

K. Wah International announces 2005 Annual Results

Profit attributable to shareholders reaches HK\$ 3.64 billion

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Realizes potential of core businesses Creates shareholder value

(Hong Kong, March 30, 2006) – K. Wah International Holdings Limited (“KWIH” or “the Group”) (stock code: 173) today announced its annual results for the year ended December 31, 2005.

The Group’s turnover for the year ended December 31, 2005 was HK\$289,307,000, as compared to last year’s HK\$418,257,000. Profit attributable to shareholders amounted to HK\$3.64 billion, representing 15 folds of that in the previous year. The substantial increase was mainly due to the placing of new shares of Galaxy Entertainment Group Limited (“GEG”) in April and July 2005 to acquire Galaxy Casino S.A., which led to a dilution in KWIH’s shareholding, and the deemed disposal of GEG shares contributed a profit of HK\$3.55 billion to the Group. Earnings per share increased from HK\$0.12 in the previous year to HK\$1.58. The Directors have recommended the payment of a final dividend of HK1 cent per share. Together with the interim dividend of HK1 cent per share and the special interim dividend distributed by way of one GEG share for every 10 shares of KWIH (equivalent to HK51.7 cents per share), the total cash dividend per share for the year is HK2 cents. If based on the equivalent amount, the total dividend for the year is HK53.7 cents per share.

Remarkable performance in 2005 Enhancing shareholder value

Dr. Che-woo Lui, Chairman of K. Wah Group, stated, “2005 saw K. Wah Group celebrated its 50th anniversary and created great value for its shareholders. During the year, K. Wah Group focused in maximizing its asset value and by successfully injecting the gaming business of Galaxy Casino S.A. into GEG, KWIH’s profit recorded a substantial increase. The two listed companies will develop their respective core businesses, with KWIH continue to focus on its property development business in Hong Kong and Mainland China, boasting the strengths it has built up over the years to enhance its brand.”

Dr. Lui continued, “ In strengthening our core property business, we are also coming up with different ways to maximize profits for KWIH in order to enhance shareholder value. KWIH’s outstanding performance in 2005 testifies to our strengths and commitment.”

Meticulous planning Timely execution

The persistent surge of interest rates in 2005 sparked the consolidation of the local property market. The Group thus, with prudence, adjusted its sales strategy and sold fewer properties. Meanwhile, the Shanghai property market also underwent adjustment as a result of the macro economic austerity measures introduced by the Government. In the light of the market condition, the Group slowed down the sale of its luxurious residential project, the Shanghai Westwood.

Launched The Great Hill in 1Q 2006

Stepping into 2006, the Hong Kong residential property market turned for the better. The Group believes the market will continue the up trend in view of tight supply and banks competing for home mortgage business. These factors will constitute a strong impetus for the local property market in the first quarter of 2006.

Applying shrewd marketing strategies, the Group saw opportunities in the persistent shortage in luxury property supply in the market and started the pre-sale of The Great Hill in March 2006. The project has drawn tremendous market response and considerable patronage. The Great Hill, situated on the Mid-levels, Shatin South, is KWIH's luxurious residential masterpiece. It comprises 114 residential apartments and eight detached houses of areas ranging from 2,600 to 6,000 square feet. In addition, the Group also has a premium "downtown CBD" residential project in Wanchai with approximately 381 units and 28,000 square feet of commercial facilities. The Group expects to start pre-sale in the third quarter of 2006.

The Group will continue to participate in government land sale, and also bid for land and projects of the KCR and MTR, and the URA, and when suitable opportunities arise, it may also make private acquisitions, to boost its land bank.

Notable rental income from investment properties Shanghai K. Wah Centre reached 100% occupancy

Regarding the Group's investment property business, Shanghai K. Wah Centre which is situated at Huaihai Zhong Road, Shanghai, was completed in early 2005. This 6-star office building is one of the best-equipped office buildings in the area and has been leased 100%. It has a strong tenant profile including a number of Fortune 500 enterprises. The Group believes the demand for Grade A office premises in Shanghai will continue to rise and boost rentals.

Supreme quality landbank for future development

To date, the Group has accumulated over 2 million square meters of landbank in Shanghai and Guangzhou for developing quality residential and commercial properties. The booming Chinese economy, growing urban population, rising per capita income and people's strong propensity to own homes together will see demand for property in the Mainland China rocket, which will in turn benefit the Group's long term development. The Group secured alliance with Shanghai Baosteel Group Corporation last year, and that has fortified the Group's ability to expand its business in Mainland China.

In 2006, the Group will speed up the sales of Shanghai Westwood according to the conditions of the Shanghai property market. It will also push ahead with the demolition and construction of two other top-grade residential projects on Jianguo Xi Road (Xuhui District) and Yanjiazhai (Jingan District).

Dr. Lui concluded, "Greater China is now the focus of the global economy and that agrees with our development strategies over the years. We have strong confidence in the prospects of the property market in Mainland China, especially in the development of quality residential and commercial projects, which will remain the focus of the market. Thus, we firmly believe the Group will deliver excellent business performance in the next few years."

Galaxy provides the platform to tap the Macau market

KWIH currently holds 18.7% interest in Galaxy. A strategic long-term investment to the Group, Galaxy can contribute strong synergies to the Group's business and provide it with an effective platform to indirectly invest in the Macau market, and bring fruitful returns to shareholders.

KWIH continues to be in a healthy financial position. The management will keep a close watch on opportunities arising in Hong Kong, Mainland China and Macau and will cautiously increase its landbank with good development potential, thereby pave the way for the Group's future growth.

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

Listed on the Stock Exchange of Hong Kong in 1987, the Company is principally engaged in property development and investment in Hong Kong and Mainland China. It is one of the major property developers in Hong Kong, Shanghai and Guangzhou. The Company's vision is to become a market leader in high quality residential and commercial properties in the Greater China region. It is now developing 3 residential projects and 1 commercial project in Shanghai with an aggregate floor area of approx. 8,000,000 square feet. The Company currently has two residential projects in Hong Kong, with a aggregate floor area of approximately 500,000 square feet. It holds 18.7% of shares of Galaxy Entertainment Group (stock code: 27).

Company website: <http://www.kwih.com>

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