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PAK FAH YEOW
INTERNATIONAL LIMITED
(白 花 油 國 際 有 限 公 司) *

(Incorporated in Bermuda with limited liability)
(Stock Code: 239)

DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY

The Directors announce that on 4th March, 2005, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor for the sale and purchase of the Property. The consideration for the acquisition of the Property is HK\$39,156,400.

The transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

A circular containing, inter alia, details of the Acquisition will be sent to the shareholders of the Company in accordance with the requirements under the Listing Rules as soon as practicable.

THE AGREEMENT

Date : 4th March 2005

Parties

- (1) Vendor : Hong Kong Jie Hing Trading Company Limited, which is selling the Property as a confirmor. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party.
- (2) Purchaser : Pak Fah Yeow Investment (Hong Kong) Co. Ltd., an indirect wholly-owned subsidiary of the Company.

The Vendor is selling the Property as confirmor and the Agreement is subject to the terms and conditions of (i) the formal agreement dated 29th December, 2004 under which the Property was previously sold at HK\$32,380,000; and (ii) the provisional agreement dated 9th December, 2004 under which the Property was previously sold at HK\$36,053,440. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the respective parties to the aforementioned formal agreement and provisional agreement, and their respective ultimate beneficial owners, is an Independent Third Party.

Property

A property situated at 11th Floor, The Sun's Group Centre, No. 200 Gloucester Road, Hong Kong with a total gross floor area of approximately 7,388 square feet. The Property is located in an office/commercial building. Upon completion, the Vendor shall deliver vacant possession of the Property to the Purchaser.

The solicitors of the Vendor have informed that, as the Vendor has been selling the Property as a confirmor, it had no knowledge of the use of the Property in the past two years and that the Vendor has not derived any revenue or net profits attributable to the Property for the past two years.

Consideration

The consideration of HK\$39,156,400 was agreed after arm's length negotiations between the parties by reference to the transaction prices of similar properties in the same location as provided by the property agent of the Purchaser. No valuation of the Property has been done by the Purchaser.

Terms of Payment

The consideration shall be paid in cash by the Purchaser in the following manner:

- (1) an initial deposit of HK\$1,900,000 has been paid by the Purchaser to the Vendor's solicitors as stakeholder upon signing of the Agreement;
- (2) a further deposit of HK\$2,015,640 will be payable to the Vendor's solicitors as stakeholder upon signing of a formal agreement for the sale and purchase of the Property on or before 16th March, 2005; and
- (3) the balance of the consideration of HK\$35,240,760 will be payable upon completion of the sale and purchase of the Property on or before 28th April, 2005.

Condition

Completion of the sale and purchase of the Property is conditional upon compliance by the Purchaser and its holding company with all relevant laws and regulations, including but not limited to the Listing Rules. If any of such laws and regulations are not complied with by the Purchaser or its holding company on or before 16th March, 2005 (or such later date as the Vendor and the Purchaser may agree), the Agreement and the sale and purchase of the Property thereunder shall become null and void and have no further effect and the deposit and all other monies paid under the Agreement shall forthwith upon demand by the Purchaser be refunded by the Vendor to the Purchaser, but without any interest cost or compensation and neither the Vendor nor the Purchaser shall have any other claim against each other. The condition may be waived by the Purchaser in writing.

REASONS FOR AND BENEFITS OF THE ACQUISITION

It is the intention of the Group to acquire the Property for self-use. After completion, the Property is intended to be used as the Group's principal place of business in Hong Kong which will provide a more spacious meeting area and office for smooth and efficient operation of the Group.

The Acquisition will be funded by a combination of approximately 30 per cent. from internal resources of the Group and approximately 70 per cent. from bank financing. The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders and the Company as a whole.

INFORMATION ON THE GROUP

The principal business activities of the Group are manufacturing and sales of Hoe Hin Brand of products, other healthcare goods and property investment.

GENERAL

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is an Independent Third Party. The solicitors of the Vendor have informed that the principal business of the Vendor was trading business.

The transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under the Listing Rules and the Acquisition is required to be disclosed by way of this announcement.

A circular containing, inter alia, details of the Acquisition will be sent to the shareholders of the Company in accordance with the requirements under the Listing Rules as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Property pursuant to the Agreement by the Purchaser from the Vendor selling as confirmor;
“Agreement”	the preliminary agreement dated 4th March 2005 entered into between the Vendor and the Purchaser for the sale and purchase of the Property;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Independent Third Party”	a third party independent of the Company and its connected persons (as defined in the Listing Rules);
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	11th Floor, The Sun’s Group Centre, No. 200 Gloucester Road, Hong Kong;

- “Purchaser” Pak Fah Yeow Investment (Hong Kong) Co. Ltd., a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
- “Stock Exchange” The Stock Exchange of Hong Kong Limited; and
- “Vendor” Hong Kong Jie Hing Trading Company Limited, which and the ultimate beneficial owners of which are, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Independent Third Parties, being the vendor selling the Property as confirmor.

By Order of the Board
Pak Fah Yeow International Limited
Gan Wee Sean
Chairman

Hong Kong, 17th March 2005

As at the date of this announcement, the Board comprises Messrs. Gan Wee Sean, Gan Fock Wai, Stephen and Chiu Sin Kuen as executive directors, and Mr. Robert Kwan Chiu Yin, Ms. Ada Wong Ying Kay, and Mr. Arnold Ip Tin Chee as independent non-executive directors.

** For identification purposes only*

Please also refer to the published version of this announcement in China Daily.