

KADER HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

2000 RESULTS

The audited results of Kader Holdings Company Limited (the "Company") and its subsidiaries (the "Group") for the year and its December, 2000 with comparatives for 1999 are summarised as follows:

(a) Review or wings (these) was the subsidiaries (the "Group") for the year and the y

1	Note	2000 HK\$'000	1999 HK\$'000
Turnover	1	319,966	346,739
Other revenue		12,537	8,488
Other net income		27,640	9,786
Changes in inventories of finished goods and work in progress		(11,573)	(28,207)
Cost of purchase of finished goods		(9,342)	(21,639)
Raw materials and consumables used		(85,137)	(45,477)
Staff costs		(81,828)	(78,239)
Depreciation and amortisation expenses		(17,902)	(15,908)
Other operating expenses		(152,580)	(145,696)
Profit from operations	1 -	1,781	29.847
Finance cost		(34,611)	(30,091)
Share of gain/(loss) of associates		39,627	(3,879)
Profit/(loss) from ordinary activities before taxation	_	6,797	(4.123)
Taxation	2	(1,765)	(2,610)
Profit/(loss) from ordinary activities after taxation	_	5,032	(6,733)
Minority interests		-,	300
Profit/(loss) attributable to shareholders	_	5,032	(6,433)
Earnings/(loss) per share	_		
Basic	3	0.76€	(1.0€)
Basic	· •	0.70€	(1.0€)
Diluted	3	0.76€	N/A

SEGMENTAL INFORMATION

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are as follows:

during the imancial year are as follows.			Contribut	ion to nuofit	
	Gro	Group turnover		Contribution to profit from operations	
	2000	1999	2000	1999	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Principal activities					
Marketing and selling of toy items	281,414	296,108	(32,775)	(4,814)	
Property investment	29,501	35,770	7,097	27,206	
Investment holding and trading	9,051	14,861	27,459	7,455	
	319,966	346,739	1,781	29,847	
			Contribution to profit		
	Group turnover			perations	
	2000	1999	2000	1999	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Geographical locations of operations					
Hong Kong and China	163,442	166,099	(39,787)	9,616	
USA	88,343	110,635	38,420	10,659	
Europe	67,329	69,229	3,806	9,398	
Canada	852	776	(658)	174	
	319,966	346,739	1,781	29,847	

Whilst all Group sales are derived from Hong Kong, China, the United States of America, Europe and Canada, all of the Group's manufacturing facilities are based in China.

TAXATION

Taxation in the consolidated profit and loss account represents:

	2000	1999
	HK\$'000	HK\$'000
Provision for Hong Kong profits tax		
 at 16% (1999: 16%) on the estimated assessable profits for the year 	273	615
over provision in respect of prior years	_	(617)
	273	(2)
Overseas taxation		
- current year provision	2,318	3,542
— over provision in respect of prior years	(1)	_
— deferred taxation	(825)	(930)
	1,492	2,612
<u>-</u>	1,765	2,610

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits for the year. Overseas taxation is calculated at the rates applicable in the respective countries. Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences which are expected with reasonable probability to crystallize in the foreseeable future.

(a)

Basic earnings/(loss) per share
The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to shareholders after taxation
and minority interests of HKS5,032,000 (1999: loss HKS6,433,000) and 663,385,000 shares (1999: 647,272,000 shares)
in issue, which represents the weighted average number of shares in issue during the year.

In issue, which represents the weighted average infinite of states in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of HK\$5,032,000 and the weighted average number of ordinary shares of 665,127,000 shares after adjusting for the effects of all dilutive potential ordinary shares.

The diluted loss per share for 1999 is not presented as the Company's potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss per share.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st December, 2000.

BUSINESS REVIEW

In 2000, the Group has experienced a difficult time in its toys business and the turnover of this division has dropped slightly. The main reason attributable to the decrease in turnover is that one of the major customers of the Group has not fulfilled its bulk order placement as expected in the year because the products of such customer did not receive a satistory market response. In addition, fluctuation in major material costs, including plastic and paper, also dampened the Group's profitability. Expense. In audition, the many continuous properties of the many continuous properties and praget, as an interest properties of the many continuous properties and properties of the many continuous properties are properties of the many continuous properties of the many continuou

Model Trains

The major markets of the Group's model train products are the US and Europe. The total turnover of model train products has accounted for about 58% of the Group's turnover and has dropped by approximately 5% as comparing with last year as some of the products to be delivered at the end of 2000 were shifted to early of 2001 due to prolonged product development.

In July 2000, the Group has acquired a well established model trains manufacturer and retailer named Graham Farish ("Farish") in Britain. Restructuring of Farish has been completed in late 2000, and the Farish series of products will be successively launched in 2001. As Farish has a leading market share in the N-scale model train market in the United Kingon, the Board is in the opinion that sales generated by Farish will contribute to the Group's turnover significantly in the coming financial years

Besides, the Group is enjoying an encouraging favorable market response from the successful launch of two series of model trains in the PRC. They are "Dong Feng-11" 宋惠[11] and "Qian Jin" (前捷). Since the Group has obtained an exclusive licence from the China National Railway Locomotive & Rolling Stock Industry Corporation in the production of a series of PRC model trains, the Board will continue to explore new market opportunities of this series of licensed model trains both in the PRC and in the overseas market.

