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## **FAVA INTERNATIONAL HOLDINGS LIMITED**

**名家國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8108)

### **ANNOUNCEMENT UNUSUAL INCREASE IN SHARE PRICE AND TRADING VOLUME**

The Board has noted today's increase in the price and trading volume of the shares of the Company and wishes to state that, save as disclosed in this announcement, the Board is not aware of any reasons for such increase.

As disclosed in the Company's announcement dated 1 February 2007, the Company has entered into two letters of intent in respect of Beijing Acquisition and Hebei Acquisition. Hebei Acquisition was completed on 2 April 2007. For details, please refer to the announcement and the circular issued by the Company on 3 April 2007 and 24 April 2007 respectively. As at the date of this announcement, the terms of Beijing Acquisition are still under negotiation and no formal sale and purchase agreement has been concluded yet. In the event that Beijing Acquisition materializes, the Company shall comply with the relevant disclosures and/or shareholders' approval requirements of the GEM Listing Rules where appropriate.

**As Beijing Acquisition may or may not materialize, shareholders of the Company and the investing public are advised to exercise caution when dealing in the shares of the Company.**

This statement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The board of directors (the "Board") of FAVA International Holdings Limited (the "Company") has noted today's increase in the price and trading volume of the shares of the Company and wishes to state that, save as disclosed in this announcement, the Board is not aware of any reasons for such increase.

As disclosed in the Company's announcement dated 1 February 2007, the Company has entered into two letters of intent in respect of the proposed acquisitions of furniture retail businesses in Beijing City ("Beijing Acquisition") and Hebei Province ("Hebei Acquisition") of the PRC. On 29 March 2007, a sale and purchase agreement in relation to Hebei Acquisition was entered into between Langfang Hengyu Home Co., Ltd\* (廊坊恒宇家居有限公司, an indirect wholly-owned subsidiary of the Company) and Lang Fang Huari Furniture Joint Stock Co., Ltd.\* (廊坊華日家具股份有限公司). Hebei Acquisition was completed

on 2 April 2007. For details, please refer to the announcement and the circular issued by the Company on 3 April 2007 and 24 April 2007 respectively. As at the date of this announcement, the terms of Beijing Acquisition are still under negotiation and no formal sale and purchase agreement has been concluded yet. In the event that Beijing Acquisition materializes, the Company shall comply with the relevant disclosures and/or shareholders' approval requirements of the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") where appropriate.

Save as otherwise disclosed in this announcement and the announcements dated 1 February 2007 and 3 April 2007 and the circular dated 24 April 2007, the Board confirms that there are no negotiations or agreements relating to the intended acquisitions or realizations which are discloseable under Chapter 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation of disclosure imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

**As Beijing Acquisition may or may not materialize, shareholders of the Company and the investing public are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

As at the date of this announcement, the Board comprises Mr. Li Ge and Mr. Zhao Guo Wei as executive directors, and Mr. Lee Yuen Kwong, Mr. Yang Jie and Mr. Yang Dongli as independent non-executive directors.

By order of the Board  
**FAVA International Holdings Limited**  
**Li Ge**  
*Executive Director*

Hong Kong, 1 June 2007

\* *For identification purpose only*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least seven days from the day of its posting.*