



FOR IMMEDIATE RELEASE

**SOCAM Announces HK\$602 Million Profit for 2006 and
Substantial Boost in Asset Base from Shui On Land Listing**

(Hong Kong, 12 April 2007) Shui On Construction And Materials Limited (“SOCAM”, stock code: 983) today announced that its profit attributable to shareholders for the nine-month period ended 31 December 2006 was HK\$602 million, up 91% over the previous full financial year (2005/2006: HK\$315 million). Earnings per share were HK\$2.17, up 87% over the previous year (2005/2006: HK\$1.16). Turnover was HK\$1,680 million, an increase of 20% on the previous year (2005/2006: HK\$1,400 million).

The Directors recommended the payment of a final dividend of HK\$0.52 per share to shareholders, compared with HK\$0.25 for the previous year.

“2006 was an important year for SOCAM as we were able to deliver dramatically enhanced shareholder value through the Shui On Land (SOL) public listing while recording satisfactory performances across all our business operations,” said Mr. Vincent H.S. Lo, Chairman of SOCAM.

The listing of SOL produced a total gain for the Group of almost HK\$3 billion in profits and direct additions to reserves during the period. “SOL’s successful listing and subsequent surge in share price underlines its strength as a leading Mainland property developer. We believe that SOL is set to deliver attractive long-term returns, from which SOCAM shareholders will benefit,” Mr. Lo added.

The Group has made important progress in its distressed property development business in the Chinese Mainland. During the period, two more properties in Beijing and Chengdu were added to its portfolio, and sales and leasing of the projects in Dalian and Qingdao were well received. SOCAM will be injecting its portfolio of distressed property development projects into a newly set up company, China Central Properties Limited, which will seek a listing on an internationally recognised stock exchange, to finance the future expansion of the business.

The Lafarge Shui On Cement joint venture ended its first full calendar year of



operations ahead of plan and returned to profit before exceptional write-offs associated with obsolete plants. It completed the acquisition of major cement plants in Yunnan during the period.

The Group's portfolio of venture capital investments enjoyed attractive returns with the listing of a number of investee companies in the fourth quarter of 2006, contributing a total profit of HK\$75 million during the period. On the construction front, the sector as a whole is expected to remain steady in the year ahead, and Pat Davie asserted its clear market leadership in the hospitality sector in Macau.

SOCAM changed its financial year end in 2006 to 31 December to align the financial reporting dates with those of the majority of its businesses which are based in the Chinese Mainland. As a result, the period under review has been shortened to nine months.

Distressed property development in the Chinese Mainland made significant headway

The Group acquired two more properties, Sheng Yuan Centre in Beijing and Huitong Building in Chengdu, during the period. By the end of 2006, there were five properties in four major cities with a total gross floor area of approximately 424,270 square metres. All of the projects are situated in prime locations within their respective cities.

Leasing and sales for Xiwang Building in Dalian and the Central International Plaza in Qingdao commenced and met with favourable responses. The Group expects its distressed property development operations to generate good returns and steady recurrent income.

The Group today also announced a proposal to inject its portfolio of distressed property development projects into China Central Properties Limited (CCP), along with the intention to seek a public listing of this company. "The listing will allow CCP to establish a high profile with access to the international equity capital and debt markets in order to finance its future expansion, and to capture the great potential of this market segment," said Mr. Lo.

SOCAM Asset Management Limited, a newly established subsidiary of SOCAM, will be investment manager of CCP, providing a new source of recurrent income to



SOCAM.

Lafarge Shui On Cement (LSOC) returned to profit

LSOC returned to profit before exceptional write-offs associated with inefficient wet lines and vertical shaft kilns, and ended its first full calendar year of operations ahead of plan.

With the completion of acquisition of major cement plants in Yunnan in 2006, projected production capacity at the end of 2007 is estimated at 23 million tpa, which includes operations in Chongqing, Sichuan, Guizhou, Beijing and Yunnan, as well as the Shuangma plants, once regulatory approval for the acquisition is received.

