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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
JOINT VENTURE ARRANGEMENT FOR THE DEVELOPMENT
OF A PROPERTY PROJECT IN BEIJING**

The Board announces that on 29 September 2009, the Company entered into the Shareholders Deed with Noble Pearl (a wholly-owned subsidiary of the Company), Keen Hero, Many Gain and Eagle Fit in respect of the establishment of Eagle Fit as a joint venture for the development of a property project in Beijing.

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

Reference is made to the Announcement in relation to the Acquisition.

The Board of Shui On Construction and Materials Limited announces that on 29 September 2009, the Company entered into the Shareholders Deed with Noble Pearl, Keen Hero, Many Gain and Eagle Fit in respect of the establishment of Eagle Fit as a joint venture for the development of the Project.

SHAREHOLDERS DEED

Date

29 September 2009

Parties

- (1) Noble Pearl, a wholly-owned subsidiary of the Company;
- (2) the Company (as guarantor for the performance of obligations of Noble Pearl);
- (3) Keen Hero, a member of the Yida Group;

- (4) Many Gain (as guarantor for the performance of obligations of Keen Hero), a member of the Yida Group; and
- (5) Eagle Fit.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, at the date of this announcement, Yida Group is beneficially interested in 20,645,950 shares of the Company, representing approximately 4.23% of its issued share capital. Many Gain, a member of Yida Group, is a shareholder of a joint venture established for the development of a property project known as Dalian Tiandi, in which the Group, Shui On Land Limited and Yida Group effectively owns 22%, 48% and 30% respectively. Save as disclosed, Keen Hero, Many Gain and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Subject

Eagle Fit is currently held as to one share at par value by Noble Pearl. Noble Pearl has agreed to further subscribe for 64 new shares in the capital of Eagle Fit in cash at par value of US\$1.00 each at a total consideration of US\$64.00 and Keen Hero has agreed to subscribe for 35 new shares in the capital of Eagle Fit, in cash at par value of US\$1.00 each, at a total consideration of US\$35.00, representing 65% and 35% of the enlarged issued share capital of Eagle Fit respectively upon completion of the subscription.

Eagle Fit is an investment holding company newly incorporated in the British Virgin Islands and wholly owned by Noble Pearl before entering into the JV Arrangement. Its net assets amount to US\$1.00 representing its entire issued share capital. Save for entering into the Agreement for the acquisition of the entire issued share capital of Prime Asset, the holding company of the Projectco which is the sole owner of land use rights over the Project Site, it has not carried on any business.

Prime Asset is currently wholly owned by Excel Bright Properties Limited, an indirect wholly-owned subsidiary of Pacific Century Premium Developments Limited, and will become wholly owned by Eagle Fit upon completion of the Acquisition. Details of the Prime Asset Group have been set out in the Announcement.

Upon entering into the JV Arrangement and the completion of the Acquisition, each of the JV Companies is 65% owned by the Company.

Board representation

The board of each of the JV Companies will have six (6) directors. Each of Noble Pearl and Keen Hero will have the right to nominate four (4) directors and two (2) directors respectively.

Shareholders' loans

Noble Pearl and Keen Hero shall each provide shareholder loans in an aggregate amount of US\$37,570,000 and US\$20,230,000 in cash respectively to Eagle Fit on an interest free and unsecured basis and with no fixed repayment term. These loans will be used to fund the Acquisition and the development of the Project and will be injected into Eagle Fit on or before 1 April 2011 in accordance with the payment schedule set out in the Shareholders Deed.

The Company's commitment under the Shareholders Deed will be funded by its own resources and available banking facilities.

Guarantee and indemnity

The Company has agreed to provide a 100% guarantee and Noble Pearl has agreed to provide a security (its entire shareholding in Eagle Fit) while Keen Hero has agreed to provide a security (its entire shareholding in Eagle Fit) for a HK\$550 million loan facility to be provided to Eagle Fit by the Banks. Pursuant to the Shareholders Deed, Many Gain shall also provide a counter guarantee and indemnity to the Company in respect of 35% of the said HK\$550 million loan facility in proportion to the shareholding of Keen Hero in Eagle Fit.

Distribution

The board of Eagle Fit, to the extent legally permitted, will declare and make distributions to the shareholders of Eagle Fit as soon as and to the extent reasonably practicable after receiving payments from its subsidiaries, in accordance with the proportion of their respective shareholdings in Eagle Fit from time to time.

First right of refusal and co-sale right

Any transfer of shares of Eagle Fit by any shareholder shall be subject to the right of first refusal and the co-sale right as provided in the Shareholders Deed.

