



LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)*

(incorporated in Bermuda with limited liability)
Stock code: 1225

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

SUMMARY

On 7 April 2005, Lerado China, Taiwan Company and Lerado Overseas, each a wholly-owned subsidiary of the Company, entered into the Master Agreement with Holy Baby pursuant to which Lerado China, Taiwan Company and Lerado Overseas will supply infant products, toys and other products agreed by the parties from time to time to Holy Baby on a regular basis.

Holy Baby is wholly owned by Mr. Huang Tien Cheng, the brother of Mr. Huang Ying Yuan who is a Director and a substantial shareholder of the Company. Under Rule 14A.11(4) of the Listing Rules, Holy Baby is considered a connected person of the Company. Accordingly, transactions between each of Lerado China, Taiwan Company and Lerado Overseas and Holy Baby will constitute connected transactions of the Company under the Listing Rules. The Continuing Connected Transactions under the Master Agreement constitute continuing connected transactions for the Company under Rule 14A.34(1) of the Listing Rules and will be subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

Holy Baby has been purchasing infant products, toys and other products from Lerado China, Taiwan Company and Lerado Overseas since 1 April 2004. For the full year ended 31 December 2004, sales of infant products, toys and other products of Lerado China, Taiwan Company and Lerado Overseas amounted to approximately HK\$4.33 million. The Company, not having previously issued a public announcement concerning the Continuing Connected Transactions for 2004, has inadvertently failed to comply with the requirements under Chapter 14A of the Listing Rules. The Company was not aware of the fact that the Continuing Connected Transactions for 2004 should have been subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules until enquiries were made by the auditors of the Company in the course of the preparation of the Company's annual report for the year ended 31 December 2004 in late March of 2005. The Stock Exchange reserves the right to take disciplinary action against the Company and the Directors in this respect.

1. THE CONTINUING CONNECTED TRANSACTIONS

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|------------------------------|--|
| Date of the Master Agreement | : 7 April 2005 |
| Suppliers | : Lerado China, Taiwan Company and Lerado Overseas, each a wholly-owned subsidiary of the Company |
| Purchaser | : Holy Baby |
| Nature of transaction | : Pursuant to the Master Agreement, the Suppliers will, and will procure their respective associates to, supply infant products, toys and other products agreed by the parties from time to time to Holy Baby |
| Term | : The Master Agreement has a fixed term of one financial year ending 31 December 2005 |
| Price | : The basis of determining the prices for the Continuing Connected Transactions will be in accordance with: (i) direct comparable prices offered by the Group to other customers; or (ii) by agreement between the parties based on reasonable principle if no direct comparable price can be taken as a reference. Payment will be made in cash within 60 days upon the issue of the monthly statement by the relevant party, the credit period of which is within the range of credit period granted by the relevant supplier to other third-party customers |
| Cap amount | : The cap amount of the Continuing Connected Transactions under the Master Agreement for the financial year ending 31 December 2005 will not exceed HK\$10 million each year. The cap amount is determined with reference to (i) the historical sales of the relevant infant products, toys and other products of Lerado China, Taiwan Company and Lerado Overseas to Holy Baby; and (ii) the expected growth in the sales of Holy Baby in view of its plans of expansion and strategies to increase its promotional activities which would result in greater demand for the products under the Master Agreement |

2. LISTING RULES IMPLICATIONS

Holy Baby is wholly owned by the brother of Mr. Huang Ying Yuan who is a Director and a substantial shareholder of the Company. Under Rule 14A.11(4) of the Listing Rules, Holy Baby is considered a connected person of the Company. Accordingly, transactions between each of Lerado China, Taiwan Company and Lerado Overseas and Holy Baby will constitute connected transactions of the Company under the Listing Rules. The Continuing Connected Transactions under the Master Agreement constitute exempted connected transactions for the Company under Rule 14A.34 of the Listing Rules and will be subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. Apart from the 2 lease agreements entered into with Huang Ying Yuan and his associate in the PRC in 1997, details of which have been disclosed in the Company's prospectus dated 8 December 1998, the only other connected transactions entered into between the Company and Mr. Huang Ying Yuan and his associates are set out below which fell within the de minimis exemption under Rule 14A.33(3) of the Listing Rules:

| Name of Party | Address of premises | Nature of Transaction | Estimated Amount for the financial year ended 31 December 2004 (HK\$) |
|-------------------------------------|--|--|---|
| Yojin Industrial Corporation (Note) | No. 22 Kuang Fu Road, Chia Tai Industrial Zone, Tai Pao City, Chia Yi County, Taiwan | Rental expenses paid by the Group in respect of office and workshop premises in Taiwan | 848,000 |
| Huang Chen Li Chu (Note) | No. 99-F, Fu Chou 7th Street, Chia Yi County, Taiwan | Rental expenses paid by the Group in respect of office premises in Taiwan | 28,000 |

Note: Huang Ying Yuan and Huang Chen Li Chu have beneficial interests in Yojin Industrial Corporation. Huang Chen Li Chu is the spouse of Huang Ying Yuan.

