
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Shui On Construction and Materials Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



瑞安建業有限公司*

SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

RE-ELECTION OF DIRECTORS

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES**

REFRESHMENT OF THE SHARE OPTION SCHEME LIMIT

**PROPOSED GRANT OF SHARE OPTIONS TO
AN ELIGIBLE PARTICIPANT IN EXCESS OF 1% ENTITLEMENT**

AND

NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of Shui On Construction and Materials Limited to be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong on Wednesday, 3 June 2009 at 3:00 p.m. is set out on pages 18 to 21 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjourned meeting (as the case may be) should you so wish.

* *for identification purpose only*

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company convened to be held on Wednesday, 3 June 2009 at 3:00 p.m., the notice of which is set out on pages 18 to 21 of this circular;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Bye-laws”	the Bye-laws of the Company, as amended, modified or otherwise supplemented from time to time;
“Company”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange (stock code: 983);
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	23 April 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares up to the amount of not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the relevant resolution;
“Share(s)”	ordinary share(s) of a nominal value of HK\$1.00 each in the capital of the Company;

DEFINITIONS

“Share Option Scheme”	the share option scheme adopted by the Company on 27 August 2002;
“Share Option Scheme Limit”	the maximum number of Shares which may be issued upon the exercise of all share options granted or to be granted under the Share Option Scheme and any other share option scheme(s) as may from time to time be adopted by the Company as permitted under the Listing Rules, being 10% of the issued share capital of the Company at the date of passing the relevant resolution approving the refreshment of such limit;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



瑞安建業有限公司*

SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

Executive Directors:

Mr. Lo Hong Sui, Vincent (*Chairman*)

Mr. Choi Yuk Keung, Lawrence (*Vice-Chairman*)

Mr. Wong Yuet Leung, Frankie (*Chief Executive Officer*)

Ms. Lau Jeny (*Chief Financial Officer*)

Mrs. Lowe Hoh Wai Wan, Vivien

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Director:

Professor Michael Enright

Head Office and Principal

Place of Business in

Hong Kong:

34th Floor

Shui On Centre

6-8 Harbour Road

Hong Kong

Independent Non-executive Directors:

Mr. Anthony Griffiths

Mr. Gerrit de Nys

Ms. Li Hoi Lun, Helen

28 April 2009

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES
REFRESHMENT OF THE SHARE OPTION SCHEME LIMIT
PROPOSED GRANT OF SHARE OPTIONS TO
AN ELIGIBLE PARTICIPANT IN EXCESS OF 1% ENTITLEMENT
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the forthcoming AGM, resolutions will be proposed to approve, inter alia, (i) the re-election of Directors, (ii) the grant of the general mandates to repurchase Shares and to issue Shares, (iii) the refreshment of Share Option Scheme Limit and (iv) the proposed grant of share options to an eligible participant under the Share Option Scheme in excess of 1% entitlement.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

RE-ELECTION OF DIRECTORS

At the AGM, Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence and Mr. Wong Yuet Leung, Frankie will retire from office by rotation in accordance with Bye-law 87 of the Bye-laws and being eligible, will offer themselves for re-election. Pursuant to Rule 13.74 of the Listing Rules, the details of the Directors proposed to be re-elected at the AGM are set out in Appendix I to this circular.

GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES

At the annual general meeting of the Company held on 29 May 2008, ordinary resolutions were passed giving general mandates to the Directors (i) to repurchase Shares on the Stock Exchange up to 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the resolution; and (ii) to allot, issue and otherwise deal with Shares up to a limit of (a) 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the resolution, plus (b) the nominal amount of any Shares repurchased by the Company.

These general mandates will expire at the conclusion of the AGM. Ordinary resolutions will be proposed to renew these mandates. Subject to the passing of the relevant ordinary resolutions at the AGM, the proposed general mandates will continue in force for the period from the passing of such resolutions until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or (iii) the date on which such authority is revoked or varied by ordinary resolution of the Shareholders at a general meeting of the Company.

The Directors do not at present have any intention to exercise the power to repurchase or issue Shares pursuant to the relevant proposed mandates.

