PAK FAH YEOW INTERNATIONAL LIMITED

白花油國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 239)

PROFIT WARNING AND BUSINESS UPDATE

This announcement is made by Pak Fah Yeow International Limited (the "Company", together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

PROFIT WARNING

Based on preliminary assessment of the management accounts of the Group, the board of directors (the "Board") of the Company wishes to inform shareholders of the Company and potential investors that the Group is expected to record a significant decline in the sales revenue of Hoe Hin products for the six months ended 30 June 2018 of not less than 40% as compared to the sales of Hoe Hin products of HK$74.4 million of the corresponding period in 2017. The Board considers that the expected decline on sales revenue of Hoe Hin products was mainly due to reason as mentioned in the Business Update below.

The information contained in this announcement is only based on preliminary assessment performed by the Board with reference to the Group's management accounts and information currently available to the Company and has not been reviewed by the Company's auditor and the audit committee, and may be subject to amendments.

The interim results announcement of the Company for the six months ended 30 June 2018 is expected to be published before the end of August 2018.

BUSINESS UPDATE

Since 1 July 2018, the Group has extended its distributorship for Hong Kong market to a number of wholesalers in Hong Kong. The Board has clearly identified distribution's valuable role in the growth and success of the Group and considers that such extension in long run would improve sales performance, increase profitability and higher levels of customer satisfaction of Hoe Hin products.

Due to this reconstruction of direct supplier-wholesalers relationship in Hong Kong, as opposed to sole distributorship in the past, the sales revenue of Hoe Hin products for the six months ended 30 June 2018 was affected, mainly because of the transitional period, during which the sole distributor and the wholesalers have been observing the development of such change and the inventory level in the market.

Shareholders of the Company and potential investors should exercise caution when dealing in shares of the Company.

For and on behalf of
Pak Fah Yeow International Limited
GAN Wee Sean
Chairman

Hong Kong, 18 July 2018

As at the date of this announcement, the Board comprises: (i) three executive directors, namely Mr. Gan Wee Sean, Mr. Gan Fock Wai, Stephen and Mr. Gan Cheng Hooi, Gavin; (ii) one non-executive director, namely Ms. Gan Fook Yin, Anita; and (iii) three independent non-executive directors, namely Ms. Wong Ying Kay, Ada, Mr. Ip Tin Chee, Arnold and Mr. Leung Man Chiu, Lawrence.

* *For identification purpose only*