Put options

Pursuant to the Shareholders Deed, at any time after the completion of the sale by Projectco of more than 95% of the above-the-ground sellable residential area of the Project or, if earlier, the end of five years from the date of the Shareholders Deed provided that at such time Projectco has completed the sale of more than 70% of the above-the-ground sellable residential area of the Project, each of Noble Pearl and Keen Hero shall have the option to require the other (namely Keen Hero in the case of exercise of option by Noble Pearl ("**NPL Put Option**"), or Noble Pearl in the case of exercise of option by Keen Hero ("**KHI Put Option**")) to purchase all of its shares

in and shareholder loans owing to it by Eagle Fit at fair market value. If both Noble Pearl and Keen Hero exercise the said options, only the KHI Put Option shall be valid. The granting of the KHI Put Option by Noble Pearl is subject to the approval by the shareholders of the Company (if required under the Listing Rules). The Company will make further disclosure if required and fully comply with the applicable requirements under the Listing Rules as and when appropriate if Noble Pearl or Keen Hero (as the case may be) exercises the NPL Put Option or KHI Put Option.

REASONS FOR AND BENEFITS OF JV ARRANGEMENT

The purpose of the JV Arrangement is to form a joint venture to develop the Project into a luxurious residential development in Chaoyang District, Beijing, which is in line with the strategy of the Group. The construction and project management expertise of the joint venture partners will enhance the chance of success of the Project.

The terms of the Shareholders Deed were determined based on arm's length negotiations between the parties. The Directors consider that the JV Arrangement is on normal commercial terms and the terms of the Shareholders Deed are fair and reasonable and in the interests 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 transactions contemplated under the Shareholders Deed are greater than 5% but less than 25%, the JV Arrangement 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.

As far as the Company is aware after making reasonable enquiries, Keen Hero and Many Gain are members of the Yida Group, which is a conglomerate in the PRC with interests in property development, construction and furnishing, equipment manufacturing and software park development.

DEFINITIONS

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

“Acquisition”	the proposed acquisition by Eagle Fit of the entire issued share capital of, and the related shareholder loan to, Prime Asset at an initial consideration of US\$118 million in accordance with the terms of the Agreement
“Agreement”	the sale and purchase agreement entered into on 20 August 2009 between Excel Bright Properties Limited as vendor and Eagle Fit as purchaser in relation to the Acquisition
“Announcement”	the announcement issued by the Company on 20 August 2009 in relation to the Acquisition
“Banks”	licensed banks under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) which are independent third parties not connected with the Company
“Board”	the board of Directors
“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
“Eagle Fit”	Eagle Fit Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company before entering into the JV Arrangement
“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
“JV Arrangement”	the establishment of Eagle Fit as the joint venture between Noble Pearl and Keen Hero for the purpose of financing the Acquisition and the development of the Project pursuant to the terms of the Shareholders Deed

“JV Companies”	collectively Eagle Fit and upon completion of the Agreement, the Prime Asset Group
“Keen Hero”	Keen Hero International Limited, a company incorporated in the British Virgin Islands with limited liability and a member of the Yida Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Many Gain”	Many Gain International Limited, a company incorporated in the British Virgin Islands with limited liability and a member of the Yida Group
“Noble Pearl”	Noble Pearl Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Prime Asset”	Prime Asset Investment Limited, a company incorporated in Hong Kong with limited liability holding the entire equity interest in the Projectco
“Prime Asset Group”	collectively, Prime Asset and the Projectco
“Project”	a “construction in progress” development project located at the Project Site
“Projectco”	北京啓夏房地產開發有限公司 (Beijing Qi Xia Real Estate Development Co., Ltd.), a wholly foreign owned enterprise organised under the laws of the PRC and the sole owner of land use rights over the Project Site
“Project Site”	the site area located at No. 4 Gongti Bei Lu, Chaoyang District, Beijing, the PRC with a total area of approximately 14,123 square metres

“Shareholders Deed”	the shareholders deed dated 29 September 2009 entered into between the Company, Noble Pearl, Keen Hero, Many Gain and Eagle Fit in relation to the establishment of Eagle Fit as a joint venture through subscription by Noble Pearl and Keen Hero for their respective 65% and 35% interests of the enlarged issued share capital of Eagle Fit
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of United States of America
“Yida Group”	group of companies under common control, comprising Yida Group Company Limited (a limited liability company incorporated in the PRC), Many Gain and Keen Hero and their respective holding companies and subsidiaries
“%”	percentage

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

Hong Kong, 29 September 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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