At the Latest Practicable Date, the number of Shares in issue was 321,901,239 Shares. Subject to the passing of the resolution granting the Directors the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of the passing of such resolution, the exercise in full of the Repurchase Mandate would result in the repurchase of up to a maximum of 32,190,123 Shares.

The explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix II to this circular.

LETTER FROM THE BOARD

REFRESHMENT OF THE SHARE OPTION SCHEME LIMIT

At the annual general meeting of the Company held on 5 June 2007, Shareholders approved the refreshment of the Share Option Scheme Limit so that the total number of Shares which may fall to be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme(s) as may from time to time be adopted by the Company shall not exceed 28,634,300 Shares, representing 10% of the issued share capital of the Company at 5 June 2007 being the date of approval of such refreshed limit. Since such refreshed limit becoming effective, the Company has granted or offered to grant options to subscribe for a total of 21,910,000 Shares under the Share Option Scheme.

The purpose of the Share Option Scheme is to provide incentives or rewards to management and employees for their contribution to the Group and to enable the Group to retain high-calibre employees. The Directors consider that it is in the interests of the Company to refresh the Share Option Scheme Limit so as to enable the Directors to provide incentives or rewards through granting of share options to encourage the eligible participants to contribute to the success of the Group.

Subject to the approval of the Shareholders at the AGM and such other requirements prescribed under the Listing Rules, the Share Option Scheme Limit will be refreshed so that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option scheme(s) of the Company (if any) under the Share Option Scheme Limit as refreshed shall not exceed 10% of the Shares in issue at the date of approval of such refreshed limit. Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised) will not be counted for the purpose of calculating the Share Option Scheme Limit as refreshed. The aggregate number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time must not exceed 30% of the Shares in issue from time to time.

At the Latest Practicable Date, the total number of Shares which may be issued upon exercise of all outstanding share options granted is 44,523,000, representing approximately 13.83% of the existing issued share capital of the Company.

If the Share Option Scheme Limit is refreshed, on the basis of 321,901,239 Shares in issue at the Latest Practicable Date and assuming that no Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed to grant further share options to subscribe for up to 32,190,123 Shares, which do not include the share options that are outstanding, cancelled or have lapsed at the AGM.

LETTER FROM THE BOARD

The refreshment of the Share Option Scheme Limit is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the refreshment of the Share Option Scheme Limit at the AGM; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options granted under the refreshed limit which shall not exceed 10% of the issued share capital of the Company at the date of approval of such refreshment.

Application will be made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue at the date of the AGM) that may fall to be issued upon the exercise of any options that may be granted under the Share Option Scheme and all other share option scheme(s) of the Company.

GRANT OF SHARE OPTIONS TO AN ELIGIBLE PARTICIPANT IN EXCESS OF 1% ENTITLEMENT

On 9 April 2009, the Board (including all the independent non-executive Directors) decided unanimously on the recommendation of the Remuneration Committee (comprising all the independent non-executive Directors who constitute the majority of that committee) to grant share options to certain Directors and employees under the Share Option Scheme to recognise and acknowledge their contribution made to the Group.

Under Rule 17.03(4) of the Listing Rules, the total number of Shares issued and to be issued upon the exercise of the options granted to each participant under the Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of further grant must not exceed 1% of the Shares in issue, unless approval of Shareholders is obtained.

The share options proposed to be granted to an eligible participant, Mr. Wong Yuet Leung, Frankie, when aggregated with the previous grant within the preceding 12 months, exceed his maximum 1% entitlement and such proposed grant is therefore subject to the approval of Shareholders at the AGM. The information relating to such grant as required under Rule 17.03(4) of the Listing Rules is set out in Appendix III to this circular.