PROPERTY INVESTMENT

The rental income recorded a turnover of approximately HK\$30 million, representing a year-to-year drop of about 18% Hong Kong rental rates remained under pressure because of the fragile market sentiment in the financial year under review resulting in a decrease of rental income of the Group's industrial building in Kowlord on Bay. The exprisy of a major tenany 1999 has further dipped the rental income. However, the Group has already secured a number of new tenancies in the second half of the year of 2000 to pick up all those premises weatacted by the previous major tenant. The Board expects rental income to be improved in the next financial year as the occupancy rather bas resumed to a satisfactory level.

INVESTMENT HOLDING

The Resort at Squaw Creek, the Group's major investment in the US, has recorded a satisfactory performance during the year. It is a luxury resort with over four hundred guest rooms situated in the heart of the Squaw Valley, California. The Conde Nort Traveler Magazine has ranked the Resort among the top 50 best resorts in North America. In 2000, the cash return from the Resort has increased noticeably, 34, as compared with the previous accounting year-end. The investment was revalued in the 2000 accounts, leading to significant revaluation gain being booked in the profit and loss account.

PROSPECTS

Diversifying and broadening the Group's customer base has always been the main marketing objective of the Group. The Board is of the opinion that the Group is well positioned to diversify its product range, improve production efficiency, increase market exposure and expand customer base. With the PRC's imminent accession to the World Trade Organization, the Group foresees increasing investment opportunities and a more opening and favorable business environment in China. Stepping in the 21st century, the Group will make use of its expertise to tap any new investment opportunities.

The Group pass already successfully obtained a US licence in the production of "Harry Potter" branded model train products. The Group expects that "Harry Potter" one of the best-selling novels in the world, will be a new character hitting the toy scene and will become the hottest licensed movie character upon the release of the film in late 2001. The Board is optimistic that this may generate substantial revenue in the coming years.

Looking ahead, more efforts will be put to reduce production costs and more resources will be allocated to the development of new products. Barring any unforeseen circumstances, the Board is cautiously optimistic toward the business prospects of of new pro

PURCHASE, SALE OR REDEMPTION OF SHARES

There has been no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31st December, 2000.

DETAILED ANNUAL RESULTS ANNOUNCEMENT

A detailed annual results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be subsequently published on the website of the Stock Exchange in due course.

Kenneth Ting Woo-shou Managing Director

Hong Kong, 17th April, 2001

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Kader Holdings Company Limited (the "Company") will be held at 12/F, 22 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong on Friday, 25th May, 2001 at 10:30 a.m. for the following

- To receive and consider the Audited Accounts and Reports of the Directors and Auditors for the year ended 31st December, 2000
- To elect directors and fix their remuneration
- To elect uncerors and its mer remuneration.

 To appoint auditors and authorise the directors to fix their remuneration.

 As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:—
 (A) "THAT:—
 - ATC—
 subject to paragraph (b) of this Resolution, the exercise by the directors of the Company (the "Directors") during the Relevant Period of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange on which the shares of the Company may be insted and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this parpose, and that the exercise by the Directors of all powers of the Company to repurchase such shares, subject to and in part of the Company to the subject of the Company to the subject of the Company to the subject of the Company repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Périod chall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval be limited accordingly; and

 - for the purposes of this Resolution
 - int Period" means the period from the passing of this Resolution until whichever is the earliest of:-
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by the Byelaws of the Company or any applicable law to be held; and (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."

"THAT-(B)

- NI:—
 subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (the "Directors") during the Relevant Period of all the powers of the Company to allot and issue shares in the capital of the Company or securities convertible into such shares, or options, warrants or similar rights to subscribe for any shares of the Company or such convertible securities, and to make or grant offers, agreements or options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- be and is hereby generally and unconditionally approved; the approval in paragraph (a) of this Resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements or options which would or might require the exercise of such powers after the end of the Relevant Period; the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any option scheme or similar arrangement for the time

- being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to subscribe for shares in the Company; or (iii) any scrip dividend scheme or similar arrangement providing for he allotment of shares in the Company in lieu of the whole or part of a dividend pursuant to the Bye-laws of the Company from time to time, shall not exceed the aggregate of 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval be limited accordingly:
- for the purposes of this Resolution:
- "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of
 - value returns the period to the meat annual general meeting of the Company; the conclusion of the next annual general meeting of the Company; the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.
- "Rights Issue" means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognical regulatory body or any stock exchange in any territory outside Hong Kong.\(^1\).
- "THAT conditional upon the passing of Resolutions No. 4(A) and 4(B) set out in the notice of the meeting of which this Resolution forms part, the general mandate granted under Resolution No. 4(B) above be extended by the addition of an amount representing the aggregate nominal amount of shares repurchased by the Company pursuant to and in accordance with the said Resolution No. 4(A) to the aggregate nominal amount of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the said Resolution No. 4(B)"

Hong Kong, 17th April, 2001

- A member entitled to attend and vote at the meeting convened by this Notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company. (1)
- a join, to when his place. A placy faced on the attended to the Company.

 To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, shall be deposited at the Principal Place of Business of the Company at 22 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjourned meeting.
- An explanatory statement giving the details of item no.4 of this Notice in relation to the proposed grant of general mandates to repurchase shares and to issue and allot shares of the Company will be sent to Shareholders of the Company together with the 2000 Annual Report.