LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL RESULTS

The Board of Directors (the "Board") of Lerado Group (Holding) Company Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007, together with the comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Revenue	*2*	**1,208,715**	1,125,465
Cost of sales		**(996,279)**	(866,131)
Gross profit		**212,436**	259,334
Investment income		**21,988**	6,552
Other income		**4,756**	19,054
Marketing and distribution costs		**(80,973)**	(62,535)
Research and development expenses		**(32,494)**	(26,872)
Administrative expenses		**(98,851)**	(93,843)
Other expenses		**(8,817)**	(5,969)
Gain on fair value changes of investment properties		**37,240**	2,200
Share of result of an associate		**(235)**	(159)
Finance costs		**(6)**	(4)
Profit before taxation		**55,044**	97,758
Income tax expense	*3*	**(7,467)**	(9,410)
Profit for the year	*4*	**47,577**	88,348
Attributable to:			
Equity holders of the Company		**48,022**	86,219
Minority interests		**(445)**	2,129
		47,577	88,348
Dividends	*5*	**50,770**	39,707
Earnings per share	*6*		
Basic		**HK6.63 cents**	HK11.94 cents
Diluted		**HK6.61 cents**	HK11.93 cents

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	Notes	**2007**	2006
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**321,106**	333,330
Investment properties		**—**	17,900
Prepaid lease payments		**63,213**	34,588
Intellectual property rights		**11,232**	20,069
Investment in an associate		**7,487**	7,870
Available-for-sale-investments		**4,347**	4,225
Deferred tax assets		**1,703**	1,930
		409,088	419,912
Current assets			
Inventories	*7*	**179,903**	127,175
Trade and other receivables and prepayments	*8*	**210,653**	170,174
Prepaid lease payments		**849**	717
Derivative financial instruments		**21,676**	1,550
Taxation recoverable		**802**	53
Bank balances and cash		**159,280**	259,839
		573,163	559,508
Asset classified as held for sale		**88,036**	—
		661,199	559,508
Current liabilities			
Trade and other payables and accruals	*9*	**213,923**	182,514
Taxation payables		**6,064**	5,589
Loan from a minority shareholder		**780**	780
Derivative financial instruments		**11,048**	1,330
		231,815	190,213
Liability associated with an asset classified as held for sale		**12,242**	—
		244,057	190,213
Net current assets		**417,142**	369,295
Total assets less current liabilities		**826,230**	789,207
Capital and reserves			
Share capital		**72,532**	72,194
Reserves		**734,115**	700,033
Equity attributable to equity holders of the Company		**806,647**	772,227
Minority interests		**7,128**	8,211
Total equity		**813,775**	780,438
Non-current liability			
Deferred tax liabilities		**12,455**	8,769
		826,230	789,207

Notes:

1. Application of New And Revised Hong Kong Financial Reporting Standards ("HKFRS(s)")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) — Int 8	Scope of HKFRS 2
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

Except this, the adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Condition and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC) — Int 12	Service Concession Arranagements[4]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

2. Revenue by Business Segments

An analysis of the Group's revenue and segment results by business segments is as follows:

	Sales revenue		Segment results	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Strollers	**518,828**	505,842	**(1,256)**	39,002
Beds & playards	**86,216**	107,270	**(172)**	6,382
Miscellaneous infant products#	**463,017**	390,911	**(2,086)**	34,105
Others	**140,654**	121,442	**(429)**	9,680
	1,208,715	1,125,465	**(3,943)**	89,169
Investment income			**21,988**	6,552
Gain on fair value changes of investment properties			**37,240**	2,200
Share of result of an associate			**(235)**	(159)
Finance costs			**(6)**	(4)
Profit before taxation			**55,044**	97,758
Income tax expense			**(7,467)**	(9,410)
Profit for the year			**47,577**	88,348

Miscellaneous infant products include soft goods, car seats, high chairs, bouncers, walkers and etc.

