

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, 2005.

On behalf of the Board of Directors of the Company (the "Board"), I am pleased to report that 2005 represented a year of growth for the Company. The profit attributable to shareholders in the financial year of 2005 is approximately HK\$80.35 million, representing a healthy increase of 107.33% over the last year's restated figure of HK\$38.75 million. The Group's turnover for the financial year ended 31st December, 2005 amounted to approximately HK\$539.81 million, representing an increase of 7.72% over that reported in the last financial year.

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.

Year 2005 was a fruitful year for Hong Kong's exporters. The economic recovery continued to gain momentum. Global economic growth, the continuous bloomy economy in America and Europe, as well as the vibrant economic growth of the PRC, all contributed to the robust export performance and thus favorably impact Hong Kong's economy.

In year 2005, the performance of Hong Kong's external trade has been exceptionally satisfactory. Total exports posted a substantial growth of 11.4% in 2005, while real GDP rose by 7.3%. This remarkable performance was achieved from a sustained growth of private spending and investment. For 2006, the economic growth is expected to moderate a little bit, but still forecasted for a 4% to 5% increase in GDP.

The Group has been well benefited from the booming property market in Hong Kong and globally, in terms of both the rental income improvement and capital appreciation on its investment properties. The outlook of Hong Kong and global property market is encouraging and we expect the Group's financial position will be further strengthened.

Looking ahead, basic local economic conditions are improving; interest rates become stable and unemployment rate continues to drop gradually. The Financial Secretary has just delivered a fiscal surplus in his speech made in March 2006. All these bring in promising prospects for manufacturers, further strengthening Hong Kong's position as the world's second largest toy exporter.

It was with much regret that Mr. Patrick Leung Shing-cheung has resigned as executive director and company secretary of the Company, effective 4th April, 2006. I would like to express my sincere thanks to Mr. Leung for his invaluable contribution during his service on the Board. At the same time, I welcome Mr. Ivan Ting Tien-li who has succeeded Mr. Leung to be the executive director of the Company, and Mr. Tang Yu-ming who has succeeded Mr. Leung to be the company secretary.

On behalf of the Board, I would like to take this opportunity to express our appreciation to our employees for their continuing dedication and commitment to the Group. I also take this opportunity to express our sincere thanks to our customers and shareholders for their invaluable and continuing confidence and support to the Group.

Dennis Ting Hok-shou
Chairman

Hong Kong, 19th April, 2006