the Group.

Material Acquisitions and Disposals

There were no material acquisitions and disposals during the year ended 31 December 2021.

Contingent Liabilities

As at 31 December 2021, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 955 (2020: 1,012) full time management, administrative and production staff in the HKSAR, Mainland China, the United States and Europe. The Group has seasonal fluctuations in the number of workers employed in its production plants while the number of management and administrative staff remains stable. The staff costs for the year ended 31 December 2021 amounted to approximately HK\$165.83 million (2020: approximately HK\$158.26 million). The Group remunerates its employees based on their performance, experience and prevailing industry practices. In the area of staff training, the Group encourages staff to participate in courses on technical skills improvement and personal development.

PROSPECTS

For the financial year ended 31 December 2021, there was a turnaround from the loss to profit. The economic outlook for the year ahead will continue to be challenging by keen competition, the outbreak and spreading of the COVID-19 and the United States and China tension. Faced with the challenging economy, the Group will diversify its businesses, explore sales opportunities, raise production efficiency and strengthen the cost control measures in order to sustain its businesses. In addition, the Group has obtained the approval from the Government of the HKSAR for revitalization of Kader Building. The whole processes are expected to be completed by the end of 2022. The revitalization of Kader Building will enhance the Group's source of revenue and profitability.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: HK\$Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the forthcoming annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 27 May 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Board sets its corporate governance procedure and duties pursuant to the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and it accordingly reviews and monitors the training and continuous development in profession of directors and senior management and its policies and practices in compliance with relevant laws and regulatory requirements. The Company has adopted and applied a corporate governance policy. During the reporting year, the Group has complied with all code provisions set out in the CG Code, except for the deviation from CG Code A.2.1 as described below:

Under CG Code A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kenneth Ting Woo-shou has the combined role of Chairman and Managing Director. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group as non-executive director and independent non-executive directors ("INEDs") form the majority of the Board, with five out of nine of the directors of the Company being non-executive director and INEDs. The Board believes the appointment of Mr. Kenneth Ting Woo-shou to the posts of Chairman and Managing Director is beneficial to the Group as he has considerable industry experience.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Company's directors and relevant employees who are or may be in possession of unpublished inside information. Based on specific enquiries made, all directors have confirmed that they have complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the key accounting policies and discussed auditing, internal controls and financial reporting matters, including a review of the annual results for the year ended 31 December 2021.

By order of the Board
Kenneth Ting Woo-shou
Chairman

Hong Kong, 30 March 2022

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