3. Income Tax Expense

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**2,421**	4,623
The PRC	**5,093**	2,521
Other jurisdictions	**972**	888
	8,486	8,032
Underprovision in prior years:		
The PRC	**649**	1,411
Other jurisdictions	**59**	128
	708	1,539
Deferred taxation:		
Current year	**(213)**	(161)
Attributable to a change in tax rate	**(1,514)**	—
	(1,727)	(161)
	7,467	9,410

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit.

The statutory tax rate for the PRC subsidiaries is 24% and those subsidiaries regarded as export enterprises by local tax authority are subject to a preferential income tax rate of 12%. During the year, all PRC subsidiaries were qualified as export enterprise.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 12% to 25% for PRC subsidiaries from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. Profit for the year

Profit for the year has been arrived at after charging (crediting):

	2007	2006
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**34,121**	32,477
Amortisation of prepaid lease payments (included in cost of sales)	**849**	835
Amortisation of intellectual property rights (included in other expenses)	**3,819**	3,956
Auditors' remuneration	**2,223**	1,896
Cost of inventories recognised as an expense	**973,746**	859,051
Impairment loss on trade receivables	**1,165**	3,352
Impairment loss on intellectual property rights (included in other expenses)	**4,998**	1,862
Loss on disposal of property, plant and equipment	**464**	45
Net foreign exchange losses	**4,561**	2,458
Write-down of inventories to net realisable value	**21,684**	8,646
Discount on acquisition of additional interests in a subsidiary (included in other income)	**—**	(6,523)
Gain on disposal of prepaid lease payment (included in other income)	**—**	(3,255)
Reversal of write-down of inventories	**—**	(2,401)
Surplus arising on revaluation of land and buildings	**(907)**	(797)

5. Dividends

	2007	2006
	HK$'000	*HK$'000*
2006 final dividend of HK5.5 cents (2005 final dividend: HK3 cents) per share	**39,890**	21,658
2007 interim dividend of HK1.5 cents (2006 interim dividend: HK2.5 cents) per share	**10,880**	18,049
	50,770	39,707

A final dividend for the year ended 31 December 2007 of HK3.5 cents (2006: HK5.5 cents) per share has been proposed by the Board of Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

6. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Profit for the year attributable to equity holders of the Company	**48,022**	86,219

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**724,780,088**	721,993,294
Effect of dilutive potential ordinary shares in respect of share options	**1,847,065**	815,189
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**726,627,153**	722,808,483

7. Inventories

	2007	2006
	HK$'000	*HK$'000*
Raw materials	**66,677**	59,170
Work in progress	**32,073**	23,271
Finished goods	**81,153**	44,734
	179,903	127,175

8. Trade and Other Receivables and Prepayments

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**194,075**	156,464
Less: allowance for doubtful debts	**(9,711)**	(8,546)
	184,364	147,918
Other receivables	**13,035**	17,375
Prepayments	**13,254**	4,881
Trade and other receivables	**210,653**	170,174

The Group allows an average credit period of 60 days to its customers. The following is an aged anlaysis of trade receivables net of allowance for doubtful debts at the reporting date:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**104,168**	84,295
31 to 90 days	**78,477**	59,303
Over 90 days	**1,719**	4,320
	184,364	147,918

9. Trade and Other Payables and Accruals

	2007	2006
	HK$'000	*HK$'000*
Trade payables	**138,500**	120,436
Accrued expenses	**39,803**	38,385
Other payables	**35,620**	23,693
	213,923	182,514

The following is an aged analysis of trade payables at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**70,428**	49,477
31 to 90 days	**61,703**	65,517
Over 90 days	**6,369**	5,442
Trade payables	**138,500**	120,436

DIVIDENDS

The Board recommends a final dividend of HK3.5 cents per share. Together with an interim dividend of HK1.5 cents per share, the total dividend of the year under review amounts to HK5.0 cents per share. The final dividend will be payable to the shareholders whose names appear in the register of members of the Company on 13 June 2008. Dividend warrants are expected to be sent out on or before 30 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 11 to 13 June 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 10 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group reported consolidated turnover of HK$1,208.7 million for the year ended 31 December 2007 representing a growth of 7.4% over last year. The profit attributable to equity holders of the Company decreased by 44.3% to HK$48.0 million. Basic earnings per share decreased from HK11.94 cents to HK 6.63 cents.

