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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The Board of Directors (the “Board”) of Kader Holdings Company Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) and the Group’s interests in associates for the six months ended 30 June 2024, together with comparative figures for the corresponding period in 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 – unaudited

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$’000	HK\$’000
Revenue	4 & 5	142,960	152,986
Other revenue and other net income		6,520	14,632
Changes in inventories of finished goods and work in progress		20,190	37,047
Cost of purchase of finished goods		(10,819)	(34,610)
Raw materials and consumables used		(23,456)	(7,509)
Staff costs		(76,901)	(85,208)
Depreciation		(20,955)	(19,888)
Other operating expenses		(52,077)	(53,850)
(Loss)/profit from operations		(14,538)	3,600
Finance costs	6(a)	(19,792)	(14,237)
Share of profits less losses of associates		(8,969)	(6,120)
Impairment loss of loans to an associate		–	(2,056)
(Deficit)/surplus on revaluation of investment properties	9(d)	(31,783)	16,271
Loss before taxation	6	(75,082)	(2,542)
Income tax (expense)/credit	7	(595)	830
Loss for the period		(75,677)	(1,712)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)**For the six months ended 30 June 2024 – unaudited*

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Attributable to:			
Equity shareholders of the Company		(75,845)	(2,582)
Non-controlling interests		<u>168</u>	<u>870</u>
Loss for the period		<u>(75,677)</u>	<u>(1,712)</u>
Loss per share			
Basic	8	<u>(7.98¢)</u>	<u>(0.27¢)</u>
Diluted		<u>(7.98¢)</u>	<u>(0.27¢)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Loss for the period	(75,677)	(1,712)
Other comprehensive income for the period: (after tax and reclassification adjustments)		
Item 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	<u>(749)</u>	<u>7,253</u>
Total comprehensive income for the period	<u>(76,426)</u>	<u>5,541</u>
Attributable to:		
Equity shareholders of the Company	(76,440)	4,866
Non-controlling interests	<u>14</u>	<u>675</u>
Total comprehensive income for the period	<u>(76,426)</u>	<u>5,541</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 – unaudited

		At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Investment properties	9	1,992,674	2,023,641
Other property, plant and equipment	9	<u>223,605</u>	<u>237,134</u>
		2,216,279	2,260,775
Intangible assets		301	318
Interest in associates		60,236	61,342
Other financial assets		64,212	59,320
Deposits and prepayments		66,518	62,435
Deferred tax assets		<u>18,491</u>	<u>18,834</u>
		<u>2,426,037</u>	<u>2,463,024</u>
Current assets			
Trading securities		12,068	10,076
Inventories	10	293,904	285,136
Current tax recoverable		224	310
Loans to an associate		57,621	51,518
Trade and other receivables	11	75,535	105,882
Cash and cash equivalents		<u>42,176</u>	<u>80,126</u>
		<u>481,528</u>	<u>533,048</u>
Current liabilities			
Trade and other payables and contract liabilities	12	139,968	142,437
Bank loans		615,387	646,707
Lease liabilities		7,844	7,662
Current tax payable		<u>22,935</u>	<u>23,475</u>
		<u>786,134</u>	<u>820,281</u>
Net current liabilities		<u>(304,606)</u>	<u>(287,233)</u>
Total assets less current liabilities carried forward		<u>2,121,431</u>	<u>2,175,791</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 30 June 2024 – unaudited*

	At 30 June 2024 <i>Note</i> HK\$'000	At 31 December 2023 HK\$'000
Total assets less current liabilities brought forward	2,121,431	2,175,791
Non-current liabilities		
Bank loans	38,004	12,307
Lease liabilities	14,624	18,018
Deferred tax liabilities	30,326	30,499
Accrued employee benefits	83	147
	83,037	60,971
NET ASSETS	2,038,394	2,114,820
CAPITAL AND RESERVES		
Share capital	<i>13(b)</i> 95,059	95,059
Reserves	1,936,439	2,012,879
Total equity attributable to equity shareholders of the Company	2,031,498	2,107,938
Non-controlling interests	6,896	6,882
TOTAL EQUITY	2,038,394	2,114,820

NOTES

1. INDEPENDENT REVIEW

The interim financial results for the six months ended 30 June 2024 are unaudited, but have been reviewed by the Audit Committee.

2. BASIS OF PREPARATION

The interim financial results for the six months ended 30 June 2024 comprise the Group and the Group's interests in associates.

