



# WINFOONG INTERNATIONAL LIMITED

## ( 榮 豐 國 際 有 限 公 司 )

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

### ANNOUNCEMENT OF AUDITED RESULTS

The directors of Winfoong International Limited (the “Company”) present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2006.

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

		2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
	<i>Note</i>		
<b>Turnover</b>	2	26,169	128,349
Cost of sales		(8,743)	(81,842)
<b>Gross profit</b>		17,426	46,507
Net valuation gains on investment property		20,963	166,000
Other revenue	3	309	406
Other net income/(loss)	3	1,969	(41,147)
Operating and administrative expenses		(39,776)	(41,764)
<b>Profit from operations</b>		891	130,002
Finance costs		(24,374)	(20,168)
Share of profit of an associate		178,070	30,472
<b>Profit before taxation</b>	4	154,587	140,306
Income tax	5	(4,055)	(28,244)
<b>Profit for the year</b>		150,532	112,062
<b>Attributable to:</b>			
Equity shareholders of the Company		150,532	115,131
Minority interests		—	(3,069)
<b>Profit for the year</b>		150,532	112,062
<b>Earnings per share</b>	6		
Basic		HK10.09 cents	HK7.71 cents
Diluted		HK10.02 cents	HK7.66 cents

# **CONSOLIDATED BALANCE SHEET**

*As at 31 December 2006*

		2006		2005	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>					
Fixed assets					
– Investment property			1,994,320		1,966,640
– Property held for future development			–		–
– Other property, plant and equipment			4,685		2,075
– Interests in leasehold land held for own use under operating leases			464		476
			<u>1,999,469</u>		<u>1,969,191</u>
Interest in an associate			612,771		393,602
Pledged bank deposits			912		912
Other financial assets			2,600		2,750
Deferred tax assets			–		1,791
			<u>2,615,752</u>		<u>2,368,246</u>
<b>Current assets</b>					
Inventories		12,728		14,370	
Trade and other receivables	9	8,097		19,937	
Tax recoverable		83		12	
Cash and cash equivalents		4,342		3,615	
		<u>25,250</u>		<u>37,934</u>	
<b>Current liabilities</b>					
Trade and other payables	10	22,305		17,734	
Bank borrowings		81,891		80,204	
Current taxation		–		14,449	
		<u>104,196</u>		<u>112,387</u>	
<b>Net current liabilities</b>			<b>(78,946)</b>		<b>(74,453)</b>
<b>Total assets less current liabilities</b>			<b>2,536,806</b>		<b>2,293,793</b>
<b>Non-current liabilities</b>					
Bank borrowings			396,234		347,219
Deferred income			5,582		5,582
Deferred tax liabilities			250,700		248,432
			<u>652,516</u>		<u>601,233</u>
<b>NET ASSETS</b>			<b><u>1,884,290</u></b>		<b><u>1,692,560</u></b>
<b>CAPITAL AND RESERVES</b>					
Share capital	11		74,620		74,620
Reserves			1,809,670		1,617,940
<b>Total equity attributable to equity shareholders of the Company</b>			<b>1,884,290</b>		<b>1,692,560</b>
<b>Minority interests</b>			<b>–</b>		<b>–</b>
<b>TOTAL EQUITY</b>			<b><u>1,884,290</u></b>		<b><u>1,692,560</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2006*

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued the following new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company:

HKFRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to HKAS 19	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
Amendment to HKAS 21	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
Amendment to HKAS 39	<ul style="list-style-type: none"><li>• Cash Flow Hedge Accounting of Forecast Intragroup Transactions</li><li>• The Fair Value Option</li></ul>
Amendments to HKAS 39 and HKFRS 4	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts
Hong Kong (IFRIC) Interpretation ("HK(IFRIC)-Int") 4	Determining whether an Arrangement contains a lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective for annual periods beginning from 1 December 2005)

The adoption of these new and revised HKFRSs did not result in significant change to the Group's accounting policies applied on these financial statements for the years presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The consolidated financial statements for the year ended 31 December 2006 comprise the Company and its subsidiaries and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- investment property;
- other buildings; and
- financial instruments classified as available-for-sale securities.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Notwithstanding that the Group had net current liabilities as at 31 December 2006, the directors of the Company are of the opinion that the Company and the Group are able to continue as a going concern and to meet their obligations as and when they fall due having regard to an agreement obtained from the financial institutions for a new loan facility of approximately HK\$219 million to the Group.

