

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**瑞安建業有限公司\***  
**SHUI ON CONSTRUCTION AND MATERIALS LIMITED**  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 983)

## **CONTINUING CONNECTED TRANSACTIONS**

### **LEASING OF OFFICE PREMISES**

On 23 January 2010, Beijing SOCAM, a wholly-owned subsidiary of the Company, entered into the PRC Lease with Shanghai Jiu Hai, which is a subsidiary of SOCL, the controlling shareholder of the Company, in respect of leasing certain office premises in Shanghai.

The PRC Lease on its own constitutes an exempt continuing connected transaction of the Company as each of the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules in respect of the annual rent and management fees payable under the PRC Lease is less than 0.1%.

The Group has also leased office premises in Hong Kong from subsidiaries of SOCL under the HK Leases and each of the HK Leases, either on its own or in aggregate, constitutes an exempt continuing connected transaction of the Company.

The PRC Lease, when aggregated with the HK Leases, constitute continuing connected transactions, which are subject to announcement, annual review and reporting requirements under the Listing Rules.

The Annual Caps in respect of the Leases for the three financial years ending 31 December 2010, 2011 and 2012 are determined to be HK\$5 million, HK\$6.5 million and HK\$7 million respectively. Since the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules calculated with reference to the Annual Caps are more than 0.1% but less than 2.5%, the Leases are subject to announcement, annual review and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board of Shui On Construction and Materials Limited announces that Beijing SOCAM, a wholly-owned subsidiary of the Company, entered into the PRC Lease with Shanghai Jiu Hai, which is a subsidiary of SOCL, the controlling shareholder of the Company, on 23 January 2010 in respect of leasing certain office premises in Shanghai.

The PRC Lease on its own constitutes an exempt continuing connected transaction of the Company as each of the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules in respect of the annual rent and management fees payable under the PRC Lease is less than 0.1%.

The Group has also leased office premises in Hong Kong from subsidiaries of SOCL under the HK Leases and each of the HK Leases, either on its own or in aggregate, constitutes an exempt continuing connected transaction of the Company.

The PRC Lease, when aggregated with the HK Leases, constitute continuing connected transactions, which are subject to announcement, annual review and reporting requirements under the Listing Rules.

## **THE PRINCIPAL TERMS OF THE LEASES**

### **(A) PRC LEASE**

#### **Date of tenancy agreement:**

23 January 2010

#### **Parties:**

- (a) Shanghai Jiu Hai, an 80%-owned subsidiary of SOCL, as the landlord
- (b) Beijing SOCAM, a wholly-owned subsidiary of the Company, as the tenant

#### **Premises:**

Units 01-03A, 23rd Floor, Shui On Plaza, 333 Huai Hai Zhong Road, Luwan, Shanghai, the PRC, with a total gross floor area of approximately 814 square metres

#### **Lease term:**

26 months from 16 January 2010 to 15 March 2012 (both days inclusive)

#### **Rent:**

RMB7.20 per square metre per day (equivalent to approximately RMB2,139,000 (approximately HK\$2,431,000) per annum), payable in advance on the first day of each calendar month

#### **Rent-free period:**

Two months from 16 January 2010 to 15 March 2010 (both days inclusive)

#### **Management fees:**

RMB31.00 per square metre per month (equivalent to approximately RMB303,000 (approximately HK\$344,000) per annum), subject to adjustment upon prior notice given in accordance with the agreement

**Deposits:**

A deposit being the aggregate amount of three months' rent and management fees to be paid upon signing of the agreement

**Right of first refusal:**

Beijing SOCAM has the right of first refusal to lease from Shanghai Jiu Hai additional units 03B-05 on the same floor of the premises with a total gross floor area of approximately 553 square metres, subject to availability of such premises for leasing, at the same rental rate of RMB7.20 per square metre per day if such additional lease is entered into on or before 31 December 2010. If such additional lease is entered into on or after 1 January 2011, the rental rate for such additional units shall be further negotiated and agreed between the parties with reference to the prevailing market rate.

**(B) HK LEASES****(1) Date of SOCAM Lease:**

28 May 2007 (as amended by supplemental agreements dated 31 December 2007, 30 June 2008 and 31 December 2008)

**Parties:**

- (a) Shui On Investment Company Limited, a wholly-owned subsidiary of SOCL, as the lessor
- (b) the Company, as the lessee

**Premises:**

Certain office space on 1st Floor and 34th Floor, Shui On Centre, 6-8 Harbour Road Hong Kong, with a total gross floor area of approximately 1,630 square feet

**Lease term:**

Three years commencing from 1 June 2007 and expiring on 31 May 2010 (both days inclusive)

**Rent:**

Currently HK\$45,809 per month, payable in advance on the first day of each calendar month

**Management fees:**

Currently HK\$9,828 per month, subject to adjustment upon prior notice given in accordance with the agreement

**(2) Date of CCP Lease:**

31 May 2007

**Parties:**

- (a) Shui On Centre Company Limited, a subsidiary of SOCL, as the landlord
- (b) Shui On China Central Properties Limited (formerly known as China Central Properties (BVI) Limited), an associated company of the Company at the time of signing the agreement and a wholly-owned subsidiary of the Company since July 2009, as the tenant

**Premises:**

Units 1101-1102, 11th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong, with a total gross floor area of approximately 2,443 square feet

**Lease term:**

Three years commencing from 1 June 2007 and expiring on 31 May 2010 (both days inclusive)

**Rent:**

HK\$80,619 per month, payable in advance on the first day of each calendar month

**Rent-free periods:**

Two months from 1 June 2007 to 31 July 2007 (both days inclusive) and one month from 1 June 2009 to 30 June 2009 (both days inclusive)

**Management fees:**

Currently HK\$13,998 per month, subject to adjustment upon prior notice given in accordance with the agreement

The aggregate rent and management fees paid by the Group in respect of the SOCAM Lease for the two years ended 31 December 2008 and 2009 amounted to approximately HK\$471,000 and HK\$668,000 respectively.