BUSINESS REVIEW

Turnover

The Group's turnover was increased by 7.4% from HK$1,125.5 million to HK$1,208.7 million during the year. The growth momentum was mainly driven by the sales of "miscellaneous infant products". This product category recorded the significant sales growth rate of 18.4% from HK$390.9 million to HK$463.0 million. Among this category, sales of car seats amounted to HK$152.1 million (2006: 119.3 million) and contributed HK$32.8 million net increase during the year. In term of sales growth rate, car seats product line achieved to 27.5%. The remarkable sales growth was mainly came from the great contribution made by our United States of America ("USA") research and development team during the year. The newly setup team located in USA and it was composed of local professionals. The professionals realized the upcoming design trend and knew the local customers' specifications very well so as to facilitate making tailor-made design works in a highly efficiency way. Other than getting highly appreciation from the existing customers, the efficient design team achieved attracting several new local customers to the Group during the year.

Gross Profit

With continuous increase in raw materials price, significant diminishing of PRC tax rebate on exports and the ongoing appreciation of Renminbi ("RMB"), gross profit of the Group was adversely affected. During the year, the gross profit decreased from HK$259.3 million to HK$212.4 million and made the gross profit ratio decline to 17.6% (2006: 23.0%). The Group continued with stringent cost control measures and optimized production flow to minimize costs of sales during the year. However, the operation environment was challenging and difficult, the Group had suffered from those adverse impacts.

The Group started to recover higher costs through selling price increases and introduction of new products to the market. Besides, the Group started to screen out those extremely low margins production orders so as to reserve production capacity for higher value orders.

Marketing and Distribution Costs

The Group's marketing and distribution costs were increased by 29.5% from HK$62.5 million to HK$81.0 million during the year. The main reason was the inflation of transportation costs following up with high-level energy price.

Research and Development Expenses

There was a 20.9% increase of the Group's research and development expenses from HK$26.9 million to HK$32.5 million during the year. This was mainly attributable to the expansion of our operations in USA.

Administrative Expenses

The Group's administrative expenses were increased from HK$93.8 million to HK$98.9 million representing 5.3% increase during the year. This was also mainly attributable to the expansion of our operations in USA.

Investment Income

During the year, the Group's investment income was increased significantly by 2.4 times from HK$6.6 million to HK$22.0 million. The major reason was due to gain on fair value changes of derivative financial instruments amounting HK$13.4 million (2006: HK$0.3 million). The Group entered into foreign currency (RMB/USD) contracts with Zhong Shan banks and Taiwan banks in different contract rates during the year. The Group entered into the contracts in a pair practice that involved selling a contractual amount USD in Zhong Shan and buying a same amount of USD in Taiwan in same contracted period. As the contracted banks located in two different jurisdictions, there were different currency spot rates existing. Due to different currency spot rates maintained, the Group realized net gains in these pair transactions. During the year, the Group invested more in these pair transactions in term of number of transactions as well as contractual USD amount.

Gain on Fair Value Changes of Investment Properties

The Group's gain on fair value changes of investment properties was increased from HK$2.2 million to HK$37.2 million representing exponential 15.9 times increase during the year. In 2006, the Group owned an investment property (approximately 4,100 sq ft) in Hong Kong to earn rental income and occupied a property (approximately 6,000 sq ft) in Hong Kong for corporate office. The gain on fair value changes of investment properties amounted to HK$2.2 million in 2006 was generated from the investment property, which had smaller floor areas. During the year, the Group exchanged the usages of the mentioned properties. The larger property became Group's investment property and generated HK$37.2 million gain on fair value changes as at 31 December 2007. At 10 December 2007, the Group entered into a provisional sale and purchase agreement with a purchaser to sell the investment property for a consideration of HK$88.8 million. The Board considered that the disposal a good opportunity for the Group to realize a better value for the property. The sale completed on 29 February 2008 and the total net proceeds of approximately HK$88.0 million from disposal had been applied as general working capital of the Group.

