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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 acquisition of the entire issued share capital of Dignitary Limited**

The Board announces that on 22 December 2009, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement pursuant to which the Vendors agreed to sell and the Purchaser agreed to acquire the entire issued share capital of the Target for the Consideration of approximately US\$46.4 million.

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

The Board of Shui On Construction and Materials Limited is pleased to announce that on 22 December 2009, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors entered into the Agreement for the Acquisition.

## **THE AGREEMENT**

### **Date**

22 December 2009

## **Parties to the Agreement**

- (1) Purchaser: Mount Shine Limited, an indirect wholly-owned subsidiary of the Company; and
- (2) Vendors: MAPS 1 and MAPS 2

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined under the Listing Rules).

## **The assets to be acquired**

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendors have agreed to sell the entire issued share capital of the Target.

The Target is a company incorporated in the British Virgin Islands and acts as the investment holding company of the Subsidiaries. The principal activities of the Subsidiaries are the leasing of investment properties in Shanghai, PRC. The major assets of the Subsidiaries are the Properties, which comprise a block of residential building known as Tower 18 of The Lakeville Regency (翠湖天地御苑), located at Lane 168, Shun Chang Road, Luwan, Shanghai, PRC and include 103 units with total gross floor area of approximately 15,472 sq.m. together with 20 car parking spaces.

For the period from 12 December 2005 (date of incorporation) to 31 December 2007, the audited consolidated net profits before and after taxation and extraordinary items of the Target Group were approximately US\$34.3 million and US\$27.7 million respectively.

For the financial year ended 31 December 2008, the audited consolidated net losses before and after taxation and extraordinary items of the Target Group were approximately US\$12.0 million and US\$12.2 million respectively.

The unaudited net asset value of the Target Group at 31 October 2009 was approximately US\$31.3 million.

## Consideration

The Consideration for the purchase of the Shares is approximately US\$46.4 million, which is calculated based on the following method:

	<b>Amount</b> <i>US\$ million</i>
Agreed value of the Properties (approximately RMB928.3 million, equivalent to approximately RMB60,000 per sq.m. gross floor area but excluding car parking spaces)	136.0
Add: Working Capital	2.6
Less: Bank Loan	(75.0)
Deferred Consideration	<u>(17.2)</u>
Total Consideration payable	<u><u>46.4</u></u>

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

- (1) a deposit of US\$3 million (“**First Deposit**”) shall be payable upon signing of the Agreement;
- (2) a further deposit of US\$1.5 million (“**Second Deposit**”) shall be payable on or before 12 January 2010; and
- (3) the balance of the Consideration of approximately US\$41.9 million (“**Balance**”) shall be payable on Completion Date.

The Consideration shall be subject to further adjustment, if any, for Working Capital (provided that the Completion Working Capital shall not exceed US\$5 million) after Completion. The adjusted Consideration shall be determined following the delivery of the 2009 Accounts and the Audited Completion Accounts by the Vendors within 45 calendar days after Completion. The adjustment payment, if any, shall be made within 15 Business Days thereafter.

The Consideration was determined after arm’s length negotiation between the Purchaser and the Vendors with reference to current market value of the Properties. The Company intends to finance the Acquisition by its internal resources and banking facilities available to the Group.

## **Conditions Precedent**

Completion shall be conditional upon, inter alia, obtaining the consent from the lenders of the Bank Loan on the execution and implementation of the Agreement.

If the Purchaser requires extra time to obtain consent from the lenders of the Bank Loan or third party financing for repayment of the Bank Loan, the date of Completion shall be automatically extended from 29 January 2010 until such condition precedent is fulfilled, but in any event, not later than 15 March 2010. During such extension period, the Purchaser shall pay to the Vendors interest on the Balance at a rate of 6% per annum.

If any of the conditions precedent has not been fulfilled or waived by the Purchaser or the Vendors (as the case may be) prior to the Completion Date, because of either the default of the Purchaser or the Vendors, the non-defaulting party shall not be obliged to complete the sale and purchase of the Shares under the Agreement and shall be entitled to terminate the Agreement, upon which the Deposit shall be treated in the following manner and each party's further rights and obligations shall cease immediately:

- (1) If the non-fulfillment of any of the conditions precedent is beyond the Vendors' control, the Deposit (together with interests accrued thereon) shall be returned to the Purchaser within three months after the date of notice of termination given by the Purchaser.
- (2) In the event of termination due to the default of the Purchaser, the Deposit shall be forfeited by the Vendors as liquidated damages.
- (3) In the event of termination due to the default of the Vendors, in addition to the Deposit (together with interests accrued thereon) being returned to the Purchaser, the Vendors shall pay to the Purchaser an additional sum equal to the amount of the Deposit as liquidated damages.

