

IMPORTANT

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Winfoong International Limited, you should at once hand this circular to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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WINFOONG INTERNATIONAL LIMITED

(榮 豐 國 際 有 限 公 司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

Executive directors:

Cheong Pin Chuan, Patrick
(Chairman and Managing Director)
Cheong Kim Pong
Cheong Sim Eng

Principal Office in Hong Kong:

Room 801
9 Queen's Road Central
Hong Kong

Independent non-executive directors:

Kan Fook Yee
Lai Hing Chiu, Dominic
Chan Yee Hoi, Robert

Non-executive director:

Lim Ghee

16th March, 2005

Dear Shareholders,

GENERAL MANDATE TO REPURCHASE SHARES AND PROCEDURE BY WHICH SHAREHOLDERS MAY DEMAND A POLL

INTRODUCTION

At the annual general meeting of Winfoong International Limited (the "Company") to be held on 22nd April, 2005 (the "Annual General Meeting"), Messrs. Cheong Sim Eng and Kan

Fook Yee will retire and being eligible, offer themselves for re-election as Directors in accordance with Bye-Law 87 of the Company's Bye-Laws. Resolutions will be proposed at the Annual General Meeting to re-elect Messrs. Cheong Sim Eng and Kan Fook Yee as Directors. Details of Messrs. Cheong Sim Eng and Kan Fook Yee are disclosed under the sections of Directors' Biographies, Directors' Interests and Directors' Remuneration in the 2004 Annual Report of the Company, which is sent to you together with this circular. You are advised to read the said sections so as to make decision on whether to vote for or against the resolution to re-elect Messrs. Cheong Sim Eng and Kan Fook Yee as Directors.

In addition, a resolution will be proposed to grant to the Directors of the Company a general mandate to repurchase shares of the Company.

This circular contains (1) the explanatory statement in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to give all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the grant of the general mandate for the purchase by the Company of its own shares and also (2) briefly states the procedure by which shareholders may demand a poll on resolutions put to the meeting pursuant to the Bye-Laws of the Company.

I. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid shares of HK\$0.05 each ("Shares") in the capital of the Company not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution. The Company's authority is restricted to purchases made on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 15th March, 2005, being the latest practicable date prior to the printing of this circular (the "Latest Practicable Date"), there were in issue an aggregate of 1,492,410,986 Shares. Exercising in full of the mandate, on the basis that no further Shares are issued or repurchased prior to the date of the Annual General Meeting, could accordingly result in up to 149,241,098 Shares being repurchased by the Company. The mandate allows the Company to make repurchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law and the date upon which such authority is revoked or varied. The Directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company with the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net asset value of the Company and/or earnings per Share. As compared with the financial position of the Company as at 31st December, 2004 (being the date of its latest audited accounts), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed purchase period. However, the Directors do not propose to exercise the mandate to such an extent as would, in the circumstances, have a material adverse impact on the working capital or gearing ratio of the Company, which in the opinion of the Directors are from time to time appropriate for the Company.

The Company is empowered by its Memorandum of Association and Bye-Laws to repurchase its shares. The Companies Act 1981 (as amended) of Bermuda provides that the amount of capital repaid in connection with the share repurchases may only be paid out of the capital paid up on the relevant shares, funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a new issue of shares made for such purpose. In repurchasing shares, the Company will only apply funds legally available for such purpose in accordance with its Bye-Laws and the laws of Bermuda. In accordance with the Listing Rules, the listing of all shares which are repurchased by the Company (whether on the Stock Exchange or otherwise) shall be automatically cancelled upon repurchase and the Company would apply for listing of any further issue of that type of shares in the normal way.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge of the Directors having made all reasonable enquiries, any of the associates of any of the Directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company. No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules, the laws of Hong Kong and all applicable laws of Bermuda and in accordance with the regulations set out in the Memorandum of Association and Bye-Laws of the Company.

