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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)

Announcement Profit Warning

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board would like to inform the shareholders of the Company and potential investors that due to a diminution in fair value of certain assets held for sale by the Group, the financial results of the Group for the year ended 31 December 2008 are expected to be adversely affected.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by the Board of Directors (the “Board”) of Shui On Construction and Materials Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Board would like to inform the shareholders of the Company and potential investors that due to a diminution in fair value of certain assets held for sale by the Company and its subsidiaries (the “Group”), the financial results of the Group for the year ended 31 December 2008 are expected to be adversely affected.

The Group currently holds approximately 396 million shares (“SOL Shares”) of Shui On Land Limited (“SOL”), representing approximately 9.46% of its issued share capital, as assets held for sale. Under the accounting standard, such assets are required to be marked to market at the end of the accounting period. Based on the closing price of the SOL Shares at 31 December 2008, it is expected that the financial results of the Group will be adversely impacted.

SOL is a company incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 272). Based on the closing price of the SOL Shares at 31 December 2008 of HK\$2.45, there is diminution in fair value of the SOL Shares of approximately HK\$1,600 million, when compared with the carrying value of such shares at 30 June 2008, of which an impairment loss of approximately HK\$558 million will be charged to the consolidated income statement and approximately HK\$1,042 million will be charged against the reserves in the consolidated balance sheet at 31 December 2008.

This impairment charge has no effect on the cash flow of the Group and does not affect the core businesses of the Group which the Board believes remain sound. This profit warning and the information contained in this announcement are based on the preliminary assessment of unaudited management accounts by the management of the Group. The audited consolidated financial results of the Group for the year ended 31 December 2008 are yet to be finalized.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 2 January 2009

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, Ms. Lau Jeny and Mrs. Lowe Hoh Wai Wan, Vivien; 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 and Ms. Li Hoi Lun, Helen.

** For identification purpose only*