

## 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, 2004.

The Board of Directors of the Company ("the Board") announces that the audited consolidated results of the Group for the year ended 31st December, 2004 recorded an operating turnover of approximately HK\$501 million. Profit from ordinary activities before taxation was HK\$8,990,000, a remarkable improvement as compared with last year's profit of HK\$879,000. 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.

In 2004, the economy of Hong Kong has exhibited a solid, broad-based upturn. Total exports and imports of goods grew by 15.9% and 16.9% respectively. This satisfactory performance was led by both external and internal sectors. Externally, robust growth in exports of goods and services benefited from the global economic growth especially China as well as improved competitiveness from the weak dollar. Internally, the upsurge of renewed consumer spending and business investment has a positive impact on the sound performance. There has been a major turnaround of asset prices in Hong Kong resulting from a strong inflow of capital funds and the improving economy. As a result, Hong Kong's fiscal account for 2004 returned to a balance from the previous deficit. Deflation is also coming to an end, consumer prices rose again, and the unemployment rate fell.

Looking ahead, the economies of both the PRC and the United States remain optimistic. The coming inauguration of the Disney project during this summer is seen as a catalyst to the continued economic growth in Hong Kong. However, the fluctuations in crude oil and raw material prices, as well as the foreseeable trend of an increasing interest rates will cast some uncertainties over the world economy and hence Hong Kong's continued economic growth. The Board is closely monitoring the situation. Meanwhile, the Group will continue the strategy of seeking attractive development opportunities and is confident to maintain a steady business growth in 2005.

On behalf of the Board, I would like to welcome Mr. Floyd Chan and Mr. Andrew Yao who joined the Board as independent non-executive directors during the second half of 2004. On the other hand, during the year, Mr. William Li resigned as executive director of the Company. On behalf of the Board, I would like to express my sincere thanks to Mr. Li for his invaluable contribution during his service on the Board. At the same time, I welcome Mr. Patrick Leung who succeeded Mr. Li to be the executive director of the Company.

Taking the opportunity, I would like to express my appreciation and thanks to all my fellow directors and staff of the Group for their hard work and contribution to the Group in the past year.

**Dennis Ting Hok-shou**  
*Chairman*

Hong Kong, 12th April, 2005