
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, a banker manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares of Lerado Group (Holding) Company Limited, you should at once hand this document together with the accompanying Scrip Shares Election Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)*

(Incorporated in Bermuda with limited liability)

Executive Directors:

HUANG Ying Yuan
TSANG Yat Kiang
CHEN Hsing Shin
HUANG Chen Li Chu
LEUNG Man Fai

Non-Executive Directors:

CHEN Jo Wan
 TSAI Joseph Chung
 LIN John Sian-zu

Independent Non-Executive Directors:

NG Ching Wo
LIM Pat Wah

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal Place of Business
in Hong Kong:*

Unit 18, 17/F
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

2nd June, 2000

To the shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 1999**

At the annual general meeting of Lerado Group (Holding) Company Limited (the “Company”) held on 30th May, 2000, the shareholders of the Company have (inter alia) approved a final dividend of HK\$0.06 per share of HK\$0.10 each in the capital of the Company (the “Shares”) for the financial

* For identification purposes only

year ended 31st December, 1999, such final dividend to be satisfied by way of cash with an option to elect scrip dividend of Shares (the “Scrip Shares”), payable to shareholders on the register of members of the Company on 29th May, 2000 (the “Record Date”) (the “Scrip Dividend Scheme”).

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

The number of scrip dividend entitlements to be allotted will be calculated by reference to HK\$1.27, being the average of the closing prices of the Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the five consecutive trading days prior to and including 29th May, 2000.

Accordingly, the number of Scrip Shares which each shareholder will be issued and allotted will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of Scrip Shares} & & \text{Number of existing shares} & & 0.06 \\ \text{to be allotted} & = & \text{entitled to receive scrip dividend} & \times & \frac{\quad}{1.27} \end{array}$$

unless such shareholder has elected a cash alternative for the whole or any part of his existing shares.

The number of Scrip Shares to be issued to each shareholder will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares will be aggregated and sold, the net proceeds being retained for the benefit of the Company.

The Scrip Shares will rank pari passu in all respects with the Shares in issue save that they will not be entitled to the final dividend for the financial year ended 31st December, 1999.

SCRIP SHARES ELECTION FORM

Enclosed is a Scrip Shares Election Form. Any shareholder who wishes to receive only cash in respect of his final dividend entitlement need not complete the Scrip Shares Election Form. Any shareholder who wishes to receive Scrip Shares in lieu of cash in respect of his final dividend entitlement, either in whole or in part, must complete the Scrip Shares Election Form and return it to the Registrar, Secretaries Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, by no later than 4:00 p.m. on 19th June, 2000. No acknowledgement of receipt of the said Form will be issued.

If you complete the Scrip Shares Election Form but do not specify the number of Shares in respect of which you elect to receive Scrip Shares, or if you elect Scrip Shares in respect of a greater number of Shares than your registered holding on the Record Date, then in either case you will be deemed to have exercised your election to receive the final dividend wholly in Scrip Shares in respect of all the Shares of which you were then registered as the holder(s).

OVERSEAS SHAREHOLDERS

Shareholders whose registered addresses are outside Hong Kong as at the Record Date will not be permitted to participate in the Scrip Dividend Scheme in accordance with the Bye-Laws of the Company. Accordingly, they will receive the final dividend wholly in cash. No Scrip Shares Election Forms will be sent to such shareholders.

STOCK EXCHANGE LISTING AND DESPATCH OF SHARE CERTIFICATES

Application has been made to the Stock Exchange for the listing of and permission to deal in the Scrip Shares. Certificates in respect of Scrip Shares and cheques in respect of cash dividend are expected to be sent to shareholders by post at the risk of such shareholders on or around 29th June,

2000. In the unlikely event that the Scrip Shares are not admitted to listing before 29th June, 2000, the Scrip Shares Election Forms will be disregarded and the full cash dividend will be paid in the way as described above. The expected date of commencement in dealing of Scrip Shares is on 3rd July, 2000.

The Shares are listed and dealt in on the Stock Exchange. No part of the share capital of the Company is otherwise listed or dealt in on any other stock exchange nor is any such listing or permission to deal being or is proposed to be sought.

Subject to the granting of listing of, and permission to deal in the Scrip Shares on the Stock Exchange, the Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement (“CCASS”). All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedure in effect from time to time.

The Scrip Shares are not listed on or dealt in on any other stock exchange and no listing or permission to deal is being or is proposed to be sought.

The Scrip Dividend Scheme will give shareholders the opportunity to increase their investment in the Company without contributing cash outflow and incurring brokerage and stamp duty costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that shareholders receive Scrip Shares, in whole or in part, in respect of the final dividend, such cash as would otherwise have been paid to shareholders will be retained for use by the Company.

Whether or not it is to your advantage to elect to receive Scrip Shares in lieu of cash, in whole or in part, will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom, must be solely the responsibility of each shareholder. **If you are in any doubt as to what to do, you should consult your professional advisers.**

Yours faithfully,
HUANG YING YUAN
Chairman