瑞 安 建 業 有 限 公 司
SHUI ON CONSTRUCTION AND MATERIALS LIMITED
(Incorporated in Bermuda with Limited Liability)

FOR IMMEDIATE RELEASE

SOCAM Announces HK$702 Million Profit for 2007 And Boasts Substantial Expansion in Distressed Property Development and Cement

2007 Results highlights

- Turnover: HK$2,811 million
- Profit before non-cash charges on convertible bonds issued: HK$1,107 million
- Profit attributable to shareholders: HK$702 million
- Basic earnings per share: HK$2.34
- Total net assets at 31 December 2007: HK$7,242 million
- Net asset value per share at 31 December 2007: HK$22.56
- Interim dividend per share: HK$0.15
- Final dividend per share: HK$0.65

(Hong Kong, 8 April 2008) Shui On Construction And Materials Limited ("SOCAM", stock code: 983) today announced that for the year ended 31 December 2007, its profit attributable to shareholders was HK$702 million, up 16.6% over the 2006 financial period (2006: HK$602 million), which ran from 1 April to 31 December due to the change in financial year-end. Turnover was HK$2,811 million, an increase of 67.3% on the previous nine-month period (2006: HK$1,680 million). Turnover of jointly controlled entities and associate was HK$2,270 million, up 41.3% over the previous period (2006: HK$1,606 million). Earnings per share were HK$2.34, up 7.8% over the previous period (2006: HK$2.17).

The Directors recommended the payment of a final dividend of HK$0.65 per share to shareholders, compared with HK$0.52 for the previous period.

Mr. Vincent H.S. Lo, Chairman of SOCAM, said, "During the year, all of SOCAM's major businesses generated positive operating results and we continued to implement our strategy for transformation and growth. Lafarge Shui On Cement expanded production capacity to 24 million tonnes per annum by year-end. Our distressed property portfolio grew significantly, and we extended our reach to co-invest with Shui On Land in Dalian Tiandi • Software Hub, a greenfield project."

The Group also took steps to raise funds through the listing of China Central Properties and partial disposal of its Shui On Land shareholding in order to enhance the financial capacity of the Group for further business growth.

Distressed Property Business Expanded Rapidly, Extending into Greenfield Development

The Group injected five distressed property projects into China Central Properties (CCP) and reaped a total gain of HK$417 million over SOCAM's initial investment in the projects upon CCP's listing on the London AIM Board, of which HK$69 million was deferred until future disposal of those injected projects. SOCAM currently holds about 40.4% of the listed CCP.

CCP made further acquisitions and by the end of March 2008, had built up a portfolio of high quality properties totaling over 1.2 million square metres of gross floor area in prime locations in seven of China's major cities. After the year-end, CCP disposed of Beijing Huapu Centre and reported a gain of about HK$330 million, exemplifying the short development cycle and the profitability of the distressed property development model.

The Group's wholly-owned subsidiary SOCAM Asset Management (SAM) was appointed as the investment manager of CCP at the admission of CCP to the London AIM Board. As the asset portfolio managed by SAM had expanded rapidly, there was a healthy growth in fee income from CCP during the first year of operation of SAM.

Building on its strengths in distressed property development, the Group extended its reach to greenfield property projects by joining forces with Shui On Land (SOL) for the development of Dalian Tiandi • Software Hub. Dalian Tiandi • Software Hub is a large-scale development project with a gross floor area of about 3.6 million square metres in the city of Dalian. In February 2008, the Group acquired Central Plaza Phase II in Shenyang and Chengdu Orient Home in partnership with CCP.

Commenting on the rapid development of the business, Mr. Lo said, "SOCAM is transforming into a fully-fledged property development company. Our development projects will typically be city-centre sites of small to medium scale with a shorter development cycle. These characteristics will differentiate the Group's involvement in the property sector from that of SOL, which engages in master planning of large pieces of land for development over ten to fifteen years."

