



瑞安建業有限公司*

SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

FOR IMMEDIATE RELEASE

SOCAM Posts HK\$787 Million Profit for First Half of 2009

2009 Interim Financial Highlights

For six months ended 30 June 2009

- Turnover: HK\$1,514 million
- Profit attributable to shareholders: HK\$787 million
- Basic earnings per share: HK\$2.36
- Interim dividend per share: HK\$0.10

At 30 June 2009

- Total assets: HK\$17.1 billion (HK\$11.5 billion at 31 December 2008)
- Net assets: HK\$9.2 billion (HK\$5.0 billion at 31 December 2008)
- Net asset value per share: HK\$19.0 (HK\$15.5 at 31 December 2008)
- Net debt to equity ratio: 44% (85% at 31 December 2008)

(Hong Kong, 16 September 2009) Shui On Construction and Materials Limited (“SOCAM”, stock code: 983) today announced results for the six months ended 30 June 2009. Its profit attributable to shareholders was HK\$787 million, down 10% from the HK\$873 million in the previous interim period. Earnings per share were HK\$2.36, down 13% from the HK\$2.71 in last interim period. Turnover was HK\$1,514 million, an increase of 13% over the HK\$1,336 million in the corresponding period last year.

The Directors recommended the payment of an interim dividend of HK\$0.10 per share to shareholders, compared with HK\$0.20 for the same period last year.

“The global financial crisis in 2008 continues to pose challenges for most economies worldwide. Despite the uncertain economic conditions, the Group made good progress in its core businesses during the period, highlighting the success of our business and financial strategies,” said Mr. Vincent H. S. Lo, Chairman of SOCAM.

“The privatisation of China Central Properties in June substantially improved the asset and equity base as well as the gearing level of the Group. On the cement front, with the strong market conditions in southwest China, Lafarge Shui On Cement achieved robust production and improved sales and performance. The construction business in Hong



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Kong benefited from the increase in the HKSAR Government's expenditure programme and secured more government contracts."

"We remain focused on increasing value for shareholders through the continued strategic transformation of the Group. We set clear goals for our core businesses of property development and cement operation in the Chinese Mainland, supported by the construction operation, to achieve sustainable and profitable growth," Mr. Lo continued.

Privatisation of China Central Properties ("CCP") to Accelerate Growth of Property Development as Core Business

The privatisation of SOCAM's 42.9%-owned CCP in June marked a significant milestone for the Group's property business. With an aim to streamline the corporate structure and investment decision process of its property business, SOCAM made an offer to CCP to acquire all the issued shares of CCP. The offer received the recommendation of the CCP independent directors and the unanimous approval of SOCAM's shareholders. The successful privatisation has significantly strengthened the Group's financial position, providing a strong platform for solid business expansion, and enables the Group to deploy greater resources to accelerate the growth of the property business as it becomes a core business of SOCAM.

All CCP projects in the Mainland have been rebranded as Shui On China Central Properties (SOCCP) projects to leverage on the strength of the Shui On name and its reputation for quality and innovation. "SOCCP will continue to specialise in the acquisition of centrally located distressed property development projects and will grow from strength to strength. If opportunities arise, it will also extend into the development of medium-sized, greenfield projects in prime locations in major and secondary cities in the Mainland," said Mr. Frankie Y. L. Wong, Chief Executive Officer of SOCAM.

Sales launches of two property projects are underway. Chongqing Creative Concepts Center and Shenyang Tiandi will commence pre-sales this month. On the other hand, the Group resumed its acquisition of property projects, and acquired a partially completed residential project with a GFA of about 57,700 square metres in Chaoyang District in the centre of Beijing for US\$118 million in August. This project is planned to be developed into a luxury residential property.



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Currently, the Group has a diverse property portfolio of 13 projects in six major and secondary Mainland cities with a total attributable developable GFA of approximately 2 million square metres, plus a 22% interest in Dalian Tiandi which comprises a developable GFA of approximately 3.54 million square metres.

