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

If you have sold or transferred all your shares in Kader Holdings Company Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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KADER HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 180)

DISCLOSEABLE TRANSACTION
Acquisition of Assets

A letter from the Board of Directors of Kader Holdings Company Limited is set out on pages 3 to 6 of this circular.

6th November, 2007

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DEFINITIONS

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

“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
“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
“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
“Latest Practicable Date”	31st October, 2007, being the latest practicable date prior to the printing of this circular
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Companies
“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
“SFO”	the Securities and Futures Ordinance
“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

Unless otherwise specified in this circular, certain amounts denominated in US\$ have been converted, for the purpose of illustration only, into HK\$ using an exchange rate of US\$1.00 to HK\$7.80.

LETTER FROM THE BOARD



KADER HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 180)

Directors:

Executive Directors:

Kenneth Ting Woo-shou, *SBS, JP (Managing Director)*

Ivan Ting Tien-li

Non-executive Directors:

Dr. Dennis Ting Hok-shou, *OBE, JP (Chairman)*

Moses Cheng Mo-chi, *GBS, OBE, JP*

Independent Non-executive Directors:

Liu Chee-ming

Floyd Chan Tsoi-yin

Andrew Yao Cho-fai

Registered Office:

Canon's Court

22 Victoria Street

Hamilton, HM12

Bermuda

Principal Place of Business in Hong Kong:

22 Kai Cheung Road

Kowloon Bay

Kowloon

Hong Kong

6th November, 2007

To the Shareholders,

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 17th October, 2007 in which the Board announced that 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 Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further information regarding the Acquisition.

LETTER FROM THE BOARD

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 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.

LETTER FROM THE BOARD

Following the Acquisition, the assets of the Company will be increased by US\$5,000,000 (equivalent to approximately HK\$39,000,000) and the bank borrowings will be increased by the same amount. The Acquisition has no significant impact on the consolidated earnings attributable to shareholders of the Company.

Closing

The closing of the sale and purchase of the Acquired Assets took place on 19th 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.

LETTER FROM THE BOARD

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.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board
KADER HOLDINGS COMPANY LIMITED
Kenneth Ting Woo-shou
Managing Director

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DIRECTORS' INTERESTS IN SHARES

As at the Latest Practicable Date, the Directors of the Company had the following interests, all being long positions, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO; or are required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code under the Listing Rules:

Interests in the Company

<u>Name of directors</u>	<u>Number of ordinary shares of HK\$0.10 each</u>				<u>% of total issued shares</u>
	<u>Personal interests</u>	<u>Family interests</u>	<u>Corporate interests</u>	<u>Total number of shares held</u>	
Kenneth Ting Woo-shou	107,163,385	1,452,629 (i)	244,175,800 (ii)	352,791,814	53.02%
Dennis Ting Hok-shou	9,692,817	275,000 (iii)	236,969,800 (iv)	246,937,617	37.11%
Ivan Ting Tien-li	-	-	13,966,303	13,966,303	2.10%
Moses Cheng Mo-chi	11,000	-	-	11,000	0.00%
Liu Chee-ming	-	-	1,000,000	1,000,000	0.15%
Floyd Chan Tsoi-yin	-	-	-	-	-
Andrew Yao Cho-fai	-	-	-	-	-

Notes:

- (i) The spouse of Mr. Kenneth Ting Woo-shou is the beneficial shareholder.
- (ii) Included in the "Corporate Interests" above were 209,671,000 shares of the Company held by its substantial shareholder, H.C. Ting's Holdings Limited, in which Messrs. Dennis Ting Hok-shou and Kenneth Ting Woo-shou together have a controlling interest; and 34,504,800 shares of the Company held by its substantial shareholder, Glory Town Limited, in which Mr. Kenneth Ting Woo-shou has a controlling interest.
- (iii) The spouse of Dr. Dennis Ting Hok-shou is the beneficial shareholder.
- (iv) Included in the "Corporate Interests" above were 209,671,000 shares of the Company held by its substantial shareholder, H.C. Ting's Holdings Limited, in which Messrs. Dennis Ting Hok-shou and Kenneth Ting Woo-shou together have a controlling interest.