The interim financial results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2024 but are extracted from the report. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report was approved by the Board of Directors and authorised for issue on 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the interim financial results in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

As at 30 June 2024, the Group recorded net current liabilities of HK\$304,606,000 (31 December 2023: HK\$287,233,000). Despite the net current liabilities as at 30 June 2024, the Group's cash and cash equivalents amounted to HK\$42,176,000 (31 December 2023: HK\$80,126,000) on the same day. Furthermore, based on unutilised banking facilities of HK\$177,686,000 (31 December 2023: HK\$140,706,000), the directors are of the opinion that the Group would have adequate funds to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2024. Accordingly, the Group's interim financial report has been prepared on a going concern basis.

This interim financial results contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. CHANGES IN ACCOUNTING POLICIES

(a) New and amended HKFRSs

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. 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 identified 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.

NOTES (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of goods	116,734	127,456
Revenue from other sources		
– Gross rentals from investment properties	26,226	25,530
	<u>142,960</u>	<u>152,986</u>

The Group's customer base is diversified and there is one (2023: no) customer with whom transactions have exceeded 10% of the Group's revenue. In 2024, revenue from sales of toys and model trains to this customer, amounted to approximately HK\$15,600,000 and arose in the North America geographical region in which the toys and model train division is active.

(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.

NOTES (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

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

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.

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 period is set out below:

	Toys and model trains		Property investment		Investment holding		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
For the six months ended 30 June	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	116,734	127,456	26,226	25,530	-	-	142,960	152,986
Inter-segment revenue	-	-	2,318	1,818	-	-	2,318	1,818
Reportable segment revenue	116,734	127,456	28,544	27,348	-	-	145,278	154,804
Reportable segment (loss)/ profit (adjusted EBITDA)	(11,238)	(5,762)	14,319	17,688	(3,167)	(3,053)	(86)	8,873
Additions to non-current segment assets during the period	11,885	11,258	4,761	45,131	-	1,521	16,646	57,910
	Toys and model trains		Property investment		Investment holding		Total	
	At	At	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	553,883	586,857	2,115,403	2,144,977	242,913	256,514	2,912,199	2,988,348
Reportable segment liabilities	800,678	846,027	133,921	131,494	9,943	7,282	944,542	984,803

NOTES (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue		
Reportable segment revenue	145,278	154,804
Elimination of inter-segment revenue	<u>(2,318)</u>	<u>(1,818)</u>
Consolidated revenue	<u>142,960</u>	<u>152,986</u>
Profit or loss		
Reportable segment (loss)/profit	(86)	8,873
Elimination of inter-segment profit	<u>–</u>	<u>–</u>
Reportable segment (loss)/profit derived from Group's external customers	(86)	8,873
Other revenue and other net income	6,520	14,632
Depreciation and amortisation	(20,972)	(19,905)
Finance costs	(19,792)	(14,237)
Share of profits less losses of associates	(8,969)	(6,120)
Impairment loss of loans to an associate	–	(2,056)
(Deficit)/surplus on revaluation of investment properties	<u>(31,783)</u>	<u>16,271</u>
Consolidated loss before taxation	<u>(75,082)</u>	<u>(2,542)</u>

NOTES (Continued)

4. REVENUE AND SEGMENT REPORTING (Continued)

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

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Assets		
Reportable segment assets	2,912,199	2,988,348
Elimination of inter-segment receivables	<u>(183,683)</u>	<u>(204,724)</u>
	2,728,516	2,783,624
Intangible assets	301	318
Interest in associates	60,236	61,342
Loans to an associate	57,621	51,518
Current tax recoverable	224	310
Deferred tax assets	18,491	18,834
Cash and cash equivalents	<u>42,176</u>	<u>80,126</u>
Consolidated total assets	<u><u>2,907,565</u></u>	<u><u>2,996,072</u></u>
Liabilities		
Reportable segment liabilities	944,542	984,803
Elimination of inter-segment payables	<u>(183,683)</u>	<u>(204,724)</u>
	760,859	780,079
Amount due to an associate	55,051	47,199
Current tax payable	22,935	23,475
Deferred tax liabilities	<u>30,326</u>	<u>30,499</u>
Consolidated total liabilities	<u><u>869,171</u></u>	<u><u>881,252</u></u>

5. SEASONALITY OF OPERATIONS

The Group's toys and model trains division, a separate business segment (see note 4), on average experiences higher sales in the second half of the year, compared to the first half of the year, due to increased demand for its products during the holiday season. As such, the first half of the year generally reports lower revenue and segment results for this segment than the second half.