The aggregate rent and management fees paid by the Group in respect of the CCP Lease for the period from 1 July 2009 to 31 December 2009 amounted to approximately HK\$568,000. It is intended that the CCP Lease will be terminated upon expiration of its term on 31 May 2010.

## **IMPLICATIONS OF THE LISTING RULES**

SOCL, the holding company of the Landlords, is the controlling shareholder of the Company. At the date of this announcement, SOCL is beneficially interested in a total of 181,981,000 Shares, representing approximately 37.28% of the issued share capital of the Company. Accordingly, the PRC Lease and the HK Leases in aggregate constitute non-exempt continuing connected transactions of the Company and the aggregate rental expenses and management fees payable to the Landlords under the Leases shall be subject to annual caps in accordance with the Listing Rules.

It is expected that the aggregate rental expenses and management fees payable to the Landlords under the Leases shall not exceed HK\$5 million, HK\$6.5 million, and HK\$7 million for the three financial years ending 31 December 2010, 2011 and 2012 respectively. The Annual Caps are determined based on the estimated aggregate annual rent and management fees payable to the Landlords under the Leases assuming, inter alia, that (i) the SOCAM Lease will be renewed upon expiration of its term on the same terms as in the existing lease and maintained till the end of the year 2012; (ii) Beijing SOCAM will exercise the right of first refusal to lease additional office units under the PRC lease to meet the growth of its business operation in Shanghai from the second half of 2010.

Since the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules calculated with reference to the Annual Caps are more than 0.1% but less than 2.5%, the Leases are subject to announcement, annual review and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company will comply with Rule 14A.36 of the Listing Rules if there is a material change in the terms of the Leases upon renewal or the Annual Caps are exceeded.

## **THE REASON FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS**

The premises rented under the Leases are used as offices by the Group and the terms of the Leases have been determined after arm's length negotiations between the parties with reference to the prevailing market rates for comparable office buildings in the nearby areas in Shanghai and Hong Kong.

The Directors (including the independent non-executive Directors) are of the view that the Leases are entered into on normal commercial terms in the ordinary and usual course of business of the Group and that the terms of the Leases and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

The Group is principally engaged in property development, asset management, cement production and construction in Hong Kong and the PRC.

The principal business activity of SOCL is investment holding.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Annual Caps”	the annual aggregate maximum amounts of the rent and management fees payable by the Group to the Landlords under the Leases for the three financial years ending 31 December 2012;
“Beijing SOCAM”	北京瑞安建業房地產顧問有限公司 (Beijing SOCAM Real Estate Consulting Co., Ltd.), a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company;
“Board”	the board of Directors;
“CCP Lease”	the tenancy agreement dated 31 May 2007 in respect of the leasing of certain office units at 11th Floor, Shui On Centre in Hong Kong;
“Company”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange (stock code: 983);
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HK Leases”	collectively the SOCAM Lease and the CCP Lease entered into by the Group with subsidiaries of SOCL;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Landlords”	collectively Shanghai Jiu Hai, Shui On Centre Company Limited and Shui On Investment Company Limited, all being subsidiaries of SOCL;
“Leases”	collectively the PRC Lease and the HK Leases;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	People’s Republic of China;

“PRC Lease”	the tenancy agreement dated 23 January 2010 entered into between Beijing SOCAM and Shanghai Jiu Hai in respect of the leasing of office premises at Shui On Plaza in Shanghai;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Jiu Hai”	上海九海利盟房地產有限公司 (Shanghai Jiu Hai Rimmer Properties Co., Ltd.), an 80%-owned subsidiary of SOCL;
“Shareholders”	holders of the Shares;
“Shares”	shares of HK\$1.00 each in the issued share capital of the Company;
“SOCAM Lease”	the agreement dated 28 May 2007, as amended by supplemental agreements dated 31 December 2007, 30 June 2008 and 31 December 2008, in respect of the sub-leasing of certain office space on 1st Floor and 34th Floor, Shui On Centre in Hong Kong;
“SOCL”	Shui On Company Limited, the controlling shareholder of the Company and a company controlled by Mr. Lo Hong Sui, Vincent, the Chairman of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	percentage.

*For the purpose of this announcement and for illustrative purpose only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.88. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.*

By Order of the Board  
**Shui On Construction and Materials Limited**  
**Wong Yuet Leung, Frankie**  
*Chief Executive Officer*

Hong Kong, 23 January 2010

*At the date of this announcement, the executive directors of the Company are Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence, Mr. Wong Yuet Leung, Frankie, Mr. Wong Kun To, Philip and Mr. Wong Fook Lam, Raymond; the non-executive director of the Company is Professor Michael Enright; and the independent non-executive directors of the Company are Mr. Anthony Griffiths, Mr. Gerrit de Nys, Ms. Li Hoi Lun, Helen, Mr. David Eldon, Mr. Chan Kay Cheung and Mr. Tsang Kwok Tai, Moses.*

*\* For identification purpose only*

Website: [www.socam.com](http://www.socam.com)