

## 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

3rd April, 2009

Dear Shareholders,

### GENERAL MANDATE TO REPURCHASE SHARES, RE-ELECTION OF DIRECTORS, AND AMENDMENTS TO THE BYE-LAWS

#### INTRODUCTION

At the annual general meeting of Winfoong International Limited (the "Company") to be held on 11th May, 2009 (the "Annual General Meeting"), Madam Lim Ghee and Mr. Lai Hing Chiu, Dominic 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 Madam Lim Ghee and Mr. Lai Hing

Chiu, Dominic 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 Madam Lim Ghee and Mr. Lai Hing Chiu, Dominic as Directors.

In addition, resolutions will be proposed to grant to the Directors of the Company a general mandate to repurchase shares of the Company and to amend the Company's Bye-Laws.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the shareholders to be taken at the Annual General Meeting shall be taken by poll.

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 (1) the grant of the general mandate for the purchase by the Company of its own shares and (2) the amendments to the Bye-Laws.

## **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 30th March, 2009, 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 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 by an ordinary resolution in a general meeting by the shareholder of the Company, whichever is the earliest.

### **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, 2008 (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.

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	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%

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, 2008 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 2008	0.230	0.176
May 2008	0.201	0.180
June 2008	0.187	0.159
July 2008	0.159	0.122
August 2008	0.130	0.130
September 2008	0.160	0.073
October 2008	0.110	0.025
November 2008	0.070	0.041
December 2008	0.070	0.020
January 2009	0.085	0.070
February 2009	0.083	0.063
March 2009 (up to the Latest Practicable Date)	0.098	0.070

## II. AMENDMENTS TO THE BYE-LAWS

The Directors propose that the Bye-Laws be amended to provide for:

- i) one-half of the Directors to retire from office by rotation at each annual general meeting.
- ii) making corporate communications available in the Company's website, to reflect the current practices under the Listing Rules to the extent permitted by the Companies Act 1981 (as amended) of Bermuda.

Details of these amendments are set out in the terms of the special resolution in the notice of the Annual General Meeting on pages 143 to 156 of the 2008 Annual Report.

### RECOMMENDATION

The Directors consider that the granting of the mandate to repurchase Shares and the amendments to the Bye-Laws are in the interest of the Company and so recommend you to vote in favour of the relevant resolutions at the Annual General Meeting. The Directors will vote all their shareholdings in favour of the relevant resolutions.

Yours faithfully,  
**Cheong Pin Chuan, Patrick**  
*Chairman*

## 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:

**Madam Lim Ghee**, aged 97  
*Non-Executive Director*

Madam Lim Ghee joined the Group in 1991 and was appointed a non-executive director of the Company in 1996. She is a non-executive director of the Group's ultimate holding company, Hong Fok Corporation Limited ("HFC"). HFC is listed on the Singapore Exchange Securities Trading Limited.

Madam Lim Ghee is the mother of Messrs. Cheong Kim Pong, Cheong Pin Chuan, Patrick and Mr. Cheong Sim Eng, 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. She is the grandmother of Messrs. Cheong Aik Yen, Roy, Cheong Tze Hong, Marc and Cheong Tze Hian, Howard, senior management of the Group.

As at the Latest Practicable Date, Madam Lim did not have any interest in the shares of the Company and its associated corporation within the meaning of Part XV of the Securities and Futures Ordinance ("SFO").

Madam Lim has not entered into any service contract with the Company and she is not appointed for a specific term though she is subject to retirement by rotation and re-election in accordance with the Bye-Laws of the Company. For the year ended 31st December, 2008, Madam Lim has not received any salary, allowance and benefit in kind. The director's fee was determined with reference to her duties and responsibilities with the Company and the prevailing market conditions.

**Mr. Lai Hing Chiu, Dominic**, aged 62  
*Independent Non-executive Director*

Mr. Lai Hing Chiu, Dominic, aged 62, is an independent non-executive director and a member of the audit committee of the Company. He is a practising solicitor in Hong Kong and has also been admitted as a solicitor in England, Australia and Singapore. He joined the Group in 1994 and was appointed an independent non-executive director of the Company in 1996. He has over 36 years' experience as a solicitor. Mr. Lai is Senior Partner of Lu, Lai & Li.

Mr. Lai is a non-executive director of NWS Holdings Limited, Midas International Holdings Limited and Oriental Press Group Limited. These companies are listed on the Stock Exchange of Hong Kong Limited.

Mr. Lai 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. Lai 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. Lai 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, 2008, Mr. Lai received HK\$100,000 as director's fee 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 Madam Lim Ghee and Mr. Lai Hing Chiu, Dominic 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.