NOTES (Continued)

6. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans	19,299	13,602
Interest on lease liabilities	493	635
	<u>19,792</u>	<u>14,237</u>
(b) Other items		
Cost of inventories (<i>note 10</i>)	69,204	70,661
Amortisation of intangible assets	17	17
Depreciation charge		
– owned assets	17,818	16,707
– right-of-use assets	3,137	3,181
Net loss/(gain) on disposal of other property, plant and equipment (<i>note 9(c)</i>)	34	(13)
Net realised and unrealised gain on trading securities	(767)	(534)
Net realised and unrealised gain on other financial assets	(5,098)	(1,155)
Dividend and interest income	(2,177)	(1,593)
(c) Other operating expenses		
Other operating expenses for the period included:		
Advertising and promotion	3,978	4,626
Auditors' remuneration	2,526	2,364
Building management office and security service fees	2,757	2,440
Entertainment	1,169	1,568
Fuel, electricity and water	3,717	4,000
Government rent and rates	1,216	1,136
Insurance	2,300	2,147
Legal and professional fee	2,660	3,010
Postage, telephone and fax	1,016	992
Repair and maintenance	2,951	1,530
Royalties, commission and sales service fee	4,006	3,178
Subcontracting fee	8,854	11,746
Tools and consumables	742	769
Transportation and travelling	6,220	6,599

NOTES (Continued)

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	(6)	872
Current tax – Outside Hong Kong	34	72
Deferred tax	567	(1,774)
	<hr/>	<hr/>
Income tax expense/(credit)	595	(830)
	<hr/>	<hr/>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the six months ended 30 June 2024. Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant jurisdictions.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$75,845,000 (six months ended 30 June 2023: HK\$2,582,000) and the weighted average of 950,588,000 ordinary shares (six months ended 30 June 2023: 950,588,000 ordinary shares) in issue during the interim period.

(b) Diluted loss per share

The Company did not have any dilutive potential ordinary shares outstanding during both the current and prior periods. Accordingly, diluted loss per share is the same as the basic loss per share for both the current and prior periods.

9. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2024, additions to right-of-use assets were HK\$3,533,000 (six months ended 30 June 2023: HK\$1,332,000). This amount included the additions of a leasehold property of HK\$2,233,000 (six months ended 30 June 2023: HK\$1,332,000) and the remainder of HK\$1,300,000 (six months ended 30 June 2023: HK\$Nil) related to the capitalised lease payments payable under new lease agreements of other items of plant and equipment.

NOTES (Continued)

9. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Acquisitions

During the six months ended 30 June 2024, the Group acquired items of investment properties and other property, plant and equipment with an aggregate cost of HK\$2,233,000 and HK\$9,271,000 (six months ended 30 June 2023: HK\$39,234,000 and HK\$22,697,000) respectively.

(c) Disposals

Items of other property, plant and equipment with cost and net book value of HK\$436,000 and HK\$266,000 respectively were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$629,000 and HK\$Nil), resulting in a loss on disposal of HK\$34,000 (six months ended 30 June 2023: gain HK\$13,000)

(d) Valuation

The valuation of investment properties carried at fair value was updated at 30 June 2024 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2023 valuations.

As a result of the update, a deficit of HK\$31,783,000 (six months ended 30 June 2023: a surplus of HK\$16,271,000) has been recognised in profit or loss for the period in respect of investment properties.

10. INVENTORIES

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Carrying amount of inventories sold	71,472	70,524
Write-down of inventories	–	705
Reversal of write-down of inventories	(2,268)	(568)
	<u>69,204</u>	<u>70,661</u>

The reversal of write-down of inventories made in current and prior periods arose upon subsequent sale of inventories.

NOTES (Continued)

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors, based on the invoice date and net of loss allowance, with the following ageing analysis as at end of the reporting period:

	At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Within 1 month	18,273	32,101
Over 1 month but within 3 months	18,576	27,714
Over 3 months but within 12 months	8,973	20,808
Over 12 months	<u>49</u>	<u>107</u>
Total trade debtors, net of loss allowance	45,871	80,730
Amounts due from related companies	2,094	2,094
Other debtors and prepayments	<u>27,570</u>	<u>23,058</u>
	<u>75,535</u>	<u>105,882</u>

Credit evaluations are performed on all customers requiring credit over a certain amount. Most of the trade debtors are due within ninety days from the date of billing.

12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

Included in trade and other payables and contract liabilities are trade creditors with the following ageing analysis as at the end of the reporting period:

	At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Within 1 month	8,586	7,740
Over 1 month but within 3 months	6,064	7,765
Over 3 months but within 6 months	4,176	3,256
Over 6 months	<u>368</u>	<u>1,618</u>
Total trade creditors	19,194	20,379
Creditors and accrued charges	50,537	59,314
Contract liabilities	668	1,124
Rental deposits	14,380	14,283
Amount due to a related company	138	138
Amount due to an associate	<u>55,051</u>	<u>47,199</u>
	<u>139,968</u>	<u>142,437</u>

NOTES (Continued)

13. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Board of Directors has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (2023: HK\$Nil).