Interests in Associated Corporations

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

Notes:

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

SUBSTANTIAL SHAREHOLDER’S AND OTHER PERSON’S INTERESTS

As at the Latest Practicable Date, save for certain directors’ interests in the share capital of the Company as disclosed above, no other person was recorded in the register kept by the Company under section 336 of the SFO, as having an interest of 5% or more of the issued share capital of the Company.

DIRECTORS’ SERVICE CONTRACTS

All Non-executive Directors are engaged on a term of service of two years renewable for another two years upon expiry, and subject to re-election upon retirement by rotation. The directors’ fee is determined at the annual general meeting of the shareholders.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Messrs Kenneth Ting Woo-shou and Dennis Ting Hok-shou, shareholders and Directors of the Company, are considered to have interests in Qualidux Industrial Company Limited, a company engaging in toys manufacturing long before the listing of the Company on the Stock Exchange, which competes or is likely to compete with the business of the Group pursuant to the Listing Rules.

As the Board of Directors of the Company is independent from the boards of the abovementioned company and none of the above Directors can control the Board of the Company, the Group is capable of carrying on its business independently of, and at arm's length from, the business of such company.

LITIGATION

During the last quarter of 2003, a Mexican company commenced a lawsuit in the State of Arizona against the Company on the grounds that the Company is a guarantor for a Lease Agreement of factory premises occupied by Siempre Novedoso De Mexico (Sinomex) S.A. de C.V. ("Sinomex") as tenant (the "Litigation"). Sinomex was a member company of the Group at that time and it was disposed of in 1996. The plaintiffs alleged claims against Sinomex and the Company of approximately US\$5,000,000 for unpaid obligations of Sinomex under such Lease Agreement, plus interest (in the amount of 2% per month, or 24% annually), court costs and attorney fees.

In 2004, the Company filed a Motion to Dismiss ("the Motion") the complaint in the Litigation based upon the applicable laws of Arizona and those of the location of the property, Hermosillo, Mexico. In the Motion, the Company primarily argued that the Arizona court did not have sufficient subject matter and personal jurisdiction over the Company under the guarantee for the case to continue in that court, and as such, the case should be dismissed in favor of the Company. In January 2005, the Arizona court denied that initial Motion submitted by the Company.

Since then the Company has taken some discovery, responded to a motion for partial summary judgment filed by the plaintiffs, and filed a motion for summary judgment of its own. In August of 2007, the court denied the Company's motion for summary judgment and granted the plaintiffs' motion for partial summary judgment, holding the Company liable under the guaranty. The grant of partial summary judgment finds the Company to be responsible under the subject guaranty, but does not establish the amount of damages under that guaranty. The case must still proceed to trial on the issue of the amount of the damages to which plaintiffs are entitled. The company is evaluating its options and generally plans to oppose the trial court's ruling by motions and/or appeals, and will contest the amount of damages awardable to the plaintiffs at the trial to determine damages.

Having considered the Litigation with the Company's various legal counsel, the management and the Board believes that the Company's opposition to the plaintiffs' complaint, as well as the Company's defenses and appeal rights, including defenses to the amount of damages awardable, continue to be meritorious, despite the granting of partial summary judgment. As such, the Company intends to continue to vigorously defend the Litigation. On that basis, the Company has made adequate provision in relation to the Litigation.

GENERAL

- i. The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12 Bermuda.
- ii. The head office and principal place of business of the Company in Hong Kong is at 22 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong.
- iii. The branch registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Hong Kong.
- iv. The vacant post of company secretary of the Company is to be identified; and the vacant post of qualified accountant of the Company is to be appointed.
- v. The English text of this circular shall prevail over the Chinese text.