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K. WAH INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 173)

DISTRIBUTION IN SPECIE OF KWCM SHARES — ANNOUNCEMENT AS TO THE EXCLUSION OF CERTAIN OVERSEAS SHAREHOLDERS

The Board announces that the Distribution will only be made to the Overseas Shareholders whose addresses as shown in the Registers are in the British Virgin Islands, Macau and Malaysia on the Record Date and that the Distribution will not be made to the Overseas Shareholders whose addresses as shown in the Registers are in Australia, Canada, Spain, the United Kingdom, Liberia, Pakistan, Philippines, Singapore and the United States of America on the Record Date.

1. INTRODUCTION

On 14 September 2005 the Board announced that it had declared a special interim dividend on that date to be satisfied by way of the Distribution. As set out in the announcement of the Company dated 14 September 2005 (the “**Announcement**”), the Distribution will not be made to the Overseas Shareholders in the event that the Directors, upon making enquiry, consider such exclusion to be necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places. The terms set out in this announcement shall have the same meanings as those used in the Announcement, unless stated otherwise.

2. EXCLUSION OF CERTAIN OVERSEAS SHAREHOLDERS

On the basis of the information made available to the Directors, as at the date of this announcement, there are Overseas Shareholders whose addresses as shown in the register of members of the Company in Bermuda and branch register of members of the Company in Hong Kong (the “**Registers**”) are in Australia, Canada, Spain, the United Kingdom, Liberia, Pakistan, Philippines, Singapore and the United States of America (the “**Excluded Jurisdictions**”) and in the British Virgin Islands, Macau and Malaysia.

Based on the information available as at the date of this announcement, there are 21 Overseas Shareholders with their registered addresses in the Excluded Jurisdictions who, on the basis that there is no change in their shareholding before the Record Date, would in aggregate be entitled to 19,150 Distribution Shares, with no shareholder in any one of the Excluded Jurisdictions being entitled to receive more than 6,583 Distribution Shares. The Board has made enquiries on the legal restrictions and regulatory requirements in relation to the Distribution to Overseas Shareholders in the Excluded Jurisdictions and on compliance with the relevant restrictions and formalities and having done so, the Board considered that it would be necessary/expedient to exclude the Overseas Shareholders in each of the Excluded Jurisdictions from the Distribution. Arrangements will therefore be made for the

KWCM Shares which would otherwise have been distributed to such Overseas Shareholders to be sold in the market as soon as practicable after the posting of the share certificates of the Distribution Shares to the Qualifying Shareholders and any gross proceeds of sale will be distributed in Hong Kong dollars to such persons pro rata to their entitlements (except that amounts of less than HK\$100 payable to the respective Shareholders will be retained for the benefit of the Company).

With respect to Overseas Shareholders in the British Virgin Islands, Macau and Malaysia, the Board noted the substantial number of Distribution Shares involved (based on the information as at the date of this announcement) and has accordingly obtained legal advice on registration/filing and/or other formalities with respect to the Distribution to Shareholders in these three jurisdictions. In this respect, the respective legal advisers of the Company as to laws of the British Virgin Islands, Macau and Malaysia have advised the Company that the Distribution to the Overseas Shareholders in these jurisdictions would not contravene the local laws and regulations. Accordingly, the Distribution will be made to the Overseas Shareholders whose addresses as shown in the Registers are in the British Virgin Islands, Macau and Malaysia on the Record Date.

By Order of the Board
Seaman Kwok Siu Man
Company Secretary

Hong Kong, 6 October 2005

As at the date of this announcement, the executive Directors are Dr. Lui Che Woo (Chairman), Mr. Francis Lui Yiu Tung, Mr. Lennon Lun Tsan Kau, Mr. Eddie Hui Ki On, 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.

Please also refer to the published version of this announcement in (South China Morning Post)