## **Completion**

After Completion, the Purchaser will own the entire issued share capital of the Target, which will become an indirect wholly-owned subsidiary of the Company. The earnings, assets and liabilities of the Target Group will be consolidated with the financial statements of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

The Group, through its property arm, focuses primarily on developing and investing in medium to large property projects in major and secondary cities in the PRC. The

Properties are located at the prime location of Luwan district in Shanghai. Leveraging the Group's extensive experience in the PRC property market and strong capabilities of its project management team, the Company considers that the Acquisition represents an opportunity to further strengthen the portfolio of the Group's property projects.

The Directors consider that the Agreement is on normal commercial terms and the terms of the Acquisition 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 Acquisition are greater than 5% but less than 25%, the Acquisition 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, the Vendors are Korea-based closed-end indirect investment organizations that are principally engaged in the investment in real estate assets and/or equity securities of real estate investments in the Asia Pacific region.

## **DEFINITIONS**

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

“2009 Accounts”	the audited consolidated accounts of the Target Group comprising (inter alia) the audited consolidated balance sheet at 31 December 2009 and the audited consolidated profit and loss account for the year ending on 31 December 2009, the notes and cash flow statement and the reports of the directors and auditors on such accounts
“Acquisition”	the proposed acquisition by the Purchaser of the Shares pursuant to the Agreement

“Agreement”	the sale and purchase agreement entered into on 22 December 2009 between the Vendors and the Purchaser in relation to the Acquisition
“Audited Completion Accounts”	the audited consolidated accounts of the Target Group comprising (inter alia) the audited consolidated balance sheet at the Completion Date and the audited consolidated profit and loss account for the period beginning from 1 January 2009 and ending on the Completion Date, the notes and cash flow statement and the reports of the directors and auditors on such accounts
“Bank Loan”	US\$75.0 million loan facilities provided by a bank syndicate to the Target Group pursuant to a facility agreement dated 20 March 2008
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday or Sunday on which banks are open for commercial business in Hong Kong, PRC and Korea
“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 Acquisition in accordance with the Agreement, which is expected to take place on 29 January 2010
“Completion Date”	29 January 2010 or such other date prior to 29 January 2010 as is agreed in writing by the Purchaser and the Vendors or a date prior to 15 March 2010 as designated by the Purchaser
“Completion Working Capital”	the Working Capital shown in the Audited Completion Accounts, subject to certain agreed principles for determining the Working Capital at Completion
“Consideration”	approximately US\$46.4 million, being the consideration for the Acquisition

“Deferred Consideration”	the deferred consideration payable by the Target Group to Shui On Development (Holding) Limited or its affiliate in respect of the Properties pursuant to agreements made in 2006 and 2008 relating to the acquisition of the Properties, the outstanding amount of which was approximately US\$17.2 million
“Deposit”	the First Deposit and the Second Deposit
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAPS 1”	MIRAE ASSET Maps Asia Pacific Real Estate I Investment Company, a company incorporated in the Republic of Korea with its stocks listed on the Korea Stock Exchange, which owns 50% of the entire issued share capital of the Target
“MAPS 2”	Kookmin Bank, acting in its capacity as trustee of MIRAE ASSET Maps Frontier Private Placement China Real Estate Investment Trust II, which owns 50% of the entire issued share capital of the Target
“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)
“Properties”	the completed residential development, comprising a block of residential building known as Tower 18 of The Lakeville Regency (翠湖天地御苑), located at Lane 168, Shun Chang Road, Luwan, Shanghai, PRC, which includes 103 units with total gross floor area of approximately 15,472 sq.m. together with 20 car parking spaces
“Purchaser”	Mount Shine Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	all the issued ordinary shares of US\$1.00 each in the capital of the Target, being 100 issued ordinary shares of the Target legally and beneficially owned by the Vendors at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	Morning Success Limited, Peak Century Limited and Unique Winner Limited, wholly-owned subsidiaries of the Target
“sq.m.”	square metres
“Target”	Dignitary Limited, a company incorporated in the British Virgin Islands which is equally held by the Vendors
“Target Group”	collectively, the Target and the Subsidiaries
“US\$”	United States dollars, the lawful currency of United States of America
“Vendor(s)”	MAPS 1 and MAPS 2 collectively
“Working Capital”	the current assets minus the current liabilities of the Target Group, (except that the deferred asset (i.e. capitalized upfront arrangement fees) shall not be included in the current assets)
“%”	percentage

*For the purpose of this announcement and for illustrative purpose only, RMB is translated into US\$ at the rate of US\$1.00 = RMB6.828. 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**  
**Lo Hong Sui, Vincent**  
*Chairman*

Hong Kong, 22 December 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 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 and Ms. Li Hoi Lun, Helen.*

\* *For identification purpose only*

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