



In view of an improving economic condition and in anticipation of positive prospect, consumer confidence was recovering.....



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the audited consolidated results of Lerado Group (Holding) Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st December, 2003.

FINANCIAL RESULTS AND DIVIDENDS

Total turnover for the Group rose 12.3% during the year under review to HK\$1,149.9 million. Net profit for the year was HK\$81.2 million, representing a decrease of 12.1% over the previous year due to the high rise of raw material costs and the provision of certain non-recurring items. Earnings per share for the year ended 31st December, 2003 was HK11.28 cents.

The Board recommends a final dividend of HK5 cents per share. Together with an interim dividend of HK2 cents per share, the total dividend of the year under review will amount to HK7 cents per share.

BUSINESS REVIEW

The year under review recorded a general global rebound. In view of an improving economic condition and in anticipation of positive prospect, consumer confidence was recovering over 2002 as shown in the pattern and amount spent, enhancing a better operating environment for businesses.

On the other hand, the war in Iraq and its ensuing effects had, to some extent, posted uncertainties on the road of recovery. Cost of raw materials, plastic and metal tube in particular, rose as prodded by the increasing oil and steel prices worldwide in the last year. The decreased household travel also affected the sales of foldable playards which are suitable and desirable for traveling with babies and kids. Nevertheless, Lerado was able to leverage its global vision and market mix to achieve higher turnover under such challenging climate.

We are glad to see that the Group is back onto the track of turnover growth in 2003. Worth highlighting is the Group's robust growth in Europe where turnover increased by 17.9% to HK\$286.7 million. Such achievement was mainly attributed to the strong Euro which encouraged the trend to outsource their production, as anticipated, to reduce costs and stay competitive. We were able to capitalise on our strengths and captured the opportunities while further strengthened our market position.

In the US, market began to pick up again after the Iraqi war subsided. The Group maintained its business focus on middle-end products to effectively meet the overall market demand. Though the economy showed some positive signs, consumers remained cautious in their spending and opted for less expensive basic items. The Group will continue to review and adjust its product strategy as appropriate to best cater the market demand and development.

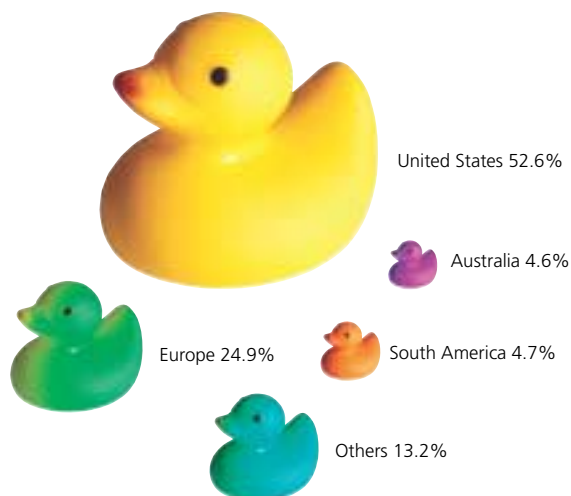
A key development for the Group's future growth was the extension of service and the commencement of production for infant car seat for an existing U.S. customer. After a series of stringent quality and safety testing, the first shipment was made in December 2003 and we expect to see increasing order size in 2004.

OUTLOOK

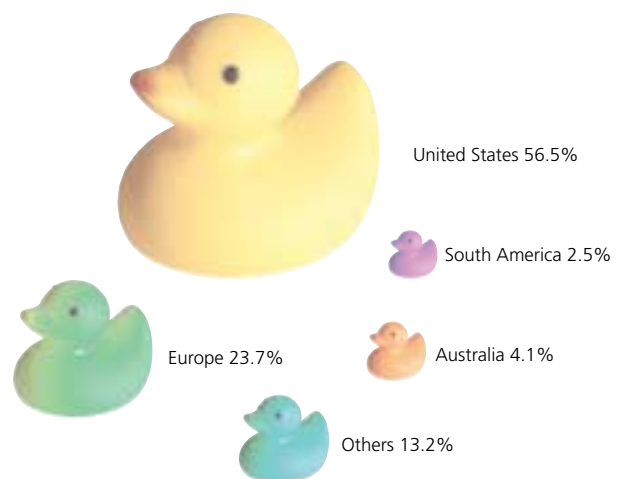
The Group is cautiously optimistic for 2004, in view of a gradually recovering global economy and positive business development thus far in the first quarter this year. Although raw material costs remain high and volatile, the Group will endeavour to maintain its gross margins through actively exploring the growth potential of new products and sharing the cost increments with other participants along the supply chain.

Turnover by Region

2003



2002





The growth potential for infant car seats is viewed as substantial in 2004 and also for the next few years. In most developed countries, the use of infant car seat has been made statutory under the child passenger law which presents a large and educated market for the Group's future expansion. Meanwhile, Asian countries, like Singapore and Taiwan, followed suit to enhance and safeguard child safety. We believe that other Asian countries would adopt similar practice in the future and thus benefiting some of the large and quality manufacturers like Lerado. As one of the first infant car seat manufacturers in the PRC, the Group possesses the top-notch production expertise and industry know-how which enable us to exploit the pioneer advantage to grasp market share.

Expansion into this new product segment lays a solid foundation for sustained growth. Apart from the existing model designed for infants up to one year old, the Group plans to explore opportunities in developing various models of car seat suitable for infants and babies in different ages and weights.

Shareholders can expect to see the Group offering an increasingly diversified and balanced product portfolio. The Group will also remain open to vertical and horizontal expansion and is well positioned to grasp opportunities arising from the recovering economy.

APPRECIATION

I would like to express my sincere gratitude to Mr. Tsang Yat Kiang and Mr. Chen Jo Wan for their past contributions to the Group. I would also like to take this opportunity to thank our shareholders, business partners and employees for their efforts and supports. I look forward to sharing another good year with you.

Huang Ying Yuan

Chairman

Hong Kong, 15th April, 2004