The directors believe that the Company and the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, it is appropriate that these financial statements should be prepared on a going concern basis and do not include any adjustments that would be required should the Company and the Group fail to continue as a going concern.

### 2. TURNOVER

The principal activities of the Group were property investment and management, property development and construction, and provision of horticultural services.

Turnover represents the rental income, proceeds from sales of properties, revenue from provision of property management services and revenue from provision of horticultural services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2006 HK\$'000	2005 HK\$'000
Gross rentals from investment and other properties	20,488	32,729
Gross proceeds from properties sold	2,091	92,156
Revenue from provision of property management services	389	398
Revenue from provision of horticultural services	3,201	3,066
	<u>26,169</u>	<u>128,349</u>

### 3. OTHER REVENUE AND NET INCOME/(LOSS)

	2006 HK\$'000	2005 HK\$'000
<b>Other revenue</b>		
Interest income		
– bank	139	81
– others	63	23
	<u>202</u>	<u>104</u>
Dividend income from unlisted securities	–	142
Others	107	160
	<u>309</u>	<u>406</u>
<b>Other net income/(loss)</b>		
Net (loss)/gain on disposal of fixed assets	(149)	28,054
Loss on disposal of non-current financial assets	(208)	–
Provision for impairment of properties held for sale	–	(360)
Impairment loss on unlisted available-for-sale equity securities	–	(2,027)
Impairment loss on property held for future development	–	(67,500)
Revaluation losses on buildings	(48)	(18)
Write-off of long outstanding creditors	2,358	704
Net foreign exchange gain	16	–
	<u>1,969</u>	<u>(41,147)</u>

### 4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2006 HK\$'000	2005 HK\$'000
<b>(a) Finance costs</b>		
Interest on bank borrowings		
– wholly repayable within five years	17,083	14,850
– repayable after five years	7,291	5,318
	<u>24,374</u>	<u>20,168</u>
<b>(b) Staff costs (including directors' remuneration)</b>		
Contributions to defined contribution retirement plan	290	346
Equity-settled share-based payment expenses	–	8,911
Salaries, wages and other benefits	24,072	21,110
	<u>24,362</u>	<u>30,367</u>

(c) **Other items**

Amortisation of land lease premium	12	35
Depreciation of fixed assets	655	723
Auditors' remuneration		
– audit services	444	279
– tax services	18	54
– other services	55	40
Operating lease charges: minimum lease payments		
– hire of plant and machinery	9	9
– hire of other assets (including property rentals)	2,463	641
Impairment loss for bad and doubtful debts	379	–
Bad debts written off	232	–
Share of an associate's taxation	230	(185)
Rentals receivable from investment and other properties		
less direct outgoings of HK\$6,070,000 (2005: HK\$7,539,000)	14,418	25,190
Cost of inventories	2,130	73,507

5. **INCOME TAX**

	2006 HK\$'000	2005 HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Under-provision in respect of prior years	10	14
<b>Current tax – PRC Income Tax</b>		
Over-provision in respect of prior years	(14)	–
<b>Deferred tax</b>		
Origination and reversal of temporary differences	4,059	28,230
	4,055	28,244

No provision for Hong Kong Profits Tax for the year ended 31 December 2006 has been made as the Group has no estimated assessable profits arising in Hong Kong for the year (2005: Nil).

6. **EARNINGS PER SHARE**

a) **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$150,532,000 (2005: HK\$115,131,000) and the weighted average of 1,492,410,986 (2005: 1,492,410,986) ordinary shares in issue during the year.

b) **Diluted earnings per share**

The calculation of diluted earnings per share for the year ended 31 December 2006 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$150,532,000 (2005: HK\$115,131,000) and the weighted average number of ordinary shares of 1,502,927,847 (2005: 1,503,304,597) shares, calculated as follows:

	2006	2005
Weighted average number of ordinary shares at 31 December	1,492,410,986	1,492,410,986
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	10,516,861	10,893,611
Weighted average number of ordinary shares (diluted) at 31 December	1,502,927,847	1,503,304,597

7. **DIVIDEND**

The directors of the Company do not recommend the payment of any dividend in respect of the year (2005: Nil)

8. **SEGMENT REPORTING**

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

**Business segments**

The Group comprises the following main business segments:

Property investment and management: the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term, and provision of building management services.

Property construction and development: the development, construction and sale of properties.

