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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)

### INTERIM SCRIP DIVIDENDS WITH CASH OPTION FOR THE SIX MONTHS ENDED 30TH JUNE 2006

The discounted market value of a share of the Company for the purpose of calculating the number of new shares to be allotted to the shareholders of the Company as the interim scrip dividends for the six months ended 30th June 2006 is HK\$2.2420.

Further to the circular to shareholders of K. Wah International Holdings Limited ("**Company**") dated 13th October 2006 ("**Circular**") describing the arrangements for payment of the interim scrip dividends of HK\$0.01 per ordinary share of HK\$0.10 each of the Company ("**Share**"), the Company announces that for the purpose of calculating the number of Shares to be allotted by way of scrip dividends, the discounted market value of a Share is HK\$2.2420.

The discounted market value is the average of the closing prices of one Share being traded on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") for the five trading days from 16th October 2006 to 20th October 2006, both days inclusive (which is HK\$2.36), less five per cent discount, rounding down to four decimal places as stated in the Circular.

Accordingly, under the scrip dividends arrangements, shareholders will receive the following number of Shares as scrip dividends on that part of their shareholdings in respect of which they have not made cash elections:

$$\begin{array}{l} \text{Number of Shares held on 13th October 2006} \\ \text{for which cash election is not made} \end{array} \times \frac{\text{HK\$0.01}}{\text{HK\$2.2420}}$$

The new Shares to be issued pursuant to the scrip dividends arrangements will rank pari passu in all respects with the existing issued Shares, except for the interim dividends for the six months ended 30th June 2006, and will rank in full for all future dividends and distributions which may be declared, made or paid.

Fractional entitlements to Shares will be disregarded and the benefit thereof will accrue to the Company.

It is expected that share certificates in respect of the Shares to be allotted as scrip dividends and dividends warrants of HK\$0.01 per Share will be posted to shareholders of the Company at their own risk on 24th November 2006.

Shareholders who wish to receive all or part of their interim dividends in cash in lieu of new Shares are reminded to complete the Form of Election and lodge it with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 10th November 2006. Dealings in the new Shares to be allotted as the interim scrip dividends will commence on 27th November 2006. Application has been made to the Stock Exchange for the listing of and permission to deal in the new Shares.

As at the date of this announcement, the executive directors of the Company are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Eddie Hui Ki On, Mr. Lennon Lun Tsan Kau, Mr. William Lo Chi Chung, 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. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Dr. Charles Cheung Wai Bun and Mr. Robert George Nield.

By Order of the Board  
**Ricky Chan Ming Tak**  
Company Secretary

Hong Kong, 20th October 2006