

Chairman's Statement

I have pleasure in presenting to our shareholders the 2001 annual report of Kader Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group").

The Board of Directors of the Company ("the Board") announces that the audited consolidated results of the Group for the year ended 31st December, 2001 recorded an operating loss of approximately HK\$25 million. The Board has resolved not to recommend any payment of dividend for the financial year under review.

During the past year, the Group faced keen competition and a difficult operating environment in the toy industry. The world economic downturn, the burst of the technology bubble, and aftermath of the 11th September attack in the United States adversely impacted economies across the board in the whole world. Moreover, the recent Middle East Crisis has cast a shadow on the economic outlook of the coming year.

Although the manufacturing business operates in a very tough environment due to factors mentioned above, the Group is well positioned to meet challenges. The Group has been continuing to explore opportunities for business growth and diversification in the Peoples' Republic of China ("China"). The Group will also further streamline its existing operation and invest in technology to improve production efficiency.

Moreover, Hong Kong's total exports of toys, dolls and games remains strong and Hong Kong continues to be the world's largest toy exporter in 2001. With China's accession to the World Trade Organization ("WTO") and signs of recovery in the US economy, there are lots of business opportunities in these two areas. Looking ahead, the Group is confident of its ability to react in this era of economic uncertainty.

On behalf of the Board, I would like to extend our appreciation for the continuous support of our shareholders. Your interests remain our prime concern and we will continue to strive to improve returns to the shareholders. I also take this opportunity to express our sincere thanks to all employees of the Group for their unfailing commitment and contribution.

Dennis Ting Hok-shou

Chairman

Hong Kong, 19th April, 2002