



K. WAH INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 173)

K. WAH CONSTRUCTION MATERIALS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 27)

JOINT CLARIFICATION ANNOUNCEMENT

The KWIH Board has noted the recent increase in the trading volume of the shares of KWIH and the KWCM Board has noted the recent increases in the price and trading volume of the shares of KWCM. The KWIH Board and the KWCM Board wish to state that the KWIH Board and the KWCM Board are not aware of any reasons for such increases save as disclosed herein.

The KWIH Board and the KWCM Board also refer to certain statements made in newspaper articles published on 7 October 2004 speculating that the Controlling Shareholder may inject certain Macau gaming business into KWIH or KWCM and wish to state that there are no negotiations or agreements relating to the purported transaction but that preliminary conceptual studies relating to the feasibility of such a transaction is being carried out by KWCM. KWIH and KWCM wish to further clarify that such preliminary studies may or may not lead to a transaction. In the event that a transaction materialises, KWIH and KWCM will make appropriate announcements as required by the Listing Rules.

The respective shareholders of KWIH and KWCM and potential investors are advised to exercise caution when dealing in the shares of KWIH and KWCM.

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

The board of directors ("KWIH Board") of K. Wah International Holdings Limited ("KWIH") has noted the recent increase in the trading volume of the shares of KWIH and the board of directors ("KWCM Board") of K. Wah Construction Materials Limited ("KWCM") has noted the recent increases in the price and trading volume of the shares of KWCM. The KWIH Board and the KWCM Board wish to state that the KWIH Board and the KWCM Board are not aware of any reasons for such increases save as disclosed herein.

The KWIH Board and the KWCM Board also refer to certain statements made in newspaper articles published on 7 October 2004 speculating that Dr. Lui Che Woo, the Chairman and Controlling Shareholder of both KWIH and KWCM ("the Controlling Shareholder") may inject certain Macau gaming business into KWIH or KWCM. The KWIH Board and the KWCM Board wish to state that there are no negotiations or agreements relating to the purported transaction but that preliminary conceptual studies relating to the feasibility of such a transaction is being carried out by KWCM. KWIH and KWCM wish to further clarify that such preliminary studies may or may not lead to a transaction. In the event that a transaction materialises, KWIH and KWCM will make appropriate announcements as required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

Save for the above, the KWIH Board and the KWCM Board also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the KWIH Board or the KWCM Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

No directors of KWIH or KWCM have any dealings in the shares of KWIH or KWCM respectively since the carrying out of preliminary studies by KWCM.

The respective shareholders of KWIH and KWCM and potential investors are advised to exercise caution when dealing in the shares of KWIH and KWCM.

Made by the respective orders of the KWIH Board and the KWCM Board the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

As at the date of this announcement, the executive directors of KWIH are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Lennon Lun Tsan Kau, Mr. Eddie Hui Ki On, Mr. William Lo Chi Chung and Mrs. Paddy Tang Lui Wai Yu. The non-executive director is Mr. Michael Leung Man Kin and the independent non-executive directors are Sir David Akers-Jones, Dr. Alex Wu Shu Chih, Dr. Philip Wong Kin Hang, Dr. Leo Lee Tung Hai, Dr. Robin Chan Yau Hing, Dr. Charles Cheung Wai Bun and Mr. Robert George Nield.

As at the date of this announcement, the executive directors of KWCM are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. William Lo Chi Chung, Ms. Paddy Tang Lui Wai Yu and Mr. Joseph Chee Ying Keung. The independent non-executive directors are Dr. Charles Cheung Wai Bun, Mr. Moses Cheng Mo Chi and Mr. James Ross Ancell.

By Order of the Board of
K. Wah International Holdings Limited
Steven Tong Kui Nam
Secretary

By Order of the Board of
K. Wah Construction Materials Limited
Steven Tong Kui Nam
Secretary