EFFECT OF TAKEOVERS CODE

If on the exercise of the power to repurchase shares pursuant to the share repurchase mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("the Takeovers code"). As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, the following substantial shareholders have direct or indirect interest in 10% or more of the issued share capital of the Company:

Shareholder	Approximate effective interest
HFL International Consortium Limited	37.20%
Hong Fok Enterprises Limited	37.20%
Hong Fok Investment Holding Company, Limited	40.38%
Hong Fok Corporation Limited	40.38%
Barragan Trading Corp.	19.12%

Notes:

- (1) Hong Fok Enterprises Limited was deemed to have the same beneficial interests as its wholly-owned subsidiary, HFL International Consortium Limited, did in the issued share capital of the Company by virtue of Hong Fok Enterprises Limited's interests in HFL International Consortium Limited.
- (2) Hong Fok Investment Holding Company, Limited was also deemed to have the same beneficial interests as its wholly-owned subsidiary, Hong Fok Enterprises Limited, did in the issued share capital of the Company by virtue of Hong Fok Investment Holding Company, Limited's interests in Hong Fok Enterprises Limited. In addition, Hong Fok Investment Holding Company, Limited has direct interests in approximately 3.18% of the issued share capital of the Company.
- (3) Hong Fok Corporation Limited was deemed to have the same beneficial interests as its wholly-owned subsidiary, Hong Fok Investment Holding Company, Limited did, in the issued share capital of the Company by virtue of Hong Fok Corporation Limited's interests in Hong Fok Investment Holding Company, Limited.

In the event that the Directors exercise the power to repurchase the Shares under the aforesaid share repurchase mandate and to the extent that the effective increase in the collective percentage holding in the Company by HFL International Consortium Limited, Hong Fok Enterprises Limited, Hong Fok Investment Holding Company, Limited and Hong Fok Corporation Limited, their associates and their concert parties in the 12-month period ending on and inclusive of the date of the relevant repurchase of shares, there will be an obligation under Rules 26 and 32 of the Takeovers Code to make a mandatory offer.

If the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution and assuming the present shareholding by each of the shareholders of the Company remain the same, the percentage holdings of the above substantial shareholders in the Company would be as follows:

Shareholder	Percentage holding if the repurchase is exercised in full
HFL International Consortium Limited	41.34%
Hong Fok Enterprises Limited	41.34%
Hong Fok Investment Holding Company, Limited	44.87%
Hong Fok Corporation Limited	44.87%
Barragan Trading Corp.	21.24%

However, the Directors have no present intention to exercise the repurchase of Shares to the extent that will result in any takeovers obligation. Such an increase would not result in the aggregate amount of the share capital of the Company in public hands being reduced to less than 25%.

GENERAL

During each of the six months preceding the date of this circular, no Shares have been repurchased by the Company.

During each of the twelve months from 1st April, 2004 to the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Highest Traded Price (HK\$)	Lowest Traded Price (HK\$)
April 2004	0.320	0.180
May 2004	0.260	0.200
June 2004	0.204	0.170
July 2004	0.190	0.163
August 2004	0.188	0.175
September 2004	0.200	0.175
October 2004	0.244	0.183
November 2004	0.485	0.230
December 2004	0.455	0.365
January 2005	0.425	0.360
February 2005	0.410	0.360
March 2005 (up to the Latest Practicable Date)	0.400	0.370

RECOMMENDATION

The Directors consider that the granting of the mandate to repurchase Shares is in the interest of the Company and so recommend you to vote in favour of the resolution at the Annual General Meeting. The Directors will vote all their shareholdings in favour of the resolution.

II. PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND A POLL

According to the Bye-Law 66. of the Company's Bye-Laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by the Chairman of such meeting; or:

- (a) by at least three shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the voting rights of all shareholders having the right to vote at the meeting; or
- (b) by a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a shareholder or in the case of a shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a shareholder.

Yours faithfully,
Cheong Pin Chuan, Patrick
Director