At the Latest Practicable Date, Mr. Wong Yuet Leung, Frankie beneficially owned 800,000 Shares, representing approximately 0.24% of the issued share capital of the Company. At the AGM, Mr. Wong Yuet Leung, Frankie will abstain from voting on the relevant resolution approving the proposed grant of share options by the Company to him.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong on Wednesday, 3 June 2009 at 3:00 p.m. is set out on pages 18 to 21 of this circular. At the AGM, ordinary resolutions will be proposed to approve the re-election of Directors, the renewal of the general mandates to repurchase Shares and to issue Shares, the refreshment of the Share Option Scheme Limit and the grant of share options to Mr. Wong Yuet Leung, Frankie under the Share Option Scheme in excess of 1% entitlement.

A proxy form for use at the AGM is enclosed. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM and any adjourned meeting (as the case may be) should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the AGM will demand a poll for all the resolutions to be proposed at the AGM. The results of the voting will be announced after the AGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors believe that the proposed resolutions are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend you to vote in favour of such resolutions at the AGM.

GENERAL

Your attention is drawn to the general information set out in the Appendices to this circular.

Yours faithfully,
Shui On Construction and Materials Limited
Wong Yuet Leung, Frankie
Chief Executive Officer

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The details of the Directors proposed to be re-elected at the AGM are set out below.

Lo Hong Sui, Vincent, GBS, JP (“Mr. Lo”)

Mr. Lo, aged 61, has been an Executive Director and the Chairman of the Company since 1997. He is the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He is the chairman of the Shui On Group which he founded 38 years ago. He is also the chairman and chief executive officer of Shui On Land Limited, which he established in 2004 and became listed on the Stock Exchange in 2006. He is also the chairman of China Central Properties Limited, an associated company of the Company, which has been listed on the AIM of the London Stock Exchange since 2007. Mr. Lo is a member of the Eleventh National Committee of the Chinese People’s Political Consultative Conference, the honorary life president of the Business and Professionals Federation of Hong Kong, the president of the Shanghai - Hong Kong Council for the Promotion and Development of Yangtze, an economic adviser of the Chongqing Municipal Government, a vice-chairman of the Chamber of International Commerce Shanghai and an honorary court chairman of the Hong Kong University of Science and Technology. Mr. Lo is currently a non-executive director of Great Eagle Holdings Limited and Hang Seng Bank Limited, both of which are listed on the Stock Exchange. In September 2008, he retired as an independent non-executive director of China Telecom Corporation Limited, a company listed on the Stock Exchange.

Mr. Lo was awarded the Gold Bauhinia Star in 1998 and appointed a Justice of the Peace in 1999 by the Government of Hong Kong. He was made an Honorary Citizen of Shanghai in 1999. He was named Businessman of the Year by the Hong Kong Business Awards in 2001 (sponsored by DHL and the South China Morning Post) and received the Director of the Year Award in the category of Listed Company Executive Directors from The Hong Kong Institute of Directors in 2002.

Save as disclosed above, Mr. Lo has not held any directorship in any other listed companies in the past three years.

Under the Securities and Futures Ordinance, Mr. Lo is deemed to be interested in 182,293,000 Shares, representing approximately 56.63% of the issued share capital of the Company. Among 182,293,000 Shares, 181,981,000 Shares are beneficially owned by Shui On Company Limited, which is owned by the Bosrich Unit Trust. The units of the Bosrich Unit Trust are the property of a discretionary trust, of which Mr. Lo is a discretionary beneficiary.

Save as disclosed herein and except for the relationship arising from his position as a Director, Mr. Lo does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

There is no service contract signed between the Company and Mr. Lo. He was not appointed for a specific term. Following the amendments of the Bye-laws on 29 May 2008, he is subject to retirement by rotation at annual general meetings of the Company in accordance with the Bye-laws. Mr. Lo receives a Director's fee of HK\$10,000 annually.

Save as disclosed herein, there is no matter that needs to be brought to the attention of the Shareholders, nor is there any information as required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Choi Yuk Keung, Lawrence ("Mr. Choi")

Mr. Choi, aged 55, was the Managing Director of the Company from 1997 to 2004 and was appointed Vice-Chairman of the Company in July 2004. He has also been an executive director of the Shui On Group since 1990. He was a director of Shui On Land Limited from May 2004 to May 2006. He was appointed managing director of the Shui On Group's construction division in 1991 and of the construction materials division in 1995. Mr. Choi is a member of the Standing Committee of the Ninth and the Tenth Guizhou Provincial Committee of the Chinese People's Political Consultative Conference. He joined the Shui On Group in 1973 and has over 30 years of experience in construction. He holds a Bachelor of Science degree in Engineering from the University of California, Berkeley.

