



K. WAH INTERNATIONAL HOLDINGS LIMITED
嘉華國際集團有限公司
K. WAH CONSTRUCTION MATERIALS LIMITED
嘉華建材有限公司



Galaxy Casino S. A.
銀河娛樂場股份有限公司

PRESS RELEASE

K. Wah Construction Materials and K. Wah International shareholders approve KWCM's proposed acquisition of Macau's Galaxy Casino

KWCM becomes the only Hong Kong-listed gaming operator

HONG KONG, 19 July 2005 – K. Wah Construction Materials Ltd (“KWCM” or “the Company”; SEHK: 0027) and K. Wah International Holdings Ltd (“KWIH”; SEHK: 0173) announced today that shareholders of both companies cast votes of confidence and approved KWCM's proposal to acquire Galaxy Casino, SA (“Galaxy”). The acquisition will make KWCM the only Hong Kong-listed gaming operator, providing a strong platform for the Company's long-term development in Macau.

Dr Lui Che Woo, Chairman of the K Wah Group, said: “The K Wah Group and the Lui family view Galaxy as a long-term investment, with high growth potential. This is an important milestone in the development of our business. In line with K Wah Group's realistic and progressive management style, we are dedicated to making Galaxy a leading operator of gaming, leisure and entertainment facilities in Macau, and to deliver the maximum benefits to all our shareholders.”

Three new casinos to open in the coming year

Galaxy currently operates one City Club – the Galaxy Casino at the Waldo Hotel, which has been delivering solid results. Galaxy will open three new casinos within the next 12 months, comprising the Galaxy StarWorld in downtown Macau and two new City Clubs. It will also develop a massive casino and entertainment resort in Cotai, the first phase of which will open in the first quarter of 2008. The Company will invest a total of HK\$5.7 billion in the projects.

Mr Francis Lui, Deputy Chairman of KWCM and a Director of Galaxy: “After months of hard work by the management of KWCM and other professionals, we are delighted that we are able to complete this unprecedented acquisition on schedule. Following the opening of Galaxy StarWorld and the two new City Clubs next year and the Galaxy Cotai Mega Resort in 2008, Galaxy's development momentum will be even stronger.”

Financing arrangement progresses smoothly

Galaxy is securing financing of about HK\$3 billion through a bond issue and project financing for the development of Galaxy StarWorld and the first phase of our massive project in Cotai. Galaxy has mandated two major investment banks to arrange for the bond issue. In addition, the arrangement for project financing has entered into its final stage.

Under the proposal approved by shareholders today, KWCM will pay HK\$18.4 billion to acquire a 97.9% economic interest in Galaxy. The consideration will be settled in two components as follows:

- One is the issue to the vendors of Galaxy of approximately 1.84 billion new KWCM shares priced at HK\$8.00 each.
- The remainder of the consideration to the vendors of Galaxy will come from the issue of interest-bearing notes and/or the payment of cash in the aggregate amount of approximately HK\$3.7 billion.

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NOTES TO THE EDITOR

About Galaxy Casino, SA

Galaxy holds one of Macau's three gaming concessions. The company's objective is to become a leading operator of integrated leisure and entertainment facilities in the territory.

Galaxy currently operates one City Club casino, the Galaxy Casino at Waldo Hotel, which is focused on the VIP gaming market. The company plans to invest HK\$5.7 billion in total on four new projects in the next five years, including large-scale projects in both downtown Macau and in Cotai, the area of reclaimed land that is targeted to become the epicentre of gaming and entertainment in Asia. These projects include integrated leisure and entertainment facilities that provide comprehensive gaming as well as non-gaming amenities for tourists. Alongside these properties is Galaxy's City Club casino chain, which offers sophisticated facilities with emphasis on VIP gaming.

Currently under construction, the **Galaxy StarWorld** will be a large-scale downtown Macau hotel, leisure and casino complex scheduled to open in mid-2006. The Galaxy StarWorld is expected to be one of the tallest hotels in Macau upon completion and take up 95,000 square metres of space on 33 storeys. Galaxy StarWorld is designed to house 560 modules containing standard hotel rooms and suites, food and beverage outlets, entertainment outlets and shops. Some 26,000 square metres will be devoted to gaming facilities with approximately 140 mass market gaming tables, 60 VIP gaming tables and 300 slot machines. The complex is designed to cater to both VIP players and mass-market visitors.