(b) Share capital

	2024		2023	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
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 1 January and 30 June	<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.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (2023: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the period under review, the Group recorded a consolidated revenue of approximately HK\$142.96 million, which decreased by approximately 6.56% as compared to approximately HK\$152.99 million reported for the corresponding period last year. The loss attributable to equity shareholders amounted to approximately HK\$75.85 million while the loss attributable to equity shareholders amounted to approximately HK\$2.58 million for the corresponding period last year. The Group's loss attributable to equity shareholders for the first half year of 2024 was approximately HK\$75.85 million, which was mainly attributable to the decrease in revenue of approximately HK\$10.03 million, the exchange loss of approximately HK\$4.92 million and the deficit on revaluation of its investment properties of approximately of HK\$31.78 million as compared with the exchange gain of approximately HK\$7.75 million and the surplus on revaluation of its investment properties of HK\$16.27 million for the same corresponding period last year.

BUSINESS REVIEW

Toys and Model Trains

The toys and model trains business represents the manufacture and sale of plastic, electronic and stuffed toys and model trains. These products are mainly manufactured in the Group's manufacturing facilities located in Mainland China and mostly sold to the United States, Europe and Mainland China.

During the first half year of 2024, the revenue was approximately HK\$116.73 million, representing a decrease of approximately 8.42% as compared to the corresponding period last year.

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

Property Investment

Other than the core toys and model trains business, the property investment business plays a significant role too. The Group's properties are located in Hong Kong and overseas.

During the period under review, the Group's rental income amounted to approximately HK\$26.23 million, representing an increase of approximately 2.74% as compared to the corresponding period last year. The rental income represented approximately 18.35% of the Group's revenue during the period (six months ended 30 June 2023: approximately 16.69%).

During the period under review, the Group recorded valuation deficit of its investment properties of approximately HK\$31.78 million while valuation surplus of its investment properties of approximately HK\$16.27 million for the corresponding period last year. The occupancy rate of its major investment properties, Kader Building, was approximately 71% (30 June 2023: approximately 75%).

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2024, the Group's net asset value per share was approximately HK\$2.14 (31 December 2023: approximately HK\$2.22). The Group had net current liabilities of approximately HK\$304.61 million (31 December 2023: approximately HK\$287.23 million). Total bank borrowings were approximately HK\$653.39 million (31 December 2023: approximately HK\$659.01 million) while the secured total banking facilities were approximately HK\$831.08 million (31 December 2023: approximately HK\$882.75 million). Included in total bank borrowings were revolving loans of approximately HK\$569.00 million (31 December 2023: approximately HK\$602.00 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 32.05% (31 December 2023: approximately 31.16%). The majority of borrowings are on floating interest rate terms. The Group will negotiate with banks for banking facilities, if necessary.

Capital Structure

During the period under review, there were no changes in the Company's share capital.

Charges on Group Assets

As at 30 June 2024, investment properties and certain leasehold land and buildings of the Group with a net book value of approximately HK\$1,888.49 million (31 December 2023: approximately HK\$1,918.83 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 six months ended 30 June 2024.

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 Group has endeavoured 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. For the period under review, there is one customer with whom transactions have exceeded 10% of the Group's revenue. The sales to that customer represented approximately 13.36% of the Group's sales.

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"), Australian dollar ("AUD") and Singapore dollar ("SGD"). As such, the Group faces a certain degree of exchange rate risk mainly arising from GBP, RMB, JPY, EUR, AUD and SGD denominated transactions for which the exchange rate volatility is relatively high.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed 794 (30 June 2023: 956) full time management, administrative and production staff in Hong Kong Special Administrative Region ("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 six months ended 30 June 2024 amounted to approximately HK\$76.90 million (six months ended 30 June 2023: approximately HK\$85.21 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

The economic outlook for the period ahead will continue to be challenging due to the keen competition and the global unfavourable economic environment. 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. It is expected that the Group's source of revenue and profitability will be enhanced with the completion of the revitalization of Kader Building in the near future.

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 period under review.

CORPORATE GOVERNANCE

The Board of Directors regularly reviews its corporate governance practices to ensure its continuous compliance with the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules. Throughout the period under review, the Group has complied with all code provisions in CG Code, except for the deviation from CG Code C.2.1 as described below:

Under CG Code C.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 six out of ten of the directors of the Company being non-executive director and INEDs as at 30 June 2024. 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 extensive industry experience.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the key accounting policies and discussed auditing, internal controls and financial reporting matters, including a review of the interim results for the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 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 period under review.

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

Hong Kong, 29 August 2024

As at the date hereof, 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, BBS, JP, Mr. Desmond Chum Kwan-yue, Ms. Sabrina Chao Sih-ming, BBS, JP and Mr. Daryl Liu Zhen-rong.