Mr. Choi has not held any directorship in any other listed companies in the past three years.

Mr. Choi is beneficially interested in 1,100,000 Shares, representing approximately 0.34% of the issued share capital of the Company. He also has the following interests in share options granted by the Company:

Date of grant	Subscription price per Share HK\$	Period during which options outstanding are exercisable	Number of Shares subject to the options
3 January 2007	16.78	3 January 2010 to 2 January 2017	700,000
14 June 2007	20.96	14 December 2007 to 13 June 2012	250,000
7 May 2008	19.76	7 November 2008 to 6 May 2013	250,000
7 May 2008	19.76	7 May 2011 to 6 May 2018	1,000,000
9 April 2009	7.63	9 October 2009 to 8 April 2014	250,000
9 April 2009	7.63	9 April 2012 to 8 April 2019	1,000,000

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Save as disclosed herein and except for the relationship arising from his position as a Director, Mr. Choi does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

There is no service contract signed between the Company and Mr. Choi. He was not appointed for a specific term and is subject to retirement by rotation at annual general meetings of the Company in accordance with the Bye-laws. There is an employment contract signed between the Company and Mr. Choi, which is determinable by the Company giving three months' notice without payment of compensation other than statutory compensation. His emoluments are determined by the Board, based on his performance, qualifications and responsibilities. Total emoluments (including Director's fee, salary, bonus and other benefits as well as the value of share options granted) payable to Mr. Choi for the year ended 31 December 2008 amounted to approximately HK\$7.97 million, of which approximately HK\$2.48 million represented the fair value of share options granted to him by the Company through the years, which was recognised as an expense for the year.

Save as disclosed herein, there is no matter that needs to be brought to the attention of the Shareholders, nor is there any information as required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Wong Yuet Leung, Frankie (“Mr. Wong”)

Mr. Wong, aged 60, is the Chief Executive Officer of the Company and was the Vice-Chairman from 1997 to 2004. He is a member of the Nomination Committee of the Company. He joined the Shui On Group in 1981 and has been the managing director of Shui On Holdings Limited since 1991. He was a director of Shui On Land Limited from May 2004 to May 2006. Mr. Wong is currently a non-executive director of China Central Properties Limited, an associated company of the Company, which has been listed on the AIM of the London Stock Exchange since 2007. He is also one of the trustees of the Shui On Provident and Retirement Scheme. Prior to joining the Shui On Group, he had many years of banking experience with several major international banks in Hong Kong. He graduated with a Bachelor of Science degree in Economics and a Master of Arts degree from the London School of Economics and Political Science and the University of Lancaster in the United Kingdom respectively.

Mr. Wong is currently a non-executive director of CIG Yangtze Ports PLC and an independent non-executive director of Solomon Systech (International) Limited, which are both listed on the Stock Exchange, and a non-executive director of Walcom Group Limited, a company listed on the AIM of the London Stock Exchange. He was also a non-executive director of Cosmedia Group Holdings Limited, a company that was delisted from the AIM of the London Stock Exchange in December 2008. Save as aforesaid, Mr. Wong has not held any directorship in any other listed companies in the past three years.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Wong is beneficially interested in 800,000 Shares, representing approximately 0.24% of the issued share capital of the Company. He also has the following interests in the share options granted by the Company:

Date of grant	Subscription price per Share HK\$	Period during which options outstanding are exercisable	Number of Shares subject to the options
1 August 2006	14.00	1 February 2007 to 31 July 2011	2,000,000
3 January 2007	16.78	3 January 2010 to 2 January 2017	1,500,000
14 June 2007	20.96	14 December 2007 to 13 June 2012	500,000
7 May 2008	19.76	7 November 2008 to 6 May 2013	500,000
7 May 2008	19.76	7 May 2011 to 6 May 2018	2,000,000
9 April 2009	7.63	9 October 2009 to 8 April 2014	750,000 (<i>Note</i>)
9 April 2009	7.63	9 April 2012 to 8 April 2019	2,000,000 (<i>Note</i>)

Note: These share options were granted to Mr. Wong on 9 April 2009 subject to the approval of Shareholders at the AGM.

