

## 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 3201  
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

2nd April, 2008

Dear Shareholders,

**GENERAL MANDATE TO REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS  
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 25th April, 2008 (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. Brief biographical details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out in the Appendix to this circular. You are advised to read the Appendix 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 26th March, 2008, being the latest practicable date prior to the printing of this circular (the "Latest Practicable Date"), there were in issue an aggregate of 2,392,410,986 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 239,241,098 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.

### **Reason for Shares Repurchase**

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.

### **Funding of Shares Repurchase**

As compared with the financial position of the Company as at 31st December, 2007 (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:

<b>Shareholder</b>	<b>Approximate effective interest</b>
HFL International Consortium Limited	60.8%
Hong Fok Enterprises Limited	60.8%
Hong Fok Investment Holding Company, Limited	62.8%
Hong Fok Corporation Limited	62.8%
Barragan Trading Corp.	11.9%

*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 2.0% 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 no 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:

<b>Shareholder</b>	<b>Percentage holding if the repurchase is exercised in full</b>
HFL International Consortium Limited	67.6%
Hong Fok Enterprises Limited	67.6%
Hong Fok Investment Holding Company, Limited	69.8%
Hong Fok Corporation Limited	69.8%
Barragan Trading Corp.	13.3%

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, 2007 to the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

<b>Month</b>	<b>Highest Traded Price (HK\$)</b>	<b>Lowest Traded Price (HK\$)</b>
April 2007	0.790	0.530
May 2007	0.850	0.670
June 2007	0.730	0.600
July 2007	0.670	0.420
August 2007	0.530	0.260
September 2007	0.335	0.280
October 2007	0.315	0.265
November 2007	0.330	0.255
December 2007	0.330	0.285
January 2008	0.310	0.255
February 2008	0.255	0.221
March 2008 (up to the Latest Practicable Date)	0.320	0.140

## **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:

- (a) the chairman of such meeting; or
- (b) 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 for the time being entitled to vote at the meeting; or
- (c) 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 representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or
- (d) 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*

## APPENDIX PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

The biographical and other details of the retiring Directors standing for re-election at the Annual General Meeting as required by the Listing Rules are set out below:

**Mr. Cheong Sim Eng**, aged 47  
*Executive Director*

Mr. Cheong Sim Eng graduated from the Chaminade University of Honolulu with a Bachelor of Arts degree. He joined the Group in 1991 and was appointed a director of the Company in 1996. He has over 22 years' experience in the construction industry. He is a director of the Group's ultimate holding company, Hong Fok Corporation Limited ("HFC"). HFC is listed on the Singapore Exchange Securities Trading Limited.

Mr. Cheong is son to Madam Lim Ghee, a non-executive director of the Company and HFC, brother to Messrs. Cheong Kim Pong and Cheong Pin Chuan, Patrick, Directors and executive directors of HFC, Ms. Cheong Hooi Kheng, alternate non-executive director of the Company and executive director of HFC and Ms. Cheong Puay Kheng, senior management of the group of companies held by the Company. Mr. Cheong is uncle to Messrs. Cheong Aik Yen, Roy, Cheong Tze Hong, Marc and Cheong Tze Hian, Howard, senior management of the group of companies held by the Company.

As at the Latest Practicable Date, Mr. Cheong had the following interests in shares of the Company and its associated corporation within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"):

(i) *the Company*

Type of interests	Number of securities held	Percentage
Corporate ( <i>Note</i> )	1,502,645,787 shares	62.8%
Personal		

*Note:* Mr. Cheong was deemed to have corporate interests in the shares of the Company by virtue of his beneficial interests in the shares of HFC.

(ii) *HFC, an associated corporation*

Type of interests	Number of shares held	Percentage
Personal	68,699,300	
Family	227,700	
Corporate ( <i>Note a</i> )	31,263,663	
Other ( <i>Note b</i> )	<u>133,469,600</u>	
Total	<u><u>233,660,263</u></u>	35.4%

*Notes:*

- (a) These shares were beneficially held by a number of companies in which Mr. Cheong had beneficial interests.
- (b) These shares were beneficially held by a company in which Mr. Cheong had deemed interests.

Mr. Cheong has not entered into any service contract with the Company and he is not appointed for a specific term though he is subject to retirement by rotation and re-election in accordance with the Bye-Laws of the Company. For the year ended 31st December 2007, Mr. Cheong received HK\$775,399 as salaries, allowances and benefits in kind which was determined with reference to his duties and responsibilities with the Company and the prevailing market conditions.

On or about 16th October 2006, it has come to Mr. Cheong's attention that Sam Kee Garden (H.K.) Limited ("Sam Kee"), a company incorporated in Hong Kong, was wound up by the Court by a Winding Up Order made on 11th October 2006. As Mr. Cheong resigned as director of Sam Kee on 17th October 2005, he has no knowledge of the amount involved and the current position of such winding up proceedings as the same has not yet been commenced during his term of directorship. Before Mr. Cheong's resignation, Sam Kee's business was provision of management services.

**Mr. Kan Fook Yee**, aged 71  
*Independent Non-executive Director*

Mr. Kan Fook Yee, SBS, aged 71, is an independent non-executive director and a member of the audit committee of the Company. He is barrister at law, a fellow member of the Hong Kong Institute of Surveyors and a fellow member of the Chartered Institute of Arbitrators. He was appointed an independent non-executive director of the Company in 1998.

Mr. Kan is a director of Beijing-Hong Kong Exchange of Personnel Centre, F.Y. Kan Investment Limited, Just Best Limited, FYK Property Development Strategics Limited, Hong Kong Former Senior Civil Servants Association Limited, The University of Hong Kong School of Professional and Continuing Education Alumni Limited and certain REIT Group Companies. Mr. Kan is also chairman and non-executive director of Henderson Sunlight Asset Management Limited, manager of Sunlight Real Estate Investment Trust ("Sunlight REIT"). Sunlight REIT is listed on the Main Board of the Stock Exchange Hong Kong Limited.

In addition, Mr. Kan is an adviser to the Heung Yee Kuk, a statutory advisory body established under the Heung Yee Kuk Ordinance (Chapter 1097 of the Laws of Hong Kong).

Mr. Kan does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Kan did not have any interest in the shares of the Company and its associated corporation within the meaning of Part XV of the SFO.

Mr. Kan has not entered into any service contract with the Company and he is not appointed for a specific term though he is subject to retirement by rotation and re-election in accordance with the Bye-Laws of the Company. For the year ended 31st December 2007, Mr. Kan received HK\$100,000 as director's fees which was determined with reference to his duties and responsibilities with the Company and the prevailing market conditions.

The board of Directors confirm that save as disclosed above, there is no other information relating to any of Messrs. Cheong Sim Eng and Kan Fook Yee which needs to be disclosed pursuant to any of the requirements of paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules. Further, there are no other matters which need to be brought to the attention of the shareholders of the Company.