Partial Disposal of Shui On Land Shares Delivered Attractive Returns to Shareholders

During the year, SOCAM disposed of a partial interest in SOL for HK$1.8 billion which generated a net gain of HK$929 million. The disposal allowed the Group to enhance its gearing capacity and provide greater value for our shareholders by investing the proceeds in growth opportunities that it actively manages to create higher returns. After the year-end SOCAM made a further disposal of SOL shares worth HK$1 billion, pending shareholders' approval, but nonetheless retains a 9.5% shareholding which will allow it to benefit from its value growth in future.

Lafarge Shui On Cement (LSOC) Achieved its Profit and Expansion Targets

The joint venture LSOC delivered an operating profit of HK$86 million to SOCAM and reached a total production capacity of 24 million tonnes per annum by year-end. It also successfully completed the acquisition of the Shenzhen-listed Shuangma Cement in May and became the industry leader in Sichuan province.

As a strong advocate of environmental protection, LSOC would benefit from China's determination to restructure the industry and promote environmental protection through replacement of energy-inefficient vertical and wet kilns in the country with new dry rotary kilns. As the consolidation process gathers pace, the authorities are clearly keen to take advantage of the advanced technology and strong operation management that LSOC can offer. This was made plain in November when SOCAM and Lafarge signed a strategic framework agreement with the Yunnan provincial government to build a further 10 million tonnes of new dry production capacity in Yunnan by 2010.

The Group expects that China's drive to improve infrastructure bodes well for the business. LSOC will strive to achieve its growth and market share objectives by leveraging its strategic co-operation with provincial governments, and continue to strengthen its market dominance in the southwest region of China.

Construction and Venture Capital Investments Yielded Satisfactory Results

The Group's construction business delivered good results during the year, with a higher total turnover of HK$2,733 million and new contracts of HK$2,830 million. Together with Shanghai Shui On Construction in the Chinese Mainland, the operations will continue to provide strong support to our property business.

Our venture capital investments continued to create value and ended the year with satisfactory results. The portfolio of venture capital investments reported a total gain of HK$78 million, largely due to the appreciation in value of the investments in Gushan Environmental Energy upon its IPO and enhanced valuation on Airway Communications International based on a new round of capital injection.

Expanding Horizons, Building on Strengths

Entering 2008, we see strong momentum across our businesses that will allow us to make the most of market conditions.

There are indications that economic growth will slow in China. Nonetheless, we are confident that with urban incomes rising rapidly, the real estate sector will continue to experience solid growth. We also foresee little let-up in China's drive to improve its infrastructure. Likewise, the measures taken recently by the Central Government to restrain rapid expansion in the Chinese property market will help ensure its healthy development in the long term. All these bode well for SOCAM's property and cement businesses in the Chinese Mainland.

Since its listing 10 years ago, SOCAM has been successfully transformed from a Hong Kong-based construction and materials company into a Mainland-focused group with major investments in property and cement. The Group will continue to leverage on its strong footholds in various business sectors and its experience and expertise to explore and capture new opportunities to sustain long-term growth and create maximum value for its shareholders.

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Shui On Construction And Materials Limited
Summary of Financial Results for the Year Ended 31 December 2007

In HK$ million	**Year ended 31 December 2007**	Nine months ended 31 December 2006
Distressed property development		
Project fee income	**39**	6
Share of profit	**198**	2
Net gain on assets injection into CCP	**89**	-
Overheads of SAM	**(55)**	-
	271	8
Investment in SOL		
Gain on disposal of shares	**929**	-
Gain on IPO of SOL	**-**	740
Dividend income	**71**	15
Share of profit	**-**	49
	1,000	804
Cement operations		
LSOC	**86**	7
Guizhou Cement	**19**	24
Impairment losses	**(120)**	(84)
	(15)	(53)
Construction	**55**	37
Venture capital investments	**78**	75
Convertible bonds issued		
Imputed interest expense	**(78)**	(41)
Fair value loss on derivatives	**(327)**	(28)
	(405)	(69)
Net finance costs	**(190)**	(100)
Overheads and others	**(78)**	(72)
Taxation and minority interests	**(14)**	(28)
Total	**702**	602

About Shui On Construction And Materials Limited (SOCAM)

SOCAM is listed on the Hong Kong Stock Exchange with an array of businesses including property development, cement production, construction and venture capital investments. SOCAM is a member of Shui On Group.

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