



瑞 安 建 業 有 限 公 司
SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with Limited Liability)

FOR IMMEDIATE RELEASE

SOCAM Reports HK\$562 Million Profit for 2008 On Solid Operating Performance of its Businesses

Financial highlights of 2008 Results

- Turnover: HK\$2,944 million
- Profit attributable to shareholders: HK\$562 million
- Basic earnings per share: HK\$1.75
- Net asset value per share at 31 December 2008: HK\$15.5

(Hong Kong, 2 April 2009) Shui On Construction And Materials Limited (“SOCAM”, stock code: 983) today announced results for the year ended 31 December 2008. Profit attributable to shareholders was HK\$562 million, down 20% from the previous year (2007: HK\$702 million). The Group’s results were affected by the significant fair value losses from its shareholding in Shui On Land and in the investee companies under the venture capital funds, as a result of the extensive corrections in stock markets worldwide.

Earnings per share were HK\$1.75, a decrease of 25% compared to the previous year (2007: HK\$2.34). The total turnover was HK\$2,944 million, an increase of 4.8% from the previous year (2007: HK\$2,811 million)

In view of the difficult business environment and to prepare for the challenges ahead, the Board of Directors has recommended that no final dividend be distributed for the year.

Remarking on the Group’s results, Mr. Vincent H.S. Lo, Chairman of SOCAM, said, “While 2008 proved to be a difficult year, all the major business operations of SOCAM continued to perform well. Despite the uncertain economic outlook in the near term, the strengths of the Group’s core businesses position us well for continued growth.”

During the year, the Group's property business delivered a profit of HK\$581 million. Its distressed property development business successfully disposed of three projects realising gains and generated substantial cash, placing it in a strong financial position for future opportunities ahead. The revaluation of the assets of Dalian · Tiandi Software Hub produced a gain of HK\$276 million. Lafarge Shui On Cement (LSOC) joint venture contributed HK\$133 million profit to SOCAM, mainly attributable to higher selling prices and margins driven by strong market conditions in Sichuan, Chongqing and Guizhou. In addition, compensation from loss of income and asset damages arising from the Sichuan earthquake in May in the amount of RMB200 million was recognised in the reserves of LSOC. The construction business brought increased profit of HK\$83 million with a steady workflow from the public sector and good performance of the projects. The disposal of partial shareholdings in Shui On Land for HK\$1 billion in the first half of the year also generated a gain of HK\$496 million.

"Looking ahead, with the strong fundamentals of the China economy, we remain positive about the long term prospects of business growth in the Chinese Mainland." said Mr. Lo.

Distressed Property Business Made Timely Disposals and Generated Substantial Cash

China Central Properties ("CCP"), a 42.9% associate of SOCAM, recorded a profit of US\$15.7 million. It made several successful disposals during the year, including the Huapu Centre and Shengyuan Centre in Beijing in February, and the Xiwang Building in Dalian in September. All these timely disposals allowed CCP to capture strong selling prices before the financial market downturn. They generated US\$450 million in sales revenue and US\$76 million in profits for CCP, which help position CCP well for attractive acquisition opportunities going forward.

In partnership with CCP, the Group also extended its reach to greenfield property projects and acquired the Chengdu Orient Home and the Central Plaza (Phase II) in Shenyang. These added a total developable gross floor area (GFA) of over 1.1 million square metres and significantly increased the size of the Group's development portfolio.

At the end of March 2009, the total attributable developable GFA of CCP's property portfolio stood at 1.3 million square metres, comprising eleven projects spanning across six major cities in the Chinese Mainland, including Beijing, Chengdu, Chongqing, Guangzhou, Qingdao and Shenyang. As a result of this expansion, the total GFA of property projects under the Group's management, including Dalian · Tiandi Software Hub, had reached some 6 million square metres, enabling the company to generate more management fee income.