Save as disclosed herein and except for the relationship arising from his position as a Director, Mr. Wong does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

There is no service contract signed between the Company and Mr. Wong. He was not appointed for a specific term. Following the amendments of the Bye-laws on 29 May 2008, he is subject to retirement by rotation at annual general meetings of the Company in accordance with the Bye-laws. There is an employment contract signed between the Company and Mr. Wong, which is determinable by the Company giving three months' notice without payment of compensation other than statutory compensation. His emoluments are determined by the Board, based on his performance, qualifications and responsibilities. Total emoluments (including Director's fee, salary, bonus and other benefits as well as the value of share options granted) payable to Mr. Wong for the year ended 31 December 2008 amounted to approximately HK\$19.04 million, of which approximately HK\$6.47 million represented the fair value of share options granted to him by the Company through the years, which was recognised as an expense for the year.

Save as disclosed herein, there is no matter that needs to be brought to the attention of the Shareholders, nor is there any information as required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the Repurchase Mandate.

REPURCHASE MANDATE

It is proposed that the Repurchase Mandate will authorise the repurchase of up to 10% of the Shares in issue at the date of passing the resolution to approve the Repurchase Mandate.

At the Latest Practicable Date, the number of Shares in issue was 321,901,239 Shares. Subject to the passing of the resolution granting the Directors the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased after the Latest Practicable Date and up to the date of the passing of such resolution, the exercise in full of the Repurchase Mandate would result in the repurchase of up to a maximum of 32,190,123 Shares.

REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws, the Listing Rules and the applicable laws of Bermuda.

IMPACT ON THE WORKING CAPITAL OR GEARING POSITION

There might be an adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the audited financial statements contained in the Annual Report for the year ended 31 December 2008, in the event that the Repurchase Mandate was exercised in full at any time during the Repurchase Mandate period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent that would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels that, in the opinion of the Directors, are from time to time appropriate for the Company.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate only in accordance with the Listing Rules and the applicable laws of Bermuda.

TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers to repurchase Shares, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. At the Latest Practicable Date, Mr. Lo and his associates were interested in 182,293,000 Shares, representing approximately 56.63% of the existing issued share capital of the Company. Assuming the shareholdings of Mr. Lo and his associates remain unchanged, full exercise by the Company of the Repurchase Mandate will increase the interest of Mr. Lo and his associates to approximately 62.92% in the issued share capital of the Company. The Directors are not aware of any consequences that may arise under the Takeovers Code as a result of any repurchase of Shares made under the Repurchase Mandate. The Directors also have no present intention to exercise the Repurchase Mandate that would result in the public shareholdings being reduced to less than 25%.

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

SHARE PURCHASE MADE BY THE COMPANY

No purchase has been made by the Company of its Shares (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months are as follows:

Month	Share prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
April	20.20	17.00
May	22.65	18.52
June	20.55	16.98
July	17.86	14.60
August	18.00	13.58
September	14.20	9.20
October	10.00	4.00
November	6.00	3.18
December	7.10	3.47
2009		
January	6.65	5.00
February	6.23	5.00
March	7.60	5.20
April (up to the Latest Practicable Date)	8.18	7.07

**APPENDIX III DETAILS OF GRANT OF SHARE OPTIONS TO
AN ELIGIBLE PARTICIPANT IN EXCESS OF
1% ENTITLEMENT**

The details of the grant of share options to an eligible participant under the Share Option Scheme in excess of 1% entitlement are set out below:

(a) Identity of the eligible participant

Mr. Wong Yuet Leung, Frankie, an executive Director and the Chief Executive Officer of the Company.

