



FOR IMMEDIATE RELEASE

SOCAM Posts HK\$517 Million Profit for First Half of 2010 Ready to Accelerate Growth in Property Business

Financial Highlights of 2010 Interim Results (for six months ended 30 June 2010)

- Turnover: HK\$2,989 million, up 97%
- Profit attributable to shareholders: HK\$517 million, down 34%
- Basic earnings per share: HK\$1.06, down 55%
- Interim dividend per share: HK\$0.20, up 100%

At 30 June 2010

- Total assets: HK\$19.1 billion (HK\$18.6 billion at 31 December 2009)
- Net assets: HK\$8.6 billion (HK\$9.0 billion at 31 December 2009)
- Net asset value per share: HK\$ 17.62 (HK\$18.45 at 31 December 2009)

(Hong Kong, 23 August 2010) Shui On Construction and Materials Limited (“SOCAM”, stock code: 983) today announced results for the six months ended 30 June 2010. Its turnover was HK\$2,989 million, an increase of 97% from the corresponding period last year (2009: HK\$1,514 million). Profit attributable to shareholders was HK\$517 million, down 34% from the previous interim period (2009: HK\$787 million). Earnings per share were HK\$1.06, down 55% compared to the last interim period (2009: HK\$2.36).

The profit for this six-month period represents about 64% of last year’s profit of HK\$807 million. The decrease in profit in the first half of this year is due to the recognition of a non-recurrent gain of HK\$648 million on the privatisation of China Central Properties Limited in the first half of 2009.

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

“China’s economy continued to show promising growth albeit uncertainties in the recovery of the world economy. The broad-range tightening measures implemented by the Central Government to curb the overheated property market will endure a stable and sustainable economic environment for the Group’s businesses to thrive. As we consolidate our resources for focused moves, we are confident that SOCAM will grow from strength to strength,” said Mr. Vincent H. S. Lo, Chairman of SOCAM.



During the period, the Group strengthened its financial capability by divesting a substantial part of its non-core investment in Shui On Land to fund the growth of its property business, and to build it as a dominant operation.

The Group's portfolio of prime distressed and special situation projects continued to produce meaningful cash flows and profits. On the cement front, Lafarge Shui On Cement (LSOC)'s sales and production remained stable amidst keen competition and price pressure, while strategic moves were in place to strengthen LSOC's leading position in Southwest China.

Property Business Takes Centre Stage

Property business continues to expand, accounting for approximately 59% of SOCAM's total assets at June 30, 2010, up from 52% at December 31, 2009.

Property projects held by the Group are progressively put up for sale according to plan. Pre-sales activities of two distressed property projects, which are both well-located in up-and-coming Mainland cities, reported satisfactory results amidst resilient market conditions. Creative Concepts Center in Jiefangbei Area of Chongqing saw 28,900 square metres GFA, ie. 85% of its residential portion, sold since pre-sale in September last year, while all units of the first batch of 32,400 square metres GFA on offer were totally pre-sold in Shenyang Project Phase I, a prominent composite development at the Golden Corridor of Shenyang.

During the period, the Chongqing Danlong Road project and the serviced apartments of Chengdu Central Point Phase I were disposed of, generating sales revenue of HK\$761 million in the first half of 2010.

Dalian Tiandi, a visionary knowledge community project in Northeast China, achieved good progress with its construction of 547,000 square metres of software offices, residential blocks and commercial premises. A number of office buildings, engineers' apartments and commercial properties are also ready for delivery progressively from the fourth quarter of 2010. Prominent international IT corporations, including IBM, have signed up leases and moved into this IT hub. On the residential front, sales activity of Phase I of the Greenville, comprising 600 units of residential apartments and 192 villas, is set for launch in the third quarter of 2010.

Lafarge Shui On Cement (LSOC) Strengthens Leading Position in Southwest China

LSOC saw sustainable and good demand in Southwest China as well as a strong rebound in prices in Yunnan, although cement prices in Sichuan and Chongqing experienced considerable pressure due to intense competition. Upsurge in energy costs also lowered profitability. High utilisation and operational reliability of LSOC's plants have however kept production and sales volumes



stable. In the first half, total sales volume of LSOC stood at 11 million tonnes, being the same level as that in the previous interim period.

The three new plants in Sichuan, Chongqing and Guizhou, when commissioned in the third quarter, will boost LSOC's annual production capacity to 30 million tonnes, and further strengthen its leadership position in Southwest China.

As the Central Government steps up its initiatives to restructure and modernise the cement industry by phasing out inefficient and high-polluting plants, leading cement producers in the Mainland, including LSOC, will achieve greater efficiency and sustaining market share going forward, while benefiting from reduced competition and stable pricing.

Construction Gave Steady Performance

Amidst keen market competition, the Group's construction business recorded increased turnover and profits on the strength of a considerably expanded workload in Hong Kong and the Mainland. New contracts totaling HK\$1.9 billion were secured. The outstanding value of contracts on hand was HK\$6.6 billion at June 30, 2010.

Our Business Moves, Our Vision

Looking ahead, the management of SOCAM is confident that the Group is poised to benefit from the vibrant Mainland market. Under the Central Government's macro-economic policies to regulate the overheated property market, some speculative property projects that may be under-capitalised would offer attractive opportunities for the Group. The improvement in the Group's financial strength allows it to capture more opportunities ahead. The Group is also exploring the possibility of expanding the property business that would provide the Group with sustainable, long-term growth.

The increasing emphasis being placed by the Central Government on the restructuring and modernisation of the cement industry will result in the dominance of national producers and substantial regional leaders. With its leading production technology, sustainable process and quality products, LSOC will play an important role in this process in the Southwestern region of China where it is already prominent.

"SOCAM will continue to develop our core businesses and further explore new business opportunities, and to create value and increase returns for our shareholders," Mr. Lo concluded.



Summary of Financial Results for the Six Months Ended 30 June 2010

<i>In HK\$ million</i>	Six months ended 30 June	
	2010	2009
Property		
Project fee income	24	81
Profit from property sales and net rental income	65	-
Fair value gain on investment properties	232	-
Dalian Tiandi – overheads and interest	(12)	(14)
Share of profit of CCP prior to privatisation	-	96
Discount on acquisition of interest in CCP	-	648
Operating expenses	(65)	(61)
	244	750
Investment in SOL		
Dividend income	52	4
Net gain on disposal of shares	373	-
Gain on scrip option	4	-
	429	4
Cement operations		
LSOC	63	168
Guizhou cement	2	12
Disposal and impairment losses	(3)	(9)
	62	171
Construction	46	41
Venture capital investments	(16)	8
Convertible bonds	-	(27)
Net finance costs	(121)	(98)
Corporate overheads and others	(67)	(47)
Taxation	(53)	(12)
Non-controlling interests	(7)	(3)
Total	517	787

- End -



About Shui On Construction And Materials Limited (SOCAM)

Listed on the Hong Kong Stock Exchange in February 1997, Shui On Construction and Materials Ltd (HKSE Stock Code: 00983) is a member of the Shui On Group, and is principally engaged in property, cement and construction with operations covering strategic areas and major cities in the Chinese Mainland, Hong Kong and Macau. SOCAM is a constituent of the Hang Seng Composite Index.

SOCAM is visionary in its planning and precise in its moves. Its principal profit drivers – property and cement production in China – are built on solid business models seeking to capitalise on, and contribute to, the fastest growing economy in the Chinese Mainland.

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

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