

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)

Executive directors:

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

Non-executive director:

Lim Ghee

15th April, 2002

To the shareholders

Dear Sir and Madam,

GENERAL MANDATE TO REPURCHASE SHARES

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It is proposed that at the annual general meeting of Winfoong International Limited (the "Company") to be held on 17th May, 2002 (the "Annual General Meeting"), a resolution will be proposed to be granted to the directors of the Company (the "Directors") a general mandate to repurchase shares of the Company. This circular contains 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.

GENERAL MANDATE TO REPURCHASE SECURITIES

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 in the capital of the Company. Under such mandate, the number of shares of HK\$0.05 each (“Shares”) that the Company may repurchase shall not exceed 10% of the share capital of the Company in issue on the date of the resolution. The Company’s authority is restricted to purchases made on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As at 10th April, 2002, being the latest practicable date prior to the printing of this circular (the “Latest Practicable Date”), there were in issue an aggregate of 747,416,993 Shares of the Company. Exercise 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 74,741,699 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, 2001 (being the date of its latest audited accounts), the Directors consider that there would not 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. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its Memorandum of Association and Bye-Laws to repurchase its shares. The Companies Act 1981 of Bermuda provides that the amount of capital paid in connection with the shares repurchase may only be paid from the distributable profits or from the proceeds of a new issue of securities made for the purpose. 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 of the Stock Exchange, 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

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “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	37.14%
Hong Fok Enterprises Limited	37.14%
Hong Fok Investment Holding Company, Limited	37.66%
Hong Fok Corporation Limited	37.66%
Barragan Trading Corp.	19.09%

Notes:

- (1) Hong Fok Enterprises Limited were 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 which has direct interests in approximately 37.14% of the issued share capital of the Company.
- (2) Hong Fok Investment Holding Company, Limited were also deemed to have the same beneficial interests as its wholly-owned subsidiary, Hong Fok Enterprise 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 which has an indirect interest in approximately 37.14% of the issued share capital of the Company. In addition, Hong Fok Investment Holding Company, Limited has direct interests in approximately 0.52% of the issued share capital of the Company. Therefore, Hong Fok Investment Holding Company, Limited has an aggregate of direct and indirect interests in approximately 37.66% of the issued share capital of the Company.
- (3) Hong Fok Corporation Limited were 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 which has an aggregate of direct and indirect interests in approximately 37.66% of the issued share capital of the Company.

In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the percentage shareholdings 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	41.26%
Hong Fok Enterprises Limited	41.26%
Hong Fok Investment Holding Company, Limited	41.84%
Hong Fok Corporation Limited	41.84%
Barragan Trading Corp.	21.21%

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% and would not give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Code.

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, 2001 to 31st March, 2002, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Highest Traded Price <i>(HK\$)</i>	Lowest Traded Price <i>(HK\$)</i>
April 2001	0.215A	0.198A
May 2001	0.206A	0.195A
June 2001	0.215A	0.198A
July 2001	0.223A	0.203A
August 2001	0.214A	0.198A
September 2001	0.193A	0.185A
October 2001	0.189A	0.183A
November 2001	0.189A	0.185A
December 2001	0.187A	0.181A
January 2002	0.191A	0.181A
February 2002	0.192A	0.185A
March 2002	0.192A	0.184A

Note: “A” means the traded price as adjusted by the proposed open offer of the Company as described in the circular of the Company dated 25th March, 2002.

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.

Yours faithfully,
Patrick Cheong
Director