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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 –
SALE AND PURCHASE AGREEMENT RELATING TO DISPOSAL
OF PROPERTY**

The Board announces that on 10 September 2013 (London time) (after trading hours of the Stock Exchange), the Seller entered into the SPA with the Buyer relating to the Disposal for the Consideration.

The Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 14 August 2013 (London time), the Seller entered into the non-legally binding heads of terms with the Buyer relating to the Disposal, pursuant to which the Seller and the Buyer shall enter into the legally binding Option Agreement as soon as possible. On 16 August 2013 (London time), the Seller entered into the Option Agreement with the Buyer relating to the Disposal, pursuant to which the Seller granted the Buyer during the Option Period the option to buy the Property for a consideration of GBP13,563,000. The Buyer had not exercised the option upon expiration of the Option Period and the Option Agreement came to an end. Please refer to the announcements of the Company dated 19 August 2013 and 2 September 2013 for further details. The Seller and the Buyer then entered into the SPA for the sale and purchase of the Property after further negotiations.

THE SPA

The Board announces that on 10 September 2013 (London time) (after trading hours of the Stock Exchange), the Seller entered into the SPA with the Buyer relating to the Disposal, particulars of which are set out below:

Date: 10 September 2013 (London time) (after trading hours of the Stock Exchange).

Parties: (a) the Seller; and
(b) the Buyer.

Property: The freehold property at and adjacent to Princess Court Queensway London W2 as is registered at HM Land Registry with title numbers 428005 and 427409 (together the “**Property**”).

Consideration: GBP13,668,000, which is determined after arm’s length negotiation between the Seller and the Buyer with reference to the valuation of the Property as at 30 June 2013 plus a premium and the prevailing general increasing property market of London, the United Kingdom.

The Consideration includes the Deposit.

Deposit: The Buyer paid the First Deposit to the Seller’s conveyance as stakeholder on the date of the SPA.

If Completion does not take place on the Completion Date due to the default of the Buyer, the Buyer will immediately pay to the Seller’s conveyancer the Deposit Balance (together with interest on it from and including the Completion Date to and including the date of actual payment). The Seller is entitled to forfeit the Deposit as a result of the default of the Buyer.

Conditions of the Disposal: The Disposal is conditional on Part 1 of the Standard Commercial Property Conditions (Second Edition) so far as they apply to a sale by private treaty, relate to freehold property, are not inconsistent with the other clauses in the SPA and have not been modified or excluded by any of the other clauses in the SPA. These are standard conditions used in all commercial property transactions in the United Kingdom.

Completion: The outstanding balance of the Consideration (being the Consideration less the First Deposit) will be paid by the Buyer to the Seller on the Completion Date.

INFORMATION ON THE PROPERTY

The Property is located at Princess Court, Queensway, London, the United Kingdom and was acquired by the Seller as an investment of the Company in the United Kingdom. The book value of the Property as at 31 December 2012 as shown in the audited financial statements of the Company for the year ended 31 December 2012 was GBP8,800,000.

The net profits (both before and after taxation and extraordinary items, and excluding revaluation surplus or loss) in the form of rental income attributable to the Property for the financial year ended 31 December 2011 amounted to HK\$5,617,000 and HK\$4,604,000, respectively, and those for the financial year ended 31 December 2012 amounted to HK\$5,216,000 and HK\$4,281,000, respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Taking into account the recent prevailing property market conditions in London, the United Kingdom and with a view to retaining cash resources for any suitable opportunities which may arise in the future, the Board is of the opinion that the Disposal provides a good opportunity for the Company to realise the investment in the Property and the proceeds of the Disposal will further enhance the financial position of the Company. As such, the Seller was willing to enter into further negotiations with the Buyer after the Option Agreement had come to an end.

An unaudited estimated gain of approximately GBP4,868,000 (before deducting relevant expenses, which are expected to be not material) representing the difference between the Consideration and the book value of the Property as at 31 December 2012 is expected to accrue to the Company on Completion. The actual unaudited gain arising from the Disposal will be calculated by deducting the carrying value of the Property as at the Completion Date from the Consideration.

The Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the shareholders of the Company as a whole.

USE OF PROCEEDS

The Company intends to apply the proceeds of the Disposal as the working capital and/or for making further investments including but not limited to in the property market and/or for distributing dividends to the shareholders of the Company.

INFORMATION ON THE PARTIES TO THE SPA

The Company is engaged in the manufacture and sale of Hoe Hin Brand of products, treasury and property investment.

The Seller is an investment holding company wholly-owned by the Company.

The Buyer is engaged in property investment, management and development.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Buyer and the ultimate beneficial owner of the Buyer are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Buyer”	SIAHAF Management Limited
“Company”	Pak Fah Yeow International Limited, a company incorporated in Bermuda whose issued Shares are listed on the Stock Exchange under stock code 239
“Completion”	the completion of the Disposal
“Completion Date”	expected to be 31 October 2013
“Consideration”	GBP13,668,000
“Deposit”	the First Deposit and the Deposit Balance
“Deposit Balance”	GBP818,800
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Property pursuant to the terms of the SPA
“First Deposit”	GBP548,000
“GBP”	pound sterling, the lawful currency of the United Kingdom
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option Agreement”	the legally binding option agreement entered into between the Seller and Buyer dated 16 August 2013 (London time) relating to the Disposal
“Option Period”	the period from the date of the Option Agreement up to and including 30 August 2013
“Seller”	Princesland International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“SPA”	the legally binding sale and purchase agreement entered into between the Seller and Buyer dated 10 September 2013 (London time) relating to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For and on behalf of
Pak FahYeow International Limited
Gan Wee Sean
Chairman

Hong Kong, 10 September 2013

As at the date of this announcement, the Board comprises (a) two executive Directors, namely Mr. Gan Wee Sean and Mr. Gan Fock Wai, Stephen; and (b) three independent non-executive Directors, namely Ms. Ada Wong Ying Kay, Mr. Arnold Ip Tin Chee and Mr. Lawrence Leung Man Chiu.

* For identification purpose only