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 K. WAH INTERNATIONAL HOLDINGS LIMITED
嘉華國際集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 173)

ANNOUNCEMENT

The Board announces that Victory Way and the PRC Party have mutually agreed to terminate the Agreement for formation of joint venture with effect from 2nd March 2007.

Reference is made to the announcement of the Company dated 26th May 2006 (“**Announcement**”) and the circular of the Company dated 19th June 2006 (“**Circular**”) relating to the Agreement entered into, on 26th May 2006, by Victory Way (a subsidiary of the Company) and the PRC Party (a wholly-owned subsidiary of China Vanke) on formation of a joint venture in respect of the PRC Lands. Terms used herein shall have the same meaning as those defined in the Announcement and the Circular unless otherwise stated.

Despite extension of time to negotiate, the Parties cannot reach agreement on the JV Documents. Accordingly, the Parties have agreed to mutually terminate the Agreement as and from 2nd March 2007. Upon such termination, the Parties are released from all obligations and interest in the Agreement, Hui Cheng will remain a wholly-owned subsidiary of the Group (in which the PRC Party will not have any interest), and neither Party has any claim against or liability towards the other of them under the Agreement. No consideration has been paid or received by Victory Way or the Company in respect of the Agreement and the termination of the Agreement does not have any material adverse impact on the operations of the Group.

At the date of this announcement, the executive directors of the Company are Dr. Che-woo Lui (Chairman), Mr. Francis Lui Yiu Tung, Mr. Eddie Hui Ki On, Mr. Lennon Lun Tsan Kau and Ms. Paddy Tang Lui Wai Yu; the non-executive directors are Mr. Michael Leung Man Kin and Dr. Philip Wong Kin Hang; and the independent non-executive directors are Sir David Akers-Jones, Dr. The Hon. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Dr. Charles Cheung Wai Bun and Mr. Robert George Nield.

By Order of the Board of
K. Wah International Holdings Limited
Ricky Chan Ming Tak
Company Secretary

Hong Kong, 2nd March 2007

Please also refer to the published version of this announcement in The Standard.