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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)

DISCLOSEABLE TRANSACTION

in relation to the disposal of the entire issued share capital of, and the related shareholder loans owing by, Prosper Idea Limited

The Board announces that on 10 February 2010, Shui On China Central Properties Limited, a wholly-owned subsidiary of the Company and an independent third party entered into the Agreement pursuant to which (i) SOCCP has agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of Prosper Idea Limited, and (ii) SOCCP has agreed to assign and the Purchaser has agreed to accept the assignment of the Shareholder Loan at an aggregate consideration of approximately RMB367 million (subject to adjustment). After Completion, Prosper Idea will cease to be a subsidiary of the Company.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board of Shui On Construction and Materials Limited announces that on 10 February 2010, SOCCP, a wholly-owned subsidiary of the Company, entered into the Agreement for the disposal of the Sale Shares and the assignment of the Shareholder Loan.

THE AGREEMENT

Date

10 February 2010

Parties to the Agreement

- (1) Vendor: Shui On China Central Properties Limited, a wholly-owned subsidiary of the Company
- (2) Purchaser: A company incorporated in the Cayman Islands with limited liability, which is a serviced apartment owner

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent third parties of the Company and its connected persons (as defined under the Listing Rules).

The assets to be disposed

Pursuant to the Agreement, (i) SOCCP has agreed to sell and the Purchaser has agreed to purchase the Sale Shares representing the entire issued share capital of Prosper Idea; and (ii) SOCCP has agreed to assign and the Purchaser has agreed to accept the assignment of the Shareholder Loan.

Prosper Idea is a company incorporated in the British Virgin Islands and its principal assets are the entire issued share capital of Channel Pacific, a company incorporated in Hong Kong. Channel Pacific, in turn, owns the entire equity interest in Huida, a wholly foreign owned enterprise organized under the laws of the PRC. Huida is the sole owner of the Property and its principal activity is property development.

Consideration

The Consideration payable by the Purchaser to SOCCP for the Disposal is estimated to be approximately RMB367 million (subject to adjustment) determined as follows:

- (a) approximately RMB488 million being the agreed price of the Property; plus
- (b) the Net Current Assets of the Prosper Idea Group (estimated to be RMB39 million subject to verification by an independent auditor if either party raises objection to the Net Current Assets as determined in the Completion Accounts); minus
- (c) the balance of bank borrowings of the Prosper Idea Group outstanding on Completion Date (being approximately RMB160 million).

In the event that verification of the Net Current Assets is required and the verified amount of the Net Current Assets is different from the Net Current Assets as determined in the Completion Accounts, the Consideration will be adjusted accordingly.

The Consideration comprises:

- (a) the consideration for the Sale Shares amounting to approximately RMB161 million, subject to adjustment as mentioned above; and
- (b) the consideration for the Shareholder Loan which equals to the RMB equivalent of the Shareholder Loan, estimated to be approximately RMB206 million on Completion Date.

The Consideration shall be payable by the Purchaser to SOCCP in the following manner:

- (a) upon execution of the Agreement, the Escrow Amount, being an amount in U.S. Dollars equivalent to RMB100 million, shall be transferred by the Purchaser to an escrow account; and
- (b) two Business Days prior to Completion, (i) the Escrow Amount shall be released to SOCCP; and (ii) the Purchaser shall pay the balance of the Consideration in U.S. Dollars to SOCCP.

The Consideration has been determined after arm's length negotiation between SOCCP and the Purchaser with reference to the underlying value of the Property and the Net Current Assets.

Completion

Completion is conditional upon, inter alia, the obtaining of all necessary consents and the confirmation by a financial institution of its agreement to release and deregister a mortgage in relation to a loan granted to Huida. Completion shall take place on the 10th Business Day after all the conditions have been fulfilled or waived.

If the conditions have not been satisfied or waived within six months from the date of the Agreement, the Agreement may be terminated by SOCCP or the Purchaser upon written notice to each other.

After Completion, the Company will no longer have any interest in Prosper Idea which will cease to be a subsidiary of the Company.

