

Chairman's Statement

I have pleasure in presenting to our shareholders the annual report of Kader Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st December, 2003.

The Board of Directors of the Company ("the Board") announces that the audited consolidated results of the Group for the year ended 31st December, 2003 recorded an operating turnover of approximately HK\$495.3 million. Profit from ordinary activities before taxation was HK\$879,000 which is an improvement as compared to last year's recorded loss of HK\$28.7 million. In pursuing a prudent financial management strategy, the Board has resolved not to recommend any payment of dividend to the shareholders for the financial year under review.

2003 was a crucial year for Hong Kong. We faced severe challenges and experienced a very difficult year. In the first half of the year, Hong Kong economy was dampened by the outbreak of the SARS epidemic; while in the second half of the year, we experienced a V-shape recovery from the lowest point.

During the most difficult period, the Group closely adhered to the advice of various health bodies to take cautious precaution and policy to prevent the outbreak of the SARS epidemic within the factory in the PRC. This cautious policy successfully protected the Group's factory from the adverse impact of the epidemic, and the influence to the Group's production line was kept to minimal.

In the second half of the year, Hong Kong's economy progressively recovered from the setback of SARS. Together with the significant improvement in global economic climate, there was visible business growth. The Group is well prepared to meet this tremendous turning point and now it is time to enjoy this fruitful result. The Group is pleased to announce that the Group's turnover for the year has increased by 40.3% as compared to the corresponding period of the preceding year.

Looking ahead, the strength of the economic recovery is still weak. Adverse factors like fluctuation in production costs and the coming back of the SARS epidemic still exist. In particular, the Board is much concerned about the coming election of the American President, the result of which will probably affect the pace and policy of economic growth in the United States.

On the optimistic side, 2004 will be a prosperous year. The Hong Kong Government and the Central Government carried out extensive economy planning and schedules to stimulate the economy. With the implementation of the Closer Economic Partnership Arrangement (CEPA), the launch of the Disney project, and the closer economic ties of Hong Kong with Pearl River Delta, the Board anticipates that Hong Kong's manufacturing industry will benefit and will recover from the previous decline at a steady pace. The Group will continue to seize attractive development opportunities and is confident to fulfill our goal in achieving a better performance in 2004.

Taking this opportunity, on behalf of the Board, I would like to thank our dedicated employees for their contribution to the Group, our valuable shareholders for their continuous support, and our loyal customers for their confidence in the Group.

Dennis Ting Hok Shou
Chairman

Hong Kong, 16th April, 2004