Galaxy Cotai Mega Resort will become Galaxy's flagship resort casino in Macau. It will be situated at the new Cotai entertainment area. The resort will eventually offer some 6,300 hotel rooms and suites in several hotels with four themed casinos. The resort is aimed at both VIP players and mass-market visitors and will be completed in several phases. Phase I will have over 28,800 square metres of gaming facilities and is scheduled to open in the first quarter of 2008. It will include two deluxe hotels with around 2,000 rooms and one themed casino that will house around 300 mass market gaming table, about 48 VIP gaming tables and approximately 1,000 slot machines.

Galaxy Casino at Waldo Hotel, which is currently in operation, has 20 mass market gaming tables, 43 VIP gaming tables and 74 slot machines.

Galaxy Casino at Grand Waldo Hotel, Cotai is expected to open in the first quarter of 2006 in Cotai next to Galaxy Cotai Mega Resorts. Cotai City Club will have approximately 14,000 square metres of gaming space, about 146 gaming tables, including 100 mass market gaming tables and 46 VIP gaming tables, and approximately 200 slot machines.

Galaxy Casino at Rio Hotel, to be located in leased premises presently being renovated, will have about 60 gaming tables targeted at the mass market, and approximately 20 VIP gaming tables and 150 slot machines. On completion of renovations, the building will house a four-star hotel. The casino is expected to commence operations in the first quarter of 2006.

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About K. Wah Construction Materials Limited (SEHK: 0027)

The company was listed on the Stock Exchange of Hong Kong in 1991 and has been one of the leading construction material suppliers in Hong Kong. Its principal business is the manufacture, sale and distribution of construction materials in Hong Kong and mainland China. The company entered the mainland China market in the mid-1980s and is now the third largest concrete supplier in Shanghai. It also operates actively in Beijing, Nanjing, Maanshan, Kunming and the Pearl River Delta region. It is the company's strategic plan to expand its presence in mainland China by pursuing green products and high value-added products that have high barriers to entry. (Corporate website: <http://www.kwcm.com>)

About K. Wah International Holdings Limited (SEHK: 0173)

Listed on the Stock Exchange of Hong Kong in 1987, the company is principally engaged in property development and investment in Hong Kong, mainland China and South East Asia. 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 three residential projects and one commercial project in Shanghai with an aggregate floor area of about eight million square feet. The company currently also operates construction materials business through its 59%-owned subsidiary, K. Wah Construction Materials Limited (SEHK: 0027). As a result of the latter's acquisition of Galaxy, the company's interest in KWCM will be reduced to around 26%. (Corporate website: <http://www.kwih.com>)

About gaming in Macau

Macau is the only legalised gaming destination in China.

In 2004, Macau was the world's second largest gaming market, behind the Las Vegas Strip. In 2004, Macau recorded approximately HK\$40 billion in total gaming revenue (from games of fortune), an increase of 44% from 2003. Of this, 72% of the gaming revenue was generated from the VIP baccarat gaming tables.

In Macau, the average daily win per table – a common measure of business performance in casinos – was more than HK\$138,800 in 2004 (according to the Gaming Inspection and Coordination Bureau of Macau). This compares with around HK\$18,720 for the Las Vegas Strip and Atlantic City (according to the Nevada Gaming Control Board and the New Jersey Casino Control Commission).

Macau is also one of the largest and fastest growing gaming markets in the world, leveraging its shared border with Guangdong province, which has approximately 80 million residents and is one of the most prosperous regions of China. Approximately 16.7 million visitors arrived in Macau during 2004, an increase of 40% from 2003, according to the Macau Statistics and Census Service. Of the 16.7 million visitors arriving in Macau in 2004, 57% came from mainland China and over 30% from Hong Kong.

At the end of March 2005, there were 17 casinos and four slot clubs operating in Macau.

FOR MORE INFORMATION

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