

**K. WAH INTERNATIONAL AND K.WAH CONSTRUCTION MATERIALS
ANNOUNCE 2004 INTERIM RESULTS**

**PROFIT OF K. WAH INTERNATIONAL MORE THAN TREBLED
PROPERTY AND CONSTRUCTION MATERIALS BUSINESSES IN
MAINLAND CHINA TO DRIVE FUTURE GROWTH**

(Hong Kong, September 8, 2004) - K. Wah International Holdings Limited (“KWIH” or “the Group”) (stock code: 173) and K. Wah Construction Materials Limited (“KWCM”) (stock code: 27) today announced their unaudited interim results for the six months ended June 30, 2004 (“period under review”).

For the period under review, KWIH’s profit attributable to shareholders was HK\$150,455,000, representing an increase of 2.57 times as compared with the corresponding period last year. However, since the development of its major property sales projects - The Cairnhill and Anglers’ Bay, was undertaken by jointly controlled entities and their revenue was accounted for on such basis in the financial statements, total turnover for the period decreased by 45% to HK\$900,685,000. Basic earnings per share was HK7.6 cents. The Board of Directors recommended an interim dividend payment of HK2.0 cents per share.

KWCM’s turnover and profit attributable to shareholders for the six months ended June 30, 2004 was HK\$617,478,000 and HK\$11,063,000 respectively, compared with HK\$515,583,000 and HK\$31,143,000 for the same period last year. Earnings per share was HK0.9 cent. The Board of Directors recommended an interim dividend payment of HK1.0 cent per share.

Dr. Lui Chi Woo, Chairman of K. Wah Group, said, “ The Group’s profit has more than trebled in the first half of 2004, showing that our efforts in improving the quality of our property and expanding into potential markets are bearing fruit. With the passing of general deflation and the recovery of the economy, we expect the property market to develop steadily and hence benefit our business. In the Mainland market, despite the lessened fervor of investment caused by the government’s introduction of economic austerity measures, the Chinese economy is still growing strong. Helping to regulate the market, those measures facilitate the long-term healthy development of the economy. With its solid experience in developing and investing in the Mainland

market, we are confident that the Group will achieve outstanding performance in the property and construction materials industry in China, creating a major growth driver for the Group in the future.”

Property Business: Strategy to Focus on High Quality Projects Bears Fruit

During the period under review, as the Hong Kong economy improved and property prices rose steadily, the Group's properties division performed well. Major properties launched to the market during the period include The Palace, La Costa, Anglers' Bay and The Cairnhill. The price of certain individual units rose more than 40% when compared with last year.

Besides, the Group won the bids of two sites at Tong Lo Wan Hill Road in Shatin and Johnston Road in Wanchai, with gross floor area of approximately 250,000 and 210,000 square feet respectively. This increased the Group's land reserve in Hong Kong. The two projects are expected to be completed in 2007 and 2008 respectively.

Shanghai: Projects to be Launched This and Next Year

The Group's property development and investment projects in Shanghai, with gross floor area of approximately 8,000,000 square feet, progressed well. They are scheduled for launch between the end of this year and in 2006. The Group's Grade A office building located at Huaihaizhong Road named “Shanghai K. Wah Center” had been topped out and will be completed in January 2005. Pre-leasing results, with nearly all of the lower floor units rented out, are satisfactory. Mr. Francis Lui, Vice Chairman of K. Wah Group, said, “As supply of Grade A office space in the Puxi district is limited, there is tremendous market demand for Grade A offices in prime locations. The market rental rate has currently reached US\$1/day/sq.m. The Group is very optimistic of the prospects of Shanghai K. Wah Center and expects that it will generate steady recurring income for the Group.”

Besides, the Group is also developing three residential projects in Shanghai, which are located at the prime locations of Urumqi North Road in Jingan District, Jianguo West Road in Xuhui District and Guangzhong Road in Zhabei District respectively. The construction work of the large-scale residential project in Zhabei has commenced. The pre-sale of the first phase is scheduled for the end of 2004, providing contributions to the Group.

Construction Materials Business: Fruitful Year in 2005

The construction materials market in Hong Kong remained sluggish in the first half of the year despite the economic recovery. It will be some time yet before the industry will feel the push of the market. Facing the difficult environment, the Group embarked on different measures to control costs and to improve operational efficiency, hence effectively alleviated pressure on its bottom line. Meanwhile, the Group continued to explore new business opportunities. New projects such as the ready-mixed concrete operation at Daya Bay, Huidong has begun making profit contribution as planned.

As for the Group's construction materials business in the Mainland, the volatile raw material prices in the first half of the year affected its performance. However, with the implementation of austerity measures by the Central Government, raw materials prices stabilized, benefiting the Group's operation. Looking ahead, the Group will continue its strategy to capture opportunities to expand its product range with high value added, high entry barrier and environmental friendly nature. In August 2004, the Group entered into a joint venture with Yunnan Kunming Steel Holding Co., Ltd to engage in cement and slag production for supplying the local market in western China. It is also the Group's first step to tap the western China market.

Mr. Francis Lui, Vice Chairman of K. Wah Group, concluded, " With KWCM's investment projects starting to turn in contributions, we believe 2005 will be a fruitful year. That plus the fact that the Group's property projects in Shanghai are all progressing smoothly, we are highly confident that we will be able to achieve outstanding results in the future and capture the rising opportunities in Mainland China, thereby bring satisfactory returns to our shareholders."

KWIH and KWCM maintained a healthy financial position, with available cash reserve of HK\$2 billion in total. Gearing ratios, defined as total loan outstanding less cash balances to total assets, were also maintained at the healthy levels of 27.1% and 4.5% respectively.

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. It also operates construction materials business through its 67%

subsidiary, K. Wah Construction Materials Limited. (Corporate Website: <http://www.kwih.com>)

About K. Wah Construction Materials Limited (stock code: 27)

The Company was listed on the Stock Exchange of Hong Kong in 1991 and is one of the leading construction materials suppliers in Hong Kong. Its principal business includes rock quarrying, cement, slag, ready-mixed concrete, piles, pipes and precast products. The Company entered the mainland China market in mid-1980's and is now the third largest concrete supplier in Shanghai. It also operates actively in Beijing, Nanjing, Maanshan, Kunming and the Pearl River Delta. 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 entry barriers in the marketplace. The Company is a 67% subsidiary of K. Wah International Holdings Limited. (Corporate Website: <http://www.kwcml.com>)

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