PROSPECTS

Similar to many PRC manufactures, inflation fueled by raising raw materials, energy and labour costs is a key concern of the Group. In addition, changes in trade and tax rules and RMB appreciation are all unfavorable factors to the Group's operation. Apart from applying the stringent cost control measures and optimized production flow to minimize costs of sales, the Group now is assessing to outsource more production activities to other factories to further enhance its competivity. The Group also started to evaluate the feasibility of setting up new production bases in other countries providing lower operating costs. Besides, the Group will strictly implement the policy of screening out models with extremely low margins in order to reserve production capacity for higher value production orders.

The Group will strengthen sale and marketing activities to further expand market share in overseas market. In view of bright prospect in car seats, the Group will foster and develop high quality customer groups to increase our market share. Besides, the Group will also allocate more resources in strengthening its design capabilities and developing innovative products to the market so as to drive a sustainable sales growth. Furthermore, the Group will continue to implement cross-selling sale and marketing strategy for pushing up car seats sales from the existing stroller buyers.

The rising disposable incomes and the country's one-child policy in PRC induce China's urban parents to be willing to spend more and more monies on that one child. The PRC will definitely continue to be a major market. The Group will continue to identify suitable business development and investment opportunities to increase our market penetration in PRC.

Liquidity and financial resources

The Group adopts a conservative policy in its financial management and maintains a solid financial position. The Board is in the opinion that the Group has sufficient resources to support its operations and meet its foreseeable capital expenditure.

As at 31 December 2007, the Group had cash and bank balances, mainly in US dollars and RMB of HK$159.3 million (2006: HK$259.8 million) and was free of bank borrowings (2006: nil). The drop of the balances was mainly due to an increase of inventory level of HK$52.7 million and an addition of prepaid lease payments of HK$28.8 million in December 2007.

As at 31 December 2007, the Group had net current assets of HK$417.1 million (2006: HK$369.3 million) and a current ratio of 2.7 (2006: 2.9). Trade receivable and inventory turnover were 50 days (2006: 51 days) and 56 days (2006: 52 days) respectively.

The gearing ratio, being the bank loan divided by the shareholders' equity, as at 31 December 2007 was nil (2006: nil).

Exchange risk exposure and contingent liabilities

The sales of the Group are mainly denominated in US dollars and purchases are mainly in HK dollars, Renminbi and New Taiwanese dollars. The Group does not foresee significant risk in exchange rate fluctuation.

As at 31 December 2007, the Group had no significant contingent liabilities.

Employees and remuneration policies

As at 31 December 2007, the Group employed a total workforce of around 5,600 staff members, of which above 5,400 worked in the PRC offices and production sites, above 100 in Taiwan mainly for marketing, sales support and research and development, 25 in the US office for marketing, sales support and research and development and 10 in HK for finance and administration.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year, the Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company comprising the three Independent Non-executive Directors, has reviewed the accounting principles and practices adopted by the Company and has discussed auditing, internal control and financial reporting matters. The Audit Committee has reviewed the Group's audited financial statements for the year ended 31 December 2007.

PUBLICATION OF ANNUAL REPORT

The Company's annual report containing all the relevant information required by the Listing Rules will be published in due course on the website of The Hong Kong Exchange and Clearing Limited at www.hkex.com.hk and the website of the Company at www.irasia.com/listco/hk/lerado/index.htm.

By order of the Board
Huang Ying Yuan
Chairman

18 April 2008

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Huang Ying Yuan, Mr. Yang Yu Fu, Mrs. Huang Chen Li Chu and Mr. Chen Chun Chieh being the Executive Directors, and Mr. Lim Pat Wah Patrick, Mr. Huang Zhi Wei and Mr. Tyrone Lin being the Independent Non-executive Directors.