Horticultural services: the provision for horticultural services.

	Property investment and management		Property construction and development		Horticultural services		Inter-segment elimination		Unallocated		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	21,115	119,917	1,853	5,366	3,201	3,066	–	–	–	–	26,169	128,349
Inter-segment revenue	761	2,835	11,912	3,657	16	28	(12,689)	(6,520)	–	–	–	–
Other revenue from external customers	73	133	28	16	4	–	–	–	2	153	107	302
Total	<u>21,949</u>	<u>122,885</u>	<u>13,793</u>	<u>9,039</u>	<u>3,221</u>	<u>3,094</u>	<u>(12,689)</u>	<u>(6,520)</u>	<u>2</u>	<u>153</u>	<u>26,276</u>	<u>128,651</u>
Segment result	31,662	221,831	11,261	(64,828)	6	114	(12,689)	(6,520)	(29,551)	(20,699)	689	129,898
Unallocated operating income and expenses											202	104
Profit from operations											891	130,002
Finance costs											(24,374)	(20,168)
Share of profit of an associate	178,070	30,472	–	–	–	–	–	–	–	–	178,070	30,472
Income tax											(4,055)	(28,244)
Profit for the year											<u>150,532</u>	<u>112,062</u>
Depreciation and amortisation for the year	173	345	2	1	65	57						
Impairment of property held for future development	–	–	–	67,500	–	–						
	Property investment and management		Property construction and development		Horticultural services		Consolidated					
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	2,000,436	1,986,916	12,995	14,610	996	790	2,014,427	2,002,316				
Interest in an associate	612,771	393,602	–	–	–	–	612,771	393,602				
Unallocated assets							13,804	10,262				
Total assets							<u>2,641,002</u>	<u>2,406,180</u>				
Segment liabilities	749,599	698,688	6,187	5,807	216	93	756,002	704,588				
Unallocated liabilities							710	9,032				
Total liabilities							<u>756,712</u>	<u>713,620</u>				
Capital expenditure incurred during the year	10,780	94	14	–	305	3						

### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong and Mainland China		Singapore		Total	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	26,169	128,349	–	–	26,169	128,349
Other revenue from external customers	107	302	–	–	107	302
Segment assets	2,028,144	2,012,439	612,858	393,741	2,641,002	2,406,180
Capital expenditure incurred during the year	<u>14,198</u>	<u>678</u>	<u>–</u>	<u>–</u>	<u>14,198</u>	<u>678</u>

## 9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	2006 HK\$'000	2005 HK\$'000
Current or less than 1 month overdue	561	374
1 to 3 month overdue	171	54
More than 3 months overdue but less than 12 months overdue	6	4
	<u>738</u>	<u>432</u>

## 10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2006 HK\$'000	2005 HK\$'000
Due within 1 month or on demand	30	80
Due after 1 month but within 3 months	10	50
Due after 3 months but within 6 months	16	24
Due after 6 months but within 12 months	15	23
Over 1 year	1,822	2,064
	<u>1,893</u>	<u>2,241</u>

## 11. CAPITAL AND RESERVES

	Attributable to equity shareholders of the Company												Minority interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Land and buildings HK\$'000	Investment properties HK\$'000	Fair value reserve HK\$'000	Share-based compensation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2006	74,620	196,873	121	618,098	-	(143,777)	-	-	519	8,911	937,195	1,692,560	-	1,692,560
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	-	(162)	-	-	-	-	-	(162)	-	(162)
Changes in fair value of available-for-sale securities	-	-	-	-	-	-	-	-	260	-	-	260	-	260
Share of movements in reserves of an associate	-	-	-	-	-	41,047	-	-	53	-	-	41,100	-	41,100
Profit for the year	-	-	-	-	-	-	-	-	-	-	150,532	150,532	-	150,532
At 31 December 2006	74,620	196,873	121	618,098	-	(102,892)	-	-	832	8,911	1,087,727	1,884,290	-	1,884,290

