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## PAK FAH YEOW INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 239)

### PROPOSED SUBDIVISION OF SHARES

The Board proposes that each of the existing issued and unissued Shares of HK\$0.10 each in the share capital of the Company be subdivided into two shares of HK\$0.05 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out below.

The Shares are currently traded in board lots of 2,500 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 2,500 Subdivided Shares.

An ordinary resolution to approve the Share Subdivision will be proposed at the Special General Meeting.

A circular containing, amongst other things, the details of the Share Subdivision, the trading arrangements in respect of the Subdivided Shares and the procedure for the free exchange of Existing Share Certificates, together with the notice of the Special General Meeting to be held on or about Thursday, 27 October at 2005 at 4:00 p.m., will be dispatched to Shareholders as soon as practicable.

#### PROPOSED SUBDIVISION OF SHARES

The Board proposes that each of the existing issued and unissued Shares of HK\$0.10 each in the share capital of the Company be subdivided into two shares of HK\$0.05 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out below. The Shares are currently traded in board lots of 2,500 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 2,500 Subdivided Shares.

The Board believes that, assuming that the Share Subdivision is the only factor affecting the trading price of the shares of the Company, the reduced amount for investing in a board lot of the Subdivided Shares traded at a lower price as a result of Share Subdivision will improve the liquidity in trading of the Shares, thereby enabling the Company to attract more investors and widen the Company's shareholder base. Given the prevailing market conditions, a more liquid market will provide more flexibility for the investors to buy and sell the shares of the Company. Accordingly, the Board considers the Share Subdivision to be in the best interests of the Company and its Shareholders.

Save for the costs incurred by the Company in implementing the Share Subdivision, which is estimated to be approximately HK\$110,000, the Share Subdivision will not alter the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders. The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

#### SHAREHOLDING STRUCTURE

As at the date of this announcement, the authorized share capital of the Company is HK\$30,000,000, divided into 300,000,000 Shares, of which 130,000,000 Shares are in issue and fully paid. Assuming that no further Shares will be issued or repurchased after the date of this announcement and prior to the Share Subdivision becoming effective, the effect of the Share Subdivision is set out as follows:.

	Prior to the Share Subdivision	After the Share Subdivision
Par Value of each share	HK\$0.10	HK\$0.05
Number of authorized shares	300,000,000	600,000,000
Authorized share capital	HK\$30,000,000	HK\$30,000,000
Number of shares in issue	130,000,000	260,000,000
Issued share capital	HK\$13,000,000	HK\$13,000,000
Number of unissued shares	170,000,000	340,000,000
Unissued share capital	HK\$17,000,000	HK\$17,000,000

The Subdivided Shares will rank *pari passu* in all respects with each other and the Share Subdivision will not result in any change in the relative rights of the Shareholders.

As at the date of this announcement, no option has been granted under the Share Option Scheme and the Board confirms that it has no intention to grant any options under the Share Option Scheme after the date of this announcement and prior to the Special General Meeting. Therefore, no adjustment has to be made for any outstanding options under the Share Option Scheme.

#### CONDITIONS OF THE SHARE SUBDIVISION

The Share Subdivision is conditional upon:

- the passing of an ordinary resolution by the Shareholders at the Special General Meeting; and
- the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subdivided Shares.

## EXPECTED TIMETABLE

It is currently expected that the Share Subdivision will become effective on Friday, 28 October 2005. The expected timetable for the implementation of the Share Subdivision and the associated trading arrangement are set out as follows:

**2005**

Circular relating to the Share Subdivision to be dispatched on or before	Monday, 10 October
Latest time for lodging forms of proxy for the Special General Meeting	4:00 p.m. on Tuesday, 25 October
Special General Meeting	4:00 p.m. on Thursday 27 October
<i>The following events are conditional on the fulfillment of the conditions set out above</i>	
Publication of further announcement for the effectiveness of Share Subdivision	Friday, 28 October
Effective date of the Share Subdivision	Friday, 28 October
Dealings in the Subdivided Shares commence	Friday, 28 October
Original counter for trading in existing Shares in board lots of 2,500 Shares temporarily closes	9:30 a.m. on Friday, 28 October
Temporary counter for trading in board lots of 5,000 Subdivided Shares (in the form of certificates of existing Shares (" <b>Existing Share Certificates</b> ")) opens	9:30 a.m. on Friday, 28 October
First day of free exchange of Existing Share Certificates for new certificates for the Subdivided Shares (" <b>New Share Certificates</b> ")	Friday, 28 October
Original counter for trading in Subdivided Shares in board lots of 2,500 Subdivided Shares (in the form of New Share Certificates) re-opens	9:30 a.m. on Friday, 11 November
Parallel trading in Subdivided Shares (in the form of New Share Certificates and the Existing Share Certificates) commences	9:30 a.m. on Friday, 11 November
Parallel trading in Subdivided Shares (in the form of New Share Certificates and the Existing Share Certificates) ends	4:00 p.m. on Friday, 2 December
Temporary counter for trading in board lots of 5,000 Subdivided Shares (in the form of Existing Share Certificates) closes	4:00 p.m. on Friday, 2 December
Last day for free exchange of Existing Share Certificates for the New Share Certificates	Friday, 9 December

The Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Friday, 2 December 2005 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for two Subdivided Shares and may be exchanged free of charge for the New Share Certificates for Subdivided Shares at any time between Friday, 28 October 2005 and Friday, 9 December 2005, and on payment of a prescribed fee any time after 4:00 p.m. on Friday, 9 December 2005. It is expected that New Share Certificates will be available for collection within a period of 10 business days after the submission of the Existing Share Certificates.

The New Share Certificates will be issued in pink colour in order to distinguish them from Existing Share Certificates which are in blue colour.

## GENERAL

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares.

A circular containing, amongst other things, details of the Share Subdivision, the trading arrangements in respect of the Subdivided Shares and the procedure for the free exchange of Existing Share Certificates, together with a notice to convene the Special General Meeting, will be dispatched to Shareholders as soon as practicable. An ordinary resolution to approve the Share Subdivision will be proposed at the Special General Meeting.

Further announcement will be made by the Company as soon as the Share Subdivision becomes unconditional.

## DEFINITIONS

The following expressions shall, unless the context otherwise requires, have the following meanings in this announcement:

“Board”	the board of directors of the Company
“Company”	Pak Fah Yeow International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to the resolutions of the Shareholders on 27 June 2002
“Share Subdivision”	the subdivision of Shares into two shares of HK\$0.05 each
“Special General Meeting”	a special general meeting of the Company to be convened on or about Thursday, 27 October 2005 at 4:00 p.m. for approving the Share Subdivision
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company upon completion of the Share Subdivision
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China

By order of the Board  
**Pak Fah Yeow International Limited**  
**GAN Wee Sean**  
Chairman

Hong Kong, 23 September 2005

*As at the date of this announcement, (i) the executive directors of the Company are Messrs. Gan Wee Sean, Gan Fock Wai, Stephen and Chiu Sin Kuen; and (ii) the independent non-executive directors of the Company are Mr. Robert Kwan Chiu Yin, Ms. Ada Wong Ying Kay and Mr. Arnold Ip Tin Chee.*

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