FURTHER INFORMATION ON THE PROSPER IDEA GROUP

At 31 December 2009, the consolidated net asset value of the Prosper Idea Group was approximately RMB55 million. The consolidated net profits/(losses) (both before and after taxation and extraordinary items) of the Prosper Idea Group for the two financial years immediately preceding the Agreement are as follows:

	For the year ended	
	31 December	
	2008	2009
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>(RMB)</i>	<i>(RMB)</i>
Net profit/(loss) before tax and extraordinary items	55 million	(18 million)
Net profit/(loss) after tax and extraordinary items	51 million	(17 million)

The gain arising from the Disposal is estimated to be approximately RMB45 million, being the difference between (i) the Consideration, and (ii) the aggregate of the unaudited carrying value of the Group's investment in the Prosper Idea Group at 31 January 2010 and the transaction costs.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT AND USE OF PROCEEDS

The Directors consider that the Disposal represents an opportunity to realize the gain of RMB45 million on the investment in Prosper Idea. The net proceeds of approximately RMB350 million from the Disposal after deducting the transaction costs and expenses will be used by the Group as general working capital.

The Directors consider that the Agreement is on normal commercial terms and the terms of the Disposal are fair and reasonable and in the best interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 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.

SOCCP is a wholly-owned subsidiary of the Company and its principal activity is investment holding.

The principal activity of the Purchaser is investment in serviced residence properties in various cities in the PRC.

DEFINITIONS

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

“Agreement”	the share purchase agreement entered into on 10 February 2010 between SOCCP and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong, the PRC, Australia and Singapore are generally open for business (other than a Saturday, a Sunday or a public holiday)
“Channel Pacific”	Channel Pacific Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Prosper Idea, holding the entire equity interest in Huida
“Company”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange (stock code: 983)
“Completion”	completion of the Disposal pursuant to the Agreement
“Completion Accounts”	the accounts of the Prosper Idea Group on Completion Date to be prepared by SOCCP in accordance with the terms of the Agreement
“Completion Date”	the date on which Completion occurs
“Consideration”	the aggregate consideration for the disposal of the Sale Shares and the assignment of the Shareholder Loan in accordance with the terms of the Agreement

“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the Shareholder Loan by SOCCP pursuant to the Agreement
“Escrow Amount”	the U.S. Dollars equivalent of RMB100 million
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huida”	成都瑞安匯達房地產有限公司 (Chengdu Shui On Huida Property Co., Ltd.), a wholly foreign owned enterprise organized under the laws of the PRC and the sole owner of the Land and the Property
“Land”	the site area located at No. 1, Section 3, Renmin South Road, Wuhou District, Chengdu, Sichuan Province, the PRC, with a total gross floor area of approximately 30,455 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Current Assets”	the net current asset value of the Prosper Idea Group computed based on the applicable accounting principles and consistent with the past practice for preparation of its accounts in accordance with the terms of the Agreement, excluding, inter alia, the Shareholder Loan, the loan of RMB380 million due by Prosper Idea to SOCCP at Completion Date that will not be assigned to the Purchaser, certain intercompany loans and bank loans of the Prosper Idea Group as determined in the Completion Accounts
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Property”	the premises known as Central Point Phase 1 located on the Land, consisting of the ground floor lobby and the 16th-35th floors of the main block (other than the 28th floor), part of the 3rd floor, part of basement 1 and basement 2, part of the ground floor, floors 2 and 3 and 10 parking slots

“Prosper Idea”	Prosper Idea Limited, a company incorporated in the British Virgin Islands holding the entire issued share capital of Channel Pacific, which in turn holds the entire equity interest in Huida
“Prosper Idea Group”	Prosper Idea, Channel Pacific and Huida
“Purchaser”	a company incorporated in the Cayman Islands, which entered into the Agreement with SOCCP for the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the 50 ordinary shares with a par value of US\$1.00 each in Prosper Idea, representing the entire issued share capital of Prosper Idea at the date of this announcement
“Shareholder Loan”	loans in the principal amount equal to the aggregate amount of loans owed by Prosper Idea to SOCCP immediately prior to Completion, less the loan of RMB380 million that will not be assigned to the Purchaser
“SOCCP”	Shui On China Central Properties Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “U.S. Dollars”	United States dollars, the lawful currency of United States of America
“%”	percentage

By Order of the Board
Shui On Construction and Materials Limited
Lo Hong Sui, Vincent
Chairman

Hong Kong, 11 February 2010

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 and Mr. Wong Fook Lam, Raymond; the non-executive Director is Professor Michael Enright; and the independent non-executive Directors 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*

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