

[For Immediate Release]

**K. Wah International Announces 2006 Annual Results
Profit Attributable to Shareholders Reaches HK\$229,703,000**

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Property projects registered sales proceeds of HK\$4 billion

Highlights

- Turnover was HK\$276 million (2005: HK\$289 million)
- Operating profit was HK\$1,071 million (2005: HK\$382 million)
- Profit attributable to shareholders was HK\$230 million (2005: HK\$95 million (excluding discontinued operations))
- Earnings per share from operations were 9.54 HK cents (2005: 4.1 HK cents)

(Hong Kong, 29 March 2007) – K. Wah International Holdings Limited (“KWIH” or “the Group”) (stock code: 173) today announced its annual results for the year ended 31 December 2006.

The Group’s turnover for the year ended 31 December 2006 was HK\$275,956,000 as compared to last year’s HK\$289,307,000. Profit attributable to shareholders was HK\$229,703,000, an increase of 142% from HK\$95,000,000 recorded last year (excluding the profit from discontinued operations of HK\$3,553,418,000). Basic earnings per share were HK9.54 cents. The Board of Directors has recommended the payment of a final dividend of HK2.5 cent per share. Together with the interim dividend of HK1.0 cent per share already paid, the total dividend for the year is HK3.5 cents per share.

Projects in Hong Kong and Mainland China achieved strong sales

Dr. Che-woo Lui, Chairman of KWIH, said, “With our projects in Hong Kong and Shanghai reporting excellent sales in the past year, we achieved notable growth in both profit attributable to shareholders and asset value.”

“The key contributing projects, including the Great Hill in Shatin, J Residence in Wan Chai and Shanghai Westwood Phase I, have brought in total proceeds of approximately HK\$4 billion to the Group. As the three projects will be completed and with their revenue booked in 2007, it is indeed a fruitful year for the Group.”

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Several property development and investment projects commenced to sustain profitability

Hong Kong

The Group launched its luxury residential project, **The Great Hill**, in mid-level, Shatin South, in 2006 and 61 units were sold. The project will be completed in the third quarter of 2007. The Group plans to launch the remaining penthouse units and houses this year.

J Residence, the 381-unit residential apartment project located at Johnston Road, Wanchai, has sold more than 90% within the first two weeks of its pre-sale in July 2006. The project is expected to be completed in the third quarter of 2007. While J SENSES, the upbeat boutique arcade adjacent to J Residence, will open in the fourth quarter of 2007 and is expected to bring in steady rental income to the Group.

Subsequent to the remarkable sales of the two projects, the Group also secured entire ownership rights to Shiu Fai Terrace 6 in Mid-Levels East, Hong Kong Island in March 2007. The site with a total gross floor area ("GFA") of up to 68,000 sq. ft. will be developed into a luxury residential project. Construction work is expected to begin this year and due for completion in 2011. Furthermore, the Group will join hands with other developers to develop a luxury residential project of GFA up to 750,000 sq. ft. on Tai Po Town Lot. No. 188.

Shanghai

Shanghai Westwood, the Group's large-scale residential property project in Shanghai, sold more than 90% of the units in Phase I, which is scheduled for completion in the second quarter of 2007. Construction has commenced for Phase II development which comprises 1,059 units with total GFA approximated at 1,500,000 sq. ft. (140,000 sq. m.). Related work is scheduled for completion in the fourth quarter of 2008.

The project on Jianguo Xi Road, Xuhui District, Shanghai has rolled out its construction work. This project is an integrated development comprising high-end residential apartment, serviced apartments and shopping arcade. With a GFA of approximately 1,500,000 sq. ft. (140,000 sq. m.), the project will provide 530 units of residential apartments and 400 units of luxurious serviced apartments. Phase 1 of the project with a total of 200 units is expected to be completed in mid 2009.

Construction of **the project in Yanjiazhai, Jingan District, Shanghai** is also underway. The Manhattan style luxury residential apartment with a GFA of approximately 1,080,000 sq. ft. (100,000 sq. m.) offers 400 units. Phase 1 of the project is expected to be completed in the fourth quarter of 2009.

Shanghai K. Wah Centre on Huaihai Zhong Road, Xuhui District, is the Group's flagship investment property. It is currently 100% occupied. This Grade A office building contributed around HK\$200 million in annual rental income to the Group. With demand for Grade A office in Shanghai persistently strong, the property is expected to bring in respectable rental income and appreciate in asset value.

Guangzhou

The integrated development project located in **Guangzhou Huadu Airport CBD Area** has commenced construction in 2006. Phase 1 of the project, which is only five minutes drive to the Baiyun Airport, will be developed into a large-scale commercial complex comprising a luxurious hotel with 300 rooms and 2 blocks of office towers. With a GFA of approximately 3,480,000 sq. ft.(320,000 sq. m.), the hotel and offices is expected to be completed by the end of 2008 and the first quarter of 2009 respectively.

Stepping up investments in both HK and Mainland China

The Group currently has property development and investment projects with a GFA of over 24,000,000 sq. ft. in Hong Kong and Mainland China, all of which are at prime locations suitable for developing quality integrated property projects.

The Group's financial position remains strong. It will continue to identify quality land to replenish its land bank by means of forging strategic partnership and applying for suitable land in the government reserve. The Group will continue to boost its land reserve and explore new opportunities in Mainland China and Hong Kong.

Dr. Lui concluded, "On the back of robust economic growth in the region, the Group has expanded its operational coverage from residential and commercial property development to **include hotel, serviced apartment and shopping arcade projects**. The diversification will see the Group achieve a more balanced property portfolio, both in investment and development, that can ensure its long-term, sustainable growth."

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About K. Wah International Holdings Limited (stock code: 173)

Listed on the Stock Exchange of Hong Kong in 1987, the Group is principally engaged in high quality property development and investment in Hong Kong and Mainland China. The Group's vision is to become an integrated property developer and investor in the Greater China region. The Group won Business Superbrands Awards and Business High Flyer in 2006, a testimony to its superb quality in property development and vigorous business growth. Precise marketing position and sales strategies boosted sales performance over the year. Three residential projects, namely The Great Hill in mid-level of Shatin south, J Residence on Johnston Road in Wanchai as well as Shanghai Westwood registered remarkable sales results. The company also holds 18.7% interest in Galaxy Entertainment Group (stock code: 27).

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KWIH Chairman Dr Che-woo Lui



Eddie Hui, acting Managing Director of KWIH, presents the financial results of the Company

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KWIH directors and senior management