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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **PAK FAH YEOW INTERNATIONAL LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**PAK FAH YEOW INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 239)

**PROPOSED SUBDIVISION OF SHARES  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening a special general meeting of Pak Fah Yeow International Limited to be held at 11th Floor, The Sun's Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong on Thursday, 27 October 2005 at 4:00 p.m., is set out on pages 10 to 11 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the head office and principal place of business of the Company at 11th Floor, The Sun's Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting should you so wish.

Hong Kong, 10 October 2005

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## **RESPONSIBILITY STATEMENT**

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This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:–*

“Announcement”	the announcement of the Company dated 23 September 2005 relating to the Share Subdivision
“Board”	the board of Directors
“business day”	a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Pak Fah Yeow International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Existing Share Certificates”	the blue share certificates of the Shares
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	5 October 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Certificates”	the pink new share certificates for the Subdivided Shares
“Notice of Special General Meeting”	the notice convening the Special General Meeting as set out on pages 10 to 11 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

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## DEFINITIONS

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“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 one Share into two Subdivided Shares of HK\$0.05 each
“Special General Meeting”	the special general meeting of the Company to be held at 11th Floor, The Sun’s Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong on Thursday, 27 October 2005 at 4:00 p.m. or any adjournment thereof, the notice of which is set out on pages 10 to 11 of this circular
“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
“%”	per cent.

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## EXPECTED TIMETABLE

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2005

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

*The following events are conditional on the fulfillment  
of the conditions set out in the paragraph headed  
“Conditions of the Share Subdivision” in the Letter  
from the Board in this circular*

Publication of further announcement for the ..... Friday, 28 October  
effectiveness of Share Subdivision

Effective date of the Share Subdivision ..... Friday, 28 October

Dealings in the Subdivided Shares commence ..... 9:30 a.m. on  
Friday, 28 October

Original counter for trading in existing Shares in board ..... 9:30 a.m. on  
lots of 2,500 Shares temporarily closes ..... Friday, 28 October

Temporary counter for trading in board lots of ..... 9:30 a.m. on  
5,000 Subdivided Shares (in the form of Existing ..... Friday, 28 October  
Share Certificates) opens

First day of free exchange of Existing Share Certificates ..... Friday, 28 October  
for New Share Certificates

Original counter for trading in Subdivided Shares ..... 9:30 a.m. on  
in board lots of 2,500 Subdivided Shares (in the form of ..... Friday, 11 November  
New Share Certificates) re-opens

Parallel trading in Subdivided Shares (in the form of ..... 9:30 a.m. on  
New Share Certificates and the Existing Shares Certificate) commences ..... Friday, 11 November

Parallel trading in Subdivided Shares (in the form of ..... 4:00 p.m. on  
New Share Certificates and the Existing Share Certificates) ends ..... Friday, 2 December

Temporary counter for trading in board lots of 5,000 ..... 4:00 p.m. on  
Subdivided Shares (in the form of Existing Shares Certificates) closes ..... Friday, 2 December

Last day for free exchange of Existing Share Certificates ..... Friday, 9 December  
for the New Share Certificates

Further announcement will be made by the Company for changes, if any, in the expected timetable for implementation of the Share Subdivision and the associated trading arrangements as aforesaid.

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## LETTER FROM THE BOARD

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### **PAK FAH YEOW INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 239)

*Executive Directors:*

GAN Wee Sean (*Chairman*)  
Stephen GAN Fock Wai  
CHIU Sin Kuen

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-Executive Directors:*

Robert KWAN Chiu Yin  
Ada WONG Ying Kay  
Arnold IP Tin Chee

*Head Office and Principal*

*Place of Business:*  
11th Floor  
The Sun's Group Centre  
No. 200 Gloucester Road  
Wanchai, Hong Kong

Hong Kong, 10 October 2005

*To Shareholders*

Dear Sir or Madam,

### **PROPOSED SUBDIVISION OF SHARES AND NOTICE OF SPECIAL GENERAL MEETING**

#### **1. INTRODUCTION**

The Board announced on 23 September 2005 in the Announcement that it intends to put forward to the Shareholders for approval on the proposal relating to the Share Subdivision. The purpose of this circular is to provide you with the information regarding the Share Subdivision and to give you the Notice of Special General Meeting in order to enable you to make an informed decision on whether to vote for or against the resolution relating to the Share Subdivision.

#### **2. PROPOSED SUBDIVISION OF SHARES**

Reference is made to the Announcement whereby the Board announced that it was proposed that each of the existing issued and unissued Shares of HK\$0.10 each in the share capital of the Company be

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## LETTER FROM THE BOARD

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subdivided into two Subdivided Shares of HK\$0.05 each. 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 closing price per Share quoted on the Stock Exchange as at the Latest Practicable Date is HK\$3.275 and the value of one board lot of 2,500 Shares is HK\$8,187.5. The Board believes that, upon the Share Subdivision becoming effective and 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 2,500 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 and liabilities, 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.