At Dalian Tiandi, construction work for Phase I in Huangnichuan North commenced in early March. In May, the joint venture entered into a lease agreement with Ambow, a leader in the education services sector in the Mainland, for an educational facility of 100,000 square metres, to be built by 2010.

With the recovery of major stock markets after the extensive downturn triggered by the global financial crisis in 2008, the share price of Shui On Land, in which the Group holds a 8.7% interest, rebounded and resulted in a significant gain of HK\$1.3 billion, which was reflected directly in SOCAM's reserves.

Lafarge Shui On Cement (LSOC) Gave Strong Performance

The period saw strong market conditions in southwest China which, coupled with high utilisation and reliability rates of LSOC's plants, resulted in robust production and sales volumes. Total sales volume increased to approximately 11 million tonnes in the first half of 2009. With coal and power prices staying stable since early 2009, production costs have been kept under control resulting in steady gross profit margins.

Construction of new kilns in Sichuan, Chongqing and Guizhou all progressed well with completion expected in 2010. These new kilns will add over 6 million tonnes to the current capacity of 24 million tonnes and will further strengthen the leadership position of LSOC in southwest China.

“Recently, the Central Government has expressed concern over cement overcapacity and the slow progress in the restructuring of the industry. The cement industry is expected to continue its consolidation around major players that have a strong capital base and high product quality as well as environmentally friendly operations, for which LSOC is well positioned,” said Mr. Frankie Wong.



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Construction and Venture Capital Investments Posted Positive Performance

The Group's construction business posted a higher profit and secured more government design-and-build and maintenance contracts on the back of a steady workflow from the public sector. New contracts totaling HK\$2.2 billion were secured. At 30 June 2009, gross and outstanding values of contracts on hand were approximately HK\$8.2 billion and HK\$5.5 billion respectively, compared with approximately HK\$7.7 billion and HK\$4.4 billion at 31 December 2008. It will continue to enjoy synergistic benefits with the Group's property business.

Meanwhile, the venture capital funds remained fully invested throughout the period and the portfolio recorded a net gain of HK\$8 million as global stock markets improved. With its strategic transformation in progress, the Group has adopted a strategy of orderly exit of this business.

Rising to the Challenge

Commenting on the outlook for SOCAM, Mr. Lo concluded, "We remain positive on the long-term prospects of the Chinese Mainland, as all signs point to this large economy being the first to emerge from the financial crisis when market conditions return to stability."

"Our property projects are progressing satisfactorily, with a number of pre-sales to be launched in the second half of 2009. The business is also moving forward with its strategy of acquisition of prime and quality projects, while in cement we believe that the market will remain buoyant and our plan for active expansion of this business will be on track."

"Leveraging on our strengths and our solid foundation, we will continue to expand our core businesses strategically as we see good prospects for business growth in the Chinese Mainland. We will continue to build a springboard for future sustainable growth, and increase value for our shareholders in the current challenging economic times."



Financial Review

An analysis of the profit attributable to shareholders is set out as follows:

<i>In HK\$ million</i>	Six months ended 30 June	
	2009	2008
Property		
Management fee income	81	71
Share of profit	82	91
Discount on acquisition of CCP	648	-
Net gain on assets injection into CCP	-	27
Exchange gain and interest income	-	34
Overheads of SAM	(61)	(58)
	750	165
Investment in SOL		
Gain on disposal of shares	-	496
Dividend income	4	40
	4	536
Cement operations		
LSOC	168	104
Guizhou Cement	12	19
Disposal and impairment losses	(9)	-
	171	123
Construction		
	41	38
Venture capital investments		
	8	10
Convertible bonds		
Imputed interest expense	(27)	(24)
Fair value gain on derivatives	-	174
	(27)	150
Net finance costs		
	(98)	(79)
Overheads and others		
	(47)	(56)
Taxation and non-controlling interests		
	(15)	(14)
Total	787	873

- End -



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About Shui On Construction And Materials Limited (SOCAM)

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

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

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