Lafarge Shui On Cement Remained a Strong Growth Driver

Despite difficulties posted by natural disasters and rising production costs during the year, the operations under LSOC recorded significant growth in both sales revenue and profitability. The Sichuan earthquake in May disrupted production but the drop in sales and output volume was more than offset by the strong selling prices and higher margins of cement. Meanwhile, loss of income and asset damages as a result of the earthquake were adequately covered by insurance compensation. The compensation was partly recognised as insurance compensation in the consolidated income statement and partly recognised as donation in reserves due to different accounting treatments arising from the different channels via which the compensation proceeds were received.

During the year LSOC made good progress with its capacity expansion plan. Its three new dry kilns which replaced phased-out wet production capacity in Yunnan were commissioned in the first half of 2008. With the completion of a new dry kiln and the acquisition of a dry kiln late in the year, LSOC's annual production capacity totalled 24 million tonnes by year end.

LSOC is continuing to expand its production capacity. The construction of the third line in Dujiangyan, Sichuan and two dry kilns in Yongchuan, Chongqing and Sancha, Guizhou is progressing well. LSOC also entered into agreements to acquire two production lines in Kaili, Guizhou from the Group.

LSOC's proposal to inject its 50% stake in the Dujiangyan plant into Shenzhen-listed Sichuan Shuangma Cement was approved by Shuangma's minority shareholders in January 2009. On completion, this will help consolidate the leadership position of LSOC in Sichuan. With further expansion initiatives underway in Chongqing, Sichuan and Guizhou, LSOC targets increasing production capacity to 50 million tonnes per annum by year 2012.

Construction Achieved a Marked Increase in Profit

Though the turnover of the Group's construction business remained stable, the Group managed to increase profitability on higher operational efficiency, tighter cost control and successful partnering with subcontractors. Its net profit increased by 52% to HK\$83 million during the year and outstanding value of contracts on hand was HK\$4.4 billion at the end of 2008.

Shui On Construction in the Chinese Mainland extended its business beyond Shanghai to other major cities and the Group will continue to ride on its experience and resources in construction operations to support the growth of the Group's property business.

Tapping Opportunities for Growth

In view of the continuing economic turbulence, the Group will take measures to strengthen its financial position in readiness for future opportunities.

The property and cement arms will continue to be the Group's major growth drivers. With an infrastructure and low cost housing focus, it is envisaged that the RMB 4 trillion stimulus plan announced by the Central Government in late 2008 will create robust demand for cement, especially in Southwest China. Rapid urbanisation and enormous domestic demand will enhance the healthy development and growth of the China property market in the long term. Our property and cement businesses are well poised to benefit from this.

The Group is highly confident in the long term prospects of the China economy, and will continue to explore and capture attractive opportunities prudently to deliver sustainable growth and increased value to our shareholders.

Summary of Financial Results for the Year Ended 31 December 2008

	Year ended 31 December 2008	Year ended 31 December 2007
<i>In HK\$ million</i>		
Property		
Project fee income	188	39
Share of profit	359	212
Net gain on assets injection into CCP	58	89
Discount on deemed acquisition of interest in CCP	85	-
Overheads	(109)	(55)
	581	285
Investment in SOL		
Net Gain on disposal of shares	496	929
Dividend income	67	71
Impairment losses	(558)	-
	5	1,000
Cement operations		
LSOC	133	86
Guizhou Cement	33	19
Impairment losses	(18)	(120)
	148	(15)
Construction	83	55
Venture capital investments	(213)	78
Convertible bonds		
Fair value gain (loss) on derivatives	239	(327)
Imputed interest expense	(48)	(78)
	191	(405)
Net finance costs	(158)	(190)
Corporate overheads and others	(53)	(92)
Taxation and minority interests	(22)	(14)
Total	562	702

About Shui On Construction And Materials Limited (SOCAM)

SOCAM has been listed on the Hong Kong Exchange since February 1997. It is principally engaged in property, cement and construction, and has business operations in Hong Kong, Macau and the Chinese Mainland. SOCAM is a member of Shui On Group.

This press release will be posted to the Group's website www.socam.com

For media enquiries, please contact:

Vanessa Wo / Wing Chan

Corporate Communications

Tel: 2398 4726 (Office) / 6113 2113 (Mobile)

Email: yanwps@shuion.com.hk / wing.chan@shuion.com.hk