### 3. SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, 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 Latest Practicable Date and prior to the Share Subdivision becoming effective, the effect of the Share Subdivision is set out as follows:-

	<b>Prior to the Share Subdivision</b>	<b>After the Share Subdivision</b>
Par value of each share	HK\$0.10	HK\$0.05
Number of authorized shares	300,000,000 Shares	600,000,000 Subdivided Shares
Authorized share capital	HK\$30,000,000	HK\$30,000,000
Number of shares in issue	130,000,000 Shares	260,000,000 Subdivided Shares
Issued share capital	HK\$13,000,000	HK\$13,000,000
Number of unissued shares	170,000,000 Shares	340,000,000 Subdivided Shares
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 Latest Practicable Date, 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 Latest Practicable Date and prior to the Special General Meeting. Therefore, no adjustment has to be



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## LETTER FROM THE BOARD

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made for any outstanding options under the Share Option Scheme. Apart from that, there are no other outstanding options, warrants or securities convertible or exchangeable into the Shares as at the Latest Practicable Date.

#### **4. CONDITIONS OF THE SHARE SUBDIVISION**

The Share Subdivision is conditional upon:

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

#### **5. LISTING AND DEALING**

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

Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

#### **6. FREE EXCHANGE OF SHARE CERTIFICATES**

Subject to fulfillment of the conditions set out above and the Share Subdivision taking effect, it is expected that as from Friday, 28 October 2005, New Share Certificates will be issued in board lots of 2,500 Subdivided Shares. 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 upon submission of the Existing Share Certificates to Standard Registrars Limited, the Company's branch share registrars in Hong Kong, between 9:00 a.m. and 4:00 p.m. from Friday, 28 October 2005 to Friday, 9 December 2005 (both days inclusive) at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

After 4:00 p.m. on Friday, 9 December 2005, the blue Existing Share Certificates will remain effective as document of title on the basis of one Share for two Subdivided Shares and may be exchanged for New Share Certificates at any time on payment of a prescribed fee. 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.

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## **LETTER FROM THE BOARD**

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

### **7. TRADING ARRANGEMENT FOR SUBDIVIDED SHARES**

Subject to the Share Subdivision becoming effective, dealings in the Subdivided Shares are expected to commence on Friday, 28 October 2005. Parallel trading arrangements will be established with the Stock Exchange and will be operated from Friday, 11 November 2005 to Friday, 2 December 2005 (both days inclusive). Full details of the expected timetable and trading arrangements are set out on page 4 of this circular.

### **8. SPECIAL GENERAL MEETING**

Set out on pages 10 to 11 of this circular is the Notice of Special General Meeting to be held at 11th Floor, The Sun's Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong on Thursday 27 October 2005 at 4:00 p.m., at which an ordinary resolution will be proposed to approve the Share Subdivision.

### **9. ACTION TO BE TAKEN**

A proxy form for use at the Special General Meeting is enclosed herein. Whether or not you intend to attend the Special General Meeting, you are requested to complete the proxy form and return it to the head office and principal place of business of the Company in Hong Kong at 11th Floor, The Sun's Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Special General Meeting if you so wish.

### **10. PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS**

Article 70 of the Company's articles of association sets out the procedures by which Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three members present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

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## LETTER FROM THE BOARD

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- (d) by any member or members present in person or by a duly authorized corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### 11. RECOMMENDATION

The Board considers that the Share Subdivision is in the best interests of the Company and its Shareholders. Accordingly, the Board recommends that all Shareholders should vote in favour of the ordinary resolution set out in the Notice of Special General Meeting.

Yours faithfully  
For and on behalf of the Board  
**Pak Fah Yeow International Limited**  
**GAN Wee Sean**  
*Chairman*

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## NOTICE OF SPECIAL GENERAL MEETING

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### **PAK FAH YEOW INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 239)

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of Pak Fah Yeow International Limited (the “Company”) will be held at 11th Floor, The Sun’s Group Centre, No. 200 Gloucester Road, Wanchai, Hong Kong on Thursday, 27 October 2005 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications, as an Ordinary Resolution of the Company:

#### **ORDINARY RESOLUTION**

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Subdivided Shares (as hereinafter defined) to be resulted from the Share Subdivision (as hereinafter defined), each of the issued and unissued shares of HK\$0.10 in the share capital of the Company be and is hereby subdivided into two shares of HK\$0.05 each (the “Subdivided Shares”) with effect from the business day immediately following the day on which this resolution is passed (the “Share Subdivision”) and the directors of the Company be authorised to issue new share certificates in respect of the Subdivided Shares to holders of existing shares of the Company pursuant to the Share Subdivision and to do all things and execute all documents in connection with or incidental to the Share Subdivision.”

By Order of the Board  
**Pak Fah Yeow International Limited**  
**LO Tai On**  
*Company Secretary*

Hong Kong, 10 October 2005

*Head Office and Principal Place of Business:*

11th Floor  
The Sun’s Group Centre  
200 Gloucester Road  
Wanchai  
Hong Kong.

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## NOTICE OF SPECIAL GENERAL MEETING

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Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the head office and principal place of business of the Company at 11th Floor, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

*As at the date hereof, (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.*