Holy Baby has been purchasing infant products, toys and other products agreed by the parties from Lerado China, Taiwan Company and Lerado Overseas since 1 April 2004. For the year ended 31 December 2004, sales of infant products, toys and other products agreed by the parties of Lerado China, Taiwan Company and Lerado Overseas amounted to approximately HK\$4.33 million respectively. The Company, not having previously issued a public announcement concerning the Continuing Connected Transactions for 2004, has inadvertently failed to comply with the requirements under Chapter 14A of the Listing Rules. The Company was not aware of the fact that the Continuing Connected Transactions for 2004 should have been subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. The Stock Exchange reserves the right to take disciplinary action against the Company and the Directors in this respect.

The Company had convened a meeting of the Board on 7 April 2005 to brief the Directors the requirements under the Listing Rules in connection with connected transactions. During the meeting, each of the Directors was given a copy of materials setting out the definition of connected transaction and the requirements in connection therewith in the Listing Rules. The Board believes that the steps taken by the Board would be sufficient to ensure that the Directors would closely monitor all the circumstances of similar transactions and that such breaches of the Listing Rules will not occur in the future.

3. REASON

The Directors consider that the Continuing Connected Transactions are of the type that are entered into in the ordinary and usual course of business of each of Lerado China, Taiwan Company and Lerado Overseas and on a regular basis. The terms of the Master Agreement were reached between the parties by arm's length negotiation, on normal commercial terms and are no less favourable to the Company than those available to independent third parties. The price will be determined according to (i) direct comparable prices offered by the Group to other third-party customers; or (ii) by agreement between the parties based on reasonable principle (e.g. having considered the costs of and the expected profits generated from the goods), if no direct comparable market price can be taken as a reference (e.g. in the event that the products concerned are new inventions or have adopted some modifications which are not available in the market and have not been offered by the Group to third-party customers). Therefore, the Board (including the independent non-executive Directors) considers that the Continuing Connected Transactions contemplated under the Master Agreement will be entered into in the ordinary course of business of the Group and on normal commercial terms or on terms that are fair and reasonable so far as the shareholders of the Company are concerned.

4. GENERAL

The Group is principally engaged in the design, manufacture and trading of infant products. Holy Baby is principally engaged in the wholesale of consumer products.

As at the date of this announcement, the Board comprises Mr. Huang Ying Yuan, Mr. Chen Hsing Shin, Ms Huang Chen Li Chu, Mr. Leung Man Fai as executive Directors and Mr. Lim Pat Wah Patrick, Mr. Yang Yu Fu and Mr. Huang Zhi Wei as independent non-executive Directors.

5. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

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| "Board" | the board of Directors; |
| "Company" | Lerado Group (Holding) Company Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange; |
| "connected person" | has the meaning ascribed to it in the Listing Rules; |
| "Continuing Connected Transactions" | the supply of infant products, toys and other products agreed by the parties from time to time by Lerado China, Taiwan Company and Lerado Overseas to Holy Baby; |
| "Directors" | the directors of the Company; |
| "Group" | the Company and its subsidiaries; |
| "Holy Baby" | 好萊兒嬰兒用品有限公司, a company incorporated in Taiwan with limited liability; |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China; |
| "Lerado China" | Lerado China Limited, a company incorporated in the British Virgin Islands with limited liability; |
| "Lerado Overseas" | Lerado Overseas Limited, a company incorporated in the British Virgin Islands with limited liability; |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange; |
| "Master Agreement" | the agreement entered into between Lerado China, Taiwan Company and Lerado Overseas dated 7 April 2005 pursuant to which Lerado China, Taiwan Company and Lerado Overseas will supply infant products, toys and other products agreed by the parties to Holy Baby on a regular basis; |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "substantial shareholder" | has the meaning as given in the Listing Rules; |
| "Taiwan Company" | 金和信股份有限公司, a company incorporated in Taiwan with limited liability; and |
| "HK\$" | Hong Kong dollar, the lawful currency of Hong Kong. |

By order of the Board of
Lerado Group (Holding) Company Limited
Huang Ying Yuan
Chairman

Hong Kong, 11 April 2005

* for identification purposes only

*Please also refer to the published version of this announcement in
Hong Kong Economic Times and and International Herald Tribune.*