

[Immediate release]

K. WAH INTERNATIONAL HOLDINGS LIMITED
ISSUES HK\$800 MILLION OF CONVERTIBLE BONDS
to Develop Property Business in Hong Kong and mainland China

(Hong Kong, February 25, 2004) – K. Wah International Holdings Limited (“K. Wah International” or the “Group”) (stock code: 173) announced today that the Group has issued 0.5% Guaranteed Convertible Bonds with an aggregate principal amount of HK\$800,000,000 and further Optional Bonds with an aggregate principal amount of, if exercised, HK\$64,260,000 (collectively “the CB”) through its wholly-owned subsidiary, K. Wah International Finance Limited. The CB are due in 5 years and will be fully subscribed by Morgan Stanley & Co. International Limited. K. Wah International is the Guarantor of the CB.

The estimated net proceeds from the issue (including the Optional Bonds, if exercised) will be approximately HK\$846,000,000 and will be used to develop the Group’s property business in Hong Kong and China.

Dr. Lui Che Woo, Chairman of K. Wah International, said, “The Group believes that the mainland property markets in major cities are still in their early stages of development where there is substantial growth potential. At the same time, the Hong Kong property market sentiment has been improving significantly in the past few months and is showing a positive market outlook. In view of this, the Group decided to take advantage of this low-cost but flexible fund raising to pave the way for future growth. It is encouraging to see that the issue has received good support from the investment community, which is a true reflection of their confidence in our business and future development.”

The conversion price is HK\$2.25 per share, which represents a conversion premium of approximately 20.97% on K. Wah International’s closing share price of HK\$1.86 on February 24, 2004 (the last trading day prior to the suspension in trading on February 25, 2004). Assuming full conversion of all the bonds (including the Optional Bonds, if exercised) at the conversion price of HK\$2.25, the CB will be convertible into 384,115,555 shares, representing approximately 19.40% of the issued share capital and approximately 16.25% of the enlarged issued share capital of the Group. The CB will be due in 5 years on March 23, 2009.

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Mr. Francis Lui, Managing Director of KWIH concluded, "The issue of the CB will further strengthen our financial position. Given these additional resources, we will continue our business focus on both Hong Kong and China simultaneously and will aggressively increase our land reserves with caution. We will also continue to deliver superior, top-quality and value-for-money properties to our customers so as to further enhance the "K. Wah" brand. On the other hand, the CB's negative yield structure with coupon rate of only 0.5% clearly demonstrates the recognition of K. Wah's financial strength by the market. It will also facilitate the Group's future financing plans."

The Group has made an application to the Stock Exchange for the resumption of trading of shares with effect from 9:30am on February 26, 2004.

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About K Wah International Limited

Listed on the Stock Exchange of Hong Kong Limited in 1987, K.Wah International Holdings Limited is principally engaged in property investment and development in Hong Kong, mainland China and South East Asia. It also holds a 67 % shareholding in K. Wah Construction Materials Limited (stock code: 27). By constantly reviewing fast changing market trends, the Group has been actively upgrading the quality of its residential development property projects. The Group has also developed a number of high-end property projects in cities such as Shanghai and Guangzhou in the PRC. With a combination of savvy balance and progressive acquisitions, K. Wah has been able to sharply increase its land bank in the growing Shanghai market in core residential and commercial areas.

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