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瑞安建業有限公司*

SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

CONNECTED TRANSACTION DISPOSAL OF SUBSIDIARY

On 18 November 2009, T H Industry, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the PRC Party pursuant to which T H Industry agreed to sell and the PRC Party agreed to purchase 60% equity interest in Chongqing White Cement at a consideration of RMB7,680,600 (equivalent to approximately HK\$8,728,000). Upon Completion, the Group will no longer hold any equity interest in Chongqing White Cement, which will then cease to be a subsidiary of the Company.

Chongqing White Cement is owned as to 60% by T H Industry and 40% by the PRC Party. The PRC Party, a substantial shareholder of Chongqing White Cement, is thus a connected person of the Company and accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules for the Disposal exceed 0.1% but are less than 2.5%, the Disposal is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board of Shui On Construction and Materials Limited announces that on 18 November 2009, T H Industry, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the PRC Party pursuant to which T H Industry agreed to sell and the PRC Party agreed to purchase 60% equity interest in Chongqing White Cement.

THE EQUITY TRANSFER AGREEMENT

Date: 18 November 2009

Parties:

- (1) Seller: T H Industry, an indirect wholly-owned subsidiary of the Company; and
- (2) Purchaser: the PRC Party, which owns a 40% equity interest in Chongqing White Cement

Subject matter:

T H Industry has agreed to sell and the PRC Party has agreed to purchase 60% equity interest in Chongqing White Cement upon and subject to the terms and conditions of the Equity Transfer Agreement.

Consideration

The consideration for the Disposal is RMB7,680,600 (equivalent to approximately HK\$8,728,000), which was determined based on arm's length negotiations between the parties and represented the amount of the original investment of the Group in Chongqing White Cement.

The consideration shall be paid by the PRC Party upon Completion.

Completion

Completion shall take place within 5 working days from the date when the relevant permit and/or approval has been obtained from the PRC authorities in relation to the Disposal. Upon Completion, the Group will no longer hold any equity interest in Chongqing White Cement, which will then cease to be a subsidiary of the Company.

INFORMATION ON CHONGQING WHITE CEMENT

Chongqing White Cement is principally engaged in the manufacture and sale of white cement in the PRC.

The audited losses (both before and after taxation and extraordinary items) of Chongqing White Cement for the two financial years ended 31 December 2007 and 2008 were approximately RMB1,880,000 (equivalent to approximately HK\$2,136,000) and RMB2,473,000 (equivalent to approximately HK\$2,810,000) respectively.

The audited net asset value of Chongqing White Cement at 31 December 2008 was approximately RMB7,465,000 (equivalent to approximately HK\$8,483,000). The unaudited net asset value of Chongqing White Cement at 30 June 2009 was approximately RMB5,919,000 (equivalent to approximately HK\$6,726,000).

REASONS FOR THE DISPOSAL

Chongqing White Cement has sustained operating losses for the last five years due to its high operating costs and the competitiveness in the white cement market. The Disposal allows the Group to realise the original cost of its investment in this joint venture. The proceeds from the Disposal, after deducting any related expenses, will be applied as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the Disposal is on normal commercial terms and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

FINANCIAL IMPLICATIONS OF THE DISPOSAL

The gain, before transaction costs, arising from the Disposal is estimated to be approximately HK\$4,700,000, being the difference between the consideration for the Disposal and the unaudited carrying value of the Group's interest in Chongqing White Cement of approximately HK\$4,000,000 at 30 June 2009.

IMPLICATIONS OF THE LISTING RULES

At the date of this announcement, Chongqing White Cement is owned as to 60% by T H Industry and 40% by the PRC Party. The PRC Party, a substantial shareholder of Chongqing White Cement, is thus a connected person of the Company and accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules for the Disposal exceed 0.1% but are less than 2.5%, the Disposal is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Group is principally engaged in property development, asset management, cement production and construction in Hong Kong and the PRC. T H Industry is an indirect wholly-owned subsidiary of the Company and its principal activity is investment holding.

The PRC Party is principally engaged in the manufacture and sale of construction materials in the PRC.

DEFINITIONS

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

“Board”	the board of Directors;
“Chongqing White Cement”	重慶騰輝白水泥有限公司 (Chongqing T.H. White Cement Co., Ltd.), a company incorporated in the PRC, which is owned as to 60% by T H Industry and 40% by the PRC Party at the date of this announcement;
“Company”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange (Stock Code: 983);
“Completion”	completion of the Equity Transfer Agreement;
“Directors”	directors of the Company;
“Disposal”	the disposal of its 60% equity interest in Chongqing White Cement by T H Industry pursuant to the Equity Transfer Agreement;
“Equity Transfer Agreement”	the equity transfer agreement dated 18 November 2009 entered into between T H Industry and the PRC Party in respect of the Disposal;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administration Region and Taiwan;

“PRC Party”	重慶海州建材有限公司, a company which is incorporated in the PRC and owns 40% equity interest in Chongqing White Cement at the date of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“T H Industry”	T H Industry I Limited, a company incorporated in Bahamas and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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, 18 November 2009

At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence, Mr. Wong Yuet Leung, Frankie, Mr. Wong Kun To, Philip, Mr. Wong Fook Lam, Raymond and Mrs. Lowe Hoh Wai Wan, Vivien; the non-executive Director is Professor Michael Enright; and the independent non-executive Directors are Mr. Anthony Griffiths, Mr. Gerrit de Nys and Ms. Li Hoi Lun, Helen.

** For identification purpose only*

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