“The joint venture is focusing on strengthening its market leadership through expansion and implementing the proven Lafarge operational management system. These measures are helping LSOC build a solid foundation for future growth,” said Mr. Lo. The 11th Five-Year Plan (2006 – 2010), which has created a bias towards consolidation, and the Central Government’s “Go West” policy bodes well for LSOC’s plan to sustain profit growth.

Venture Capital Investments on track to deliver satisfactory performance

The Group’s portfolio of venture capital investments yielded good returns during the period. The 3 venture capital investment funds are by now fully invested.

Public listing of the Walcom Group, Cosmedia and Arasor, took place in the fourth quarter, providing a convenient exit for our venture funds and bringing highly satisfactory returns to our investments.

Investment in Shui On Land (SOL) brought huge gains and exciting prospects

The successful listing of SOL on the Hong Kong Stock Exchange in October 2006 underlined the strength of SOL’s business model. As a result of the listing, a total gain of HK\$2,928 million was generated for the Group, arising from converting the Group’s interest in SOL into listed shares of SOL upon listing and the increase in market value of the Group’s shareholding in SOL to the end of this financial period. The gain is recognised in the form of profits and direct additions to reserves.

The Group believes its investment holding in SOL will increase in value given the excellent growth prospects of this premier and innovative property developer in the



Chinese Mainland. The Group's investment in SOL will enable it to capitalise on the promising potential of the Mainland's property market and provide attractive returns.

Construction in Hong Kong and Macau recorded increased revenue

The construction operations in Hong Kong and Macau saw increased revenue for the period, with a total turnover of HK\$1,605 million for the 9-month period, while contracts totaling HK\$2,130 million were won.

Shui On Building Contractors and Shui On Construction secured a number of contracts, including two HKHA contracts - a HK\$433 million public housing estate at the Eastern Harbour Crossing Site Phase 4; and a HK\$608 million project for the redevelopment of Lam Tin Phases 7 and 8, and associated development of Choi Wan Road Site 1 Phase 3. Other contracts included a HK\$226 million contract for the Victoria Shanghai Academy, and a HK\$424 million contract from the Architectural Services Department for an indoor recreational centre in Tung Chung.

Pat Davie secured contracts with a total value of HK\$406 million during the period. New contracts included projects in both Hong Kong and Macau, for example the Airport Authority offices, the Wynn Resort, the Venetian Cotai, the MGM and Crown Casino fitout projects. Pat Davie also supports the Group's distressed property development projects in Dalian and Qingdao.

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About Shui On Construction and Materials Limited (SOCAM)

SOCAM (HKSE 983) was listed on the Hong Kong Stock Exchange in 1997, and is principally engaged in distressed property development, construction, cement and venture capital investment, with a 17.8% shareholding in Shui On Land. SOCAM is a major contractor specialising in public housing and institutional building and maintenance works, as well as interior fitting out and renovation in Hong Kong and Macau, with a rich experience in project management and design-and-build contracts. In 2005, SOCAM began to engage in the acquisition and development of distressed property projects, which has since been established as its new core business and is undertaking five projects in Dalian, Qingdao, Beijing and Chengdu.



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Shui On Construction and Materials Limited

Summary of Financial Results for the Nine Months ended 31 December 2006

	Nine months ended 31 December 2006 HK\$ Million	Year ended 31 March 2006 HK\$ Million
Construction	37	55
Mainland cement operations		
Lafarge Shui On Cement	7	(18)
Guizhou	24	34
Chongqing	-	(93)
Nanjing	-	(8)
Non-operating expenses	(84)	-
Property development	804*	220
Venture capital investments	75	293
Distressed property development	8	55
Merger of Mainland cement operations with Lafarge	-	(68)
Finance costs	(166)	(94)
Overheads and others	(91)	(56)
Tax	(8)	(8)
Minority interests	(4)	3
Profit attributable to equity holders of the Company	<u>602</u>	<u>315</u>

* Comprising mainly the change in fair value of the derivative portion of preference shares of, deemed disposal of interest in, and share of results of, Shui On Land.