

Chairman's statement

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, 2004.

FINANCIAL RESULTS AND DIVIDENDS

Turnover of the group rose 10.5% to HK\$1,271.0 million in 2004. However, due to the surge in material costs (mainly plastics and metals), gross margin had been squeezed to 21.5%, compared with 27.4% of the previous year. Net profit for the year was HK\$69.1 million (2003: HK\$81.2 million) while earnings per share dropped correspondingly to HK9.57 cents.

The Board recommends a final dividend of HK3.5 cents per share. Together with an interim dividend of HK2 cents per share, the total dividend of the year under review will amount to HK5.5 cents per share.

BUSINESS REVIEW

The operating environment of the year under review was difficult. Though we see a gradual recovery of economy, the sharp rise in oil prices throughout the year led to increase in plastics price, substantially affecting the Group's cost of production.



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The Group's growth in turnover in the year under review was mainly attributable to the launch of infant car seats and the new ODM orders of battery-operated ride-on cars which had been well received in the market.

Geographically, the US remained our largest market, representing 51.8% of the Group's total turnover. With continuing recovery of the US economy, though at a slow pace, our sales to the country showed an increase of 9.1% over last year, amounted to HK\$658.1 million. On the other hand, sales to Europe stayed flat, amounted to HK\$282.1 million.

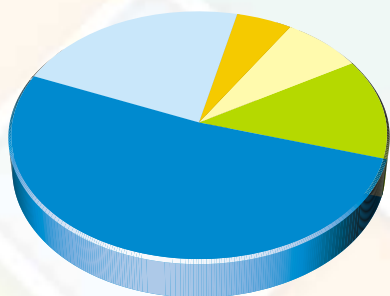
We are pleased to note that our result in exploring other markets has been promising. Sales to Australia, South

America and other countries amounted to HK\$68.1 million, HK\$96.6 million and HK\$166.1 million, representing encouraging growth of 27.5%, 77.9% and 9.3% respectively over last year.

OUTLOOK

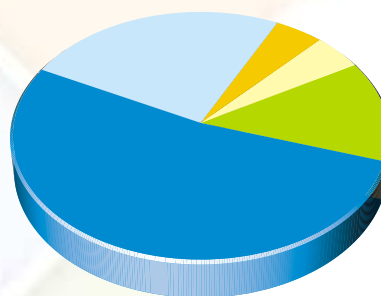
In anticipation of the high and volatile oil and commodity prices, we believe the year ahead is still full of challenge. Despite the pricing pressure on raw materials, we will keep on discussing with suppliers and customers to share the related impact. The Group is also investigating ways in further enhancing production efficiencies in order to lower our cost of production.

Turnover By Region 2004



● United States	51.8%
● Europe	22.2%
● Australia	5.3%
● South America	7.6%
● Others	13.1%

2003



● United States	52.6%
● Europe	24.9%
● Australia	4.6%
● South America	4.7%
● Others	13.2%

On the marketing side, more resources in research and development will be incurred in the coming year with an aim to launch new product designs to cope with the market when consumer confidence is picking up. Efforts will also be placed in the development of the potential sectors like car seats and battery-operated ride-on cars.

We 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. Chen An-Hsin for his 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.

HUANG Ying Yuan
Chairman

14th April, 2005