Attributable to equity shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Revaluation reserves Land and buildings HK\$'000	Investment properties HK\$'000	Fair value reserve HK\$'000	Share-based compensation reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 January 2005														
- as previously reported	74,620	196,873	121	618,098	145,549	(134,354)	12,178	1,245,819	-	-	(349,160)	1,809,744	3,052	1,812,796
- prior period adjustment in respect of:														
- HKAS 17	-	-	-	-	-	-	(12,178)	-	-	-	(2,144)	(14,322)	-	(14,322)
- HKAS 40	-	-	-	-	-	-	-	(1,245,819)	-	-	1,027,819	(218,000)	-	(218,000)
- as restated, before opening balance adjustments	74,620	196,873	121	618,098	145,549	(134,354)	-	-	-	-	676,515	1,577,422	3,052	1,580,474
- HKFRS 3	-	-	-	-	(145,549)	-	-	-	-	-	145,549	-	-	-
- as restated, after opening balance adjustments	74,620	196,873	121	618,098	-	(134,354)	-	-	-	-	822,064	1,577,422	3,052	1,580,474
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	-	(7)	-	-	-	-	-	(7)	17	10
Share of movements in reserves of an associate	-	-	-	-	-	(9,416)	-	-	519	-	-	(8,897)	-	(8,897)
Equity settled share-based transactions	-	-	-	-	-	-	-	-	-	8,911	-	8,911	-	8,911
Profit for the year	-	-	-	-	-	-	-	-	-	-	115,131	115,131	(3,069)	112,062
At 31 December 2005	<u>74,620</u>	<u>196,873</u>	<u>121</u>	<u>618,098</u>	<u>-</u>	<u>(143,777)</u>	<u>-</u>	<u>-</u>	<u>519</u>	<u>8,911</u>	<u>937,195</u>	<u>1,692,560</u>	<u>-</u>	<u>1,692,560</u>

## BUSINESS REVIEW AND PROSPECTS

During the period, the Group continues to engage in property related businesses and provision of horticultural services. The decrease in turnover was mainly due to the sale of a commercial property in 2005.

The Group recorded net profit of approximately HK\$150.5 million in the year, representing an increase of 34% from 2005. The increase in the Group's share of valuation gains of an associate by approximately 155.1 million and decrease in impairment loss of a China property of approximately HK\$67.5 million have exceeded the effect of the following:

- (i) decrease in net rental income of approximately HK\$10.8 million;
- (ii) decrease in valuation gains on investment properties, net of deferred tax, of approximately HK\$120.9 million;
- (iii) increase in interest expense of approximately HK\$4.2 million; and
- (iv) decrease in profit on disposal of properties of approximately HK\$46.9 million attributable to the disposal of a commercial property in 2005.

The net asset value of the Group per share as at 31 December 2006 was approximately HK\$1.26 (2005: HK\$1.13) based on the 1,492,410,986 (2005: 1,492,410,986) shares issued.

The redevelopment of the investment property at 38 Conduit Road has commenced during the year as planned and is expected to be completed by 2009.

The redevelopment project of 15 Magazine Gap Road to improve its rental potential is still at the planning stage and the property has continued to generate rental income during the year.

The Group will continue to look for investment and development opportunities in Hong Kong.

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. There is no significant change in respect of treasury and financing policies from the information disclosed in the Group's latest annual report. The Group has no exposure to foreign exchange rate fluctuations except for the interests in an associate in Singapore which is held as long term investment. The Group's borrowings are denominated in Hong Kong dollars and arranged on a floating rate basis.

The Group's working capital requirements are met by recurring cash flows from the investment properties portfolio and committed undrawn credit facilities. The year-end gearing ratio was 25% (2005: 25%) based on bank loans less cash and bank balances to shareholders' funds including minority interests. As at 31 December 2006, the outstanding bank loans amounted approximately HK\$478.1 million. These loan facilities were secured by the Group's properties.

The current portion of bank loans included property loan of 15 Magazine Gap Road. Subsequent to the year-end in January 2007, the property loan was replaced by a project finance of the redevelopment project.

#### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

#### **AUDIT COMMITTEE**

The Audit Committee has reviewed the audited results of the Group for the year ended 31 December 2006.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code of the Listing Rules. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

#### **CORPORATE GOVERNANCE**

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules with the following deviations:

- (i) Under Code A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheong Pin Chuan, Patrick is both the Chairman of the board, as well as the Group's chief executive officer ("CEO")/managing director. Given the size and that the Company's and the Group's current business operations and administration have been relatively stable and straightforward, the board is satisfied that one person is able to effectively discharge the duties of both positions. However, going forward, the board will review from time to time, the need to separate the roles of the Chairman and the CEO if the situation warrants it.
- (ii) Under Code A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Non-executive directors of the Company are not appointed for a specific term although they are subject to retirement and rotation and re-election at the annual general meeting under the Company's Bye-laws and except for the chairman of the board and/or the managing director of the Company, each director is effectively appointed under an average term of three years.
- (iii) Under Code B.1, a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.

