



瑞安建業有限公司
SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with Limited Liability)

FOR IMMEDIATE RELEASE

SOCAM Posts HK\$873 Million Profit for First Half of 2008

2008 Interim financial highlights

- Turnover: HK\$1,336 million
- Profit before net non-cash income on convertible bonds issued: HK\$723 million
- Profit attributable to shareholders: HK\$873 million
- Basic earnings per share: HK\$2.71
- Interim dividend per share: HK\$0.20

(Hong Kong, 16 September 2008) Shui On Construction And Materials Limited (“SOCAM”, stock code: 983) today announced results for the six months ended 30 June 2008. Its profit attributable to shareholders was HK\$873 million, up 1350% from the previous interim reporting period (2007: HK\$60 million). Earnings per share were HK\$2.71, 1190% above the last interim period (2007: HK\$0.21). Turnover was HK\$1,336 million, a decrease of 5% from the interim period last year (2007: HK\$1,413 million).

The Directors recommended the payment of an interim dividend of HK\$0.20 per share to shareholders, compared with HK\$0.15 for the same period last year.

“The Group achieved steady progress on all fronts during the period. Our distressed property development business reported satisfactory performance with disposal of three projects with 260,000 square metres of GFA, attesting to the strong capabilities of the Group in overcoming the many problems inherited in this business model. The Group also acquired two new greenfield projects and continued its growth momentum. Despite rising costs and the earthquake in Sichuan, Lafarge Shui On Cement made significant profit contribution to the Group in line with its stated targets. Our construction business also turned in a strong performance”, said Mr. Vincent H.S. Lo, Chairman of SOCAM.

Property Development is Set to be a Major Driver for Growth

China Central Properties (“CCP”), SOCAM’s 41%-owned entity, disposed of Huapu Centre (Phase 1) in Beijing at a profit of RMB\$300 million, and entered into agreements to

dispose of Shengyuan Centre in Beijing for RMB688 million and Xiwang Building in Dalian for RMB1,050 million, exemplifying the quick development cycle of the distressed property development business model although this type of projects is rife with many inherent risks and pitfalls.

At the end of June 2008, CCP had a portfolio of 13 property projects in prime locations in seven major cities in the Chinese Mainland, namely Beijing, Chengdu, Chongqing, Dalian, Guangzhou, Qingdao and Shenyang, with an attributable developable gross floor area of approximately 1.3 million square metres, representing an increase of 175% on its initial portfolio of 473,000 square metres at the time of its listing on London's AIM Board in June 2007.

In partnership with CCP and other investors, SOCAM acquired further greenfield projects namely Shenyang Central Plaza (Phase II) and Chengdu Orient Home. The Group also provided further funding to Dalian Tiandi • Software Hub, its joint venture with Shui On Land and Yida Group, to accelerate the development of the massive project.

Along with the rapid expansion of CCP's property portfolio, SOCAM Asset Management, the investment manager of CCP, also reported healthy growth in fee income from CCP.

Disposal of Partial Interest in Shui On Land Shareholdings Delivered Attractive Returns to Shareholders

As part of the Group's broader efforts to allocate funds for investing in growth areas that it can actively manage, SOCAM disposed of a partial interest in Shui On Land (SOL) for HK\$1 billion, representing 3.1% of the issued share capital of SOL. The Group still retains 9.5% shareholdings, which allows it to benefit from SOL's value growth in the future.

Lafarge Shui On Cement (LSOC) Made Advances on Its Targets against Odds

The 45%-owned joint venture LSOC contributed an operating profit of HK\$104 million to SOCAM from sales of 8.5 million tonnes of cement and higher selling prices. The Dujiangyan and Jiangyou plants damaged in the severe earthquake in Sichuan in May are on the path to a full recovery. LSOC's operations in Sichuan will strive to meet the surging demand in the local market and contribute to the reconstruction of the affected areas.

The joint venture's operations in Chongqing, Guizhou and Beijing performed well on the strength of rising demand for cement while, in Yunnan, the increased supply of cement had put pressure on selling prices and volumes. The three new dry kilns in Yunnan became operational and replenished the total annual production capacity of LSOC, following the progressive closure of its wet lines, to about 24 million tonnes in the first half of the year. The construction of five dry kilns in Chongqing, Sichuan and Guizhou, together with the

acquisition of two production lines in Kaili, Guizhou from SOCAM, will further expand the production capacity of LSOC. In addition, a number of new projects are on the drawing board. LSOC aims for an annual production capacity of 50 million tonnes by year 2012.

Construction and Venture Capital Investments Turned in a Positive Performance

The Group's construction business progressed steadily with a net profit of HK\$38 million and new contracts of HK\$2.6 billion. It continued to provide a solid foundation for the growth of the Group's property business.

Our venture funds delivered a positive performance and weathered the downturn of the global financial markets. The funds remained fully invested throughout the period and are well positioned to realise the value from the companies they invested in at the appropriate time.

Expanding Horizons, Building on Strengths

Entering the second half of 2008, there are strong indications that economic growth will continue to slow in the Chinese Mainland. The austerity measures implemented by the Central Government and the global market credit issue also pose challenges to our businesses. However, we remain optimistic about business growth in the Chinese Mainland and will continue to implement the strategic transformation of the Group. We will be focusing more on the Group's two main profit drivers, the property and cement arms, to ensure sustainable growth.

Financial Review

An analysis of the profit attributable to shareholders is set out as follows:

<i>In HK\$ million</i>	Six months ended 30 June	2008	2007
Property			
Project fee income		71	7
Share of profit		91	183
Net gain on assets injection into CCP		27	89
Exchange gain and interest income		34	10
Overheads of SAM		(58)	(16)
		165	273
Investment in SOL			
Gain on disposal of shares		496	-
Dividend income		40	45
		536	45
Cement operations			
LSOC		104	40
Guizhou Cement		19	2
		123	42
Construction			
		38	34
Venture capital investments			
		10	24
Convertible bonds			
Imputed interest expense		(24)	(48)
Fair value gain (loss) on derivatives		174	(182)
		150	(230)
Net finance costs			
		(79)	(86)
Overheads and others			
		(56)	(33)
Taxation and minority interests			
		(14)	(9)
Total		873	60

- End-

About Shui On Construction And Materials Limited (SOCAM)

SOCAM has been listed on the Hong Kong Stock Exchange since February 1997. It is principally engaged in property, construction, cement and venture capital investment, and has operations in major cities of the Chinese Mainland, Hong Kong and Macau. SOCAM is a member of Shui On Group.

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