



K. WAH CONSTRUCTION MATERIALS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 27)

ANNOUNCEMENT PURSUANT TO RULE 13.18 OF THE LISTING RULES

In accordance with the requirements of rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the Company announces certain details of a supplement to Loan Agreement (as hereinafter defined) entered into by the Company and others with Hang Seng Bank Limited (“**Lender**”) on 30 June 2005.

On completion of the acquisition (“**Acquisition**”) of 88.1% of the voting shares carrying 97.9% of the economic interest in Galaxy Casino, S.A. (“**Galaxy**”), Galaxy and its subsidiaries became subsidiaries of the Company on 22 July 2005 and a general disclosure obligation under rule 13.18 of the Listing Rules arose on the same date in relation to the matter described below.

On 30 June 2005, Galaxy and Investimentos Hoteleiros Majesty (Internacional), Limitada (“**IHML**”, a wholly-owned subsidiary of Galaxy), and Mr. Francis Lui Yiu Tung (“**Francis Lui**”), a director of the Company and of Galaxy, have entered into a supplement (“**Supplement**”) to a loan agreement made between IHML and the Lender on 13 October 2003 (which loan agreement was supplemented by two extension letters dated 11 August and 29 December 2004, collectively, the “**Loan Agreement**”) with the Lender. By the Loan Agreement, the Lender has made available to IHML loan facilities in the aggregate amount of HK\$272,000,000 (“**HSB Facility**”) subject to and on the terms as therein contained. Galaxy and IHML are now subsidiaries of the Company following completion of the Acquisition.

As contemplated in the circular of the Company issued on 30 June 2005, on 22 July 2005, the Company has given a guarantee to the Lender as security in respect of the obligations and liabilities of Galaxy and IHML under the Loan Agreement (as amended by the Supplement). On 22 July 2005, the Lender has released Francis Lui from his obligations and liabilities under a personal guarantee given by him to the Lender on 13 October 2003, and on the same date, 22 July 2005, Francis Lui has released Galaxy from its liabilities and obligations under a counter-indemnity dated 13 October 2003 by Galaxy to Francis Lui.

The HSB Facility is a term loan facility with maturity on 30 June 2006. Under the Loan Agreement (as amended by the Supplement), it will be an event of default if, amongst other things, members of the “Lui Family” cease to beneficially own at least 35% of the voting share capital of the Company. For this purpose, the “Lui Family” is Dr. Lui Che Woo, his spouse and/or any of his children (collectively, “**Family Members**”), and/or any trust of which any one or more of the Family Members is or are the sole beneficiary(ies), and/or any company of which any one or more of the Family Members beneficially own(s) the entire issued share capital. Dr. Lui Che Woo is a director of the Company and of Galaxy. The Lui Family is collectively the controlling shareholder of the Company.

By Order of the Board of
K. Wah Construction Materials Limited
Kitty Chan Lai Kit
Company Secretary

Hong Kong, 27 July 2005

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

*Please also refer to the published version of this announcement in (**The Standard**)*