The board does not have a remuneration committee. The board conducts an informal assessment of the individual director's contribution. No director decides his or her own remuneration. The directors' remuneration has been relatively stable in the past years.

- (iv) Under Code C.3.3, the audit committee should have the duties to be primary responsible for making recommendation to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor.

The recommendation on the appointment, reappointment and removal of the external auditor, and to approve the remuneration of the external auditors, and any questions of resignation or dismissal of that auditor of the Company is made by the board to the audit committee for approval.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The results announcement is published on the Stock Exchange's website (www.hkex.com.hk). The annual report will be dispatched to the shareholders and available on the same website in due course.

As at the date hereof, the Board comprises:

*Executive directors:*

Cheong Pin Chuan, Patrick

Cheong Kim Pong

Cheong Sim Eng

*Independent non-executive directors:*

Chan Yee Hoi, Robert

Kan Fook Yee

Lai Hing Chiu, Dominic

*Non-executive director:*

Lim Ghee

By Order of the Board  
**Winfoong International Limited**  
**Cheong Pin Chuan, Patrick**  
*Chairman*

Hong Kong, 28 February 2007

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## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Room 3201, 9 Queen's Road Central, Hong Kong on 26 April 2007 at 11:00 a.m. for the following purposes:

- (1) To receive and consider the statement of accounts and the reports of the directors and the auditors for the year ended 31 December 2006.
- (2) To re-elect retiring Directors and to fix their remuneration.
- (3) To re-appoint Auditors and to authorise the board of directors to fix their remuneration.
- (4) To consider and, if thought fit, pass, with or without amendments, the following resolutions as Ordinary Resolutions:

### **ORDINARY RESOLUTIONS**

- A. **"THAT** there be granted to the directors of the Company an unconditional general mandate to repurchase shares of HK\$0.05 each in the capital of the Company and that the exercise by the directors of the Company of all powers of the Company to purchase shares of the Company subject to and in accordance with all applicable laws, be and are hereby generally and unconditionally approved, subject to the following conditions:
- (a) such mandate shall not extend beyond the Relevant Period;
  - (b) the aggregate nominal amount of share capital of the Company to be purchased by the directors of the Company during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution;
  - (c) for the purposes of this Resolution:

"Relevant Period" means the period from the date of passing this Resolution until whichever is the earlier of:

    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and

(iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

B. **“THAT** there be granted to the directors of the Company an unconditional general mandate to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options including warrants, bonds and debentures convertible into shares in respect thereof, subject to the following conditions:

(a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options including warrants, bonds and debentures convertible into shares which might require the exercise of such powers after the end of the Relevant Period;

(b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally, to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to sub-paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) any issue of shares in the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to shares; and (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company in force from time to time; shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company in issue on the date of passing this Resolution and the approval granted shall be limited accordingly; and

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the date of passing this Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and

(iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).”

C. **“THAT**, conditional upon the passing of the Resolutions Nos. A and B above, the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company pursuant to and in accordance with the Resolution No. A above shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the Resolution No. B above.”

- (5) To consider and, if thought fit, pass, with or without amendments, the following resolution as Special Resolution:

**SPECIAL RESOLUTION**

Bye-law 160 of

**THAT** the bye-laws of the Company be and are hereby amended in the follow manner:–

by deleting the existing Bye-Law 160 and substituting therefore with the following new Bye-law 160:

“Any Notice from the Company to a Member shall be in either English or Chinese and shall be given in writing or by cable, telex or facsimile transmission message or by email and any such Notice and (where appropriate) any other document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or any email address supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appointed newspapers (as defined in the Act) or in accordance with the requirements of the Designated Stock Exchange. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.”

By Order of the Board  
**Winfoong International Limited**  
**Cheong Pin Chuan, Patrick**  
*Chairman*

Hong Kong, 28 February 2007

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. Concerning Resolution No. (4)B above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company but approval is being sought from the members as a general mandate for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).
3. The translation into Chinese language of this notice (including the Special Resolution which contains the proposed amendments to the bye-laws) is for reference only. In case of any inconsistency, the English version shall prevail.

Please also refer to the published version of this announcement in The Standard.