(b) Terms of share options previously granted and proposed to be granted

The details of the share options granted to Mr. Wong (including both exercised and outstanding options) in the 12-month period immediately prior to 9 April 2009 are as follows:

Date of grant	Number of Shares subject to options	Approximate % of the Shares in issue on 9 April 2009	Exercise price per share <i>HK\$</i>	Period during which options are exercisable
7 May 2008	500,000 (<i>Note 1</i>)	0.16%	19.76	7 November 2008 to 6 May 2013
7 May 2008	2,000,000 (<i>Note 2</i>)	0.62%	19.76	7 May 2011 to 6 May 2018

Notes:

- (1) This share option is subject to vesting in 5 tranches.
- (2) The vesting of this share option will only occur if the change in the total shareholder return ("TSR") on the Shares is positive and equals or exceeds the TSR of Hang Seng Index ("HSI") over a performance period of 3 years from 1 January 2008 to 31 December 2010.

**APPENDIX III DETAILS OF GRANT OF SHARE OPTIONS TO
AN ELIGIBLE PARTICIPANT IN EXCESS OF
1% ENTITLEMENT**

The terms of the share options proposed to be granted to Mr. Wong on 9 April 2009 under the Share Option Scheme are as follows:

Type of grant	Number of Shares subject to options	Approximate % of the Shares in issue on 9 April 2009	Exercise price per share (Note 3) HK\$	Option period	Period during which options are exercisable
Annual grant	750,000 (Note 1)	0.23%	7.63	9 April 2009 to 8 April 2014	9 October 2009 to 8 April 2014
TSR grant	2,000,000 (Note 2)	0.62%	7.63	9 April 2009 to 8 April 2019	9 April 2012 to 8 April 2019

Notes:

- (1) This share option proposed to be granted to Mr. Wong is subject to the following vesting schedule:

20%: 6 months after the date of grant
20%: 1st anniversary of the date of grant
20%: 2nd anniversary of the date of grant
20%: 3rd anniversary of the date of grant
20%: 4th anniversary of the date of grant

- (2) The vesting of this share option will only occur if the change in the TSR on the Shares is positive and equals or exceeds the TSR of the HSI over a performance period of 3 years from 1 January 2009 to 31 December 2011. Change in TSR means principally changes in Share price during the said performance period with dividends paid in the performance period also taken into account. Vesting will be based on the different levels of percentages as set out in the following vesting schedule:

Positive change in TSR of the Company compared to the change in the HSI TSR during the performance period	Vested portion of options
Less than the change in the HSI TSR	0%
Equal to the change in the HSI TSR	30%
For each percentage point up to 35% above the change in the HSI TSR	2%
Higher than the change in the HSI TSR by 35% or above	100%

If the change in HSI TSR is negative compared to the positive change in TSR of the Company, full vesting will apply.

Upon vesting, the share option is exercisable within 7 years from vesting. Mr. Wong is required to hold at least 25% of the shares issued upon the exercise of this option for 2 years after exercise of the option.

- (3) HK\$7.63 represents the highest of: (a) the closing price of a Share on 9 April 2009, being the date of grant; and (b) the average closing price of the Shares for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a Share.

The aggregate number of Shares issued and to be issued upon exercise of all the options (including both exercised and outstanding options) granted and to be granted to Mr. Wong in the 12-month period up to and including 9 April 2009 will therefore be 5,250,000 Shares, assuming such options to be granted are accepted and immediately exercisable. Such Shares represent approximately 1.63% of the Shares in issue at 9 April 2009 and are in excess of the 1% maximum entitlement of Mr. Wong under Rule 17.03(4) of the Listing Rules.

(c) Amount payable upon acceptance of the share options

HK\$1.00 is payable by Mr. Wong to the Company on acceptance of the offer of each of the share options proposed to be granted.

(d) Ranking of Shares

The Shares to be allotted upon the exercise of the options proposed to be granted to Mr. Wong will be subject to all the provisions of the Bye-laws and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue. Shares allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

NOTICE OF ANNUAL GENERAL MEETING



瑞安建業有限公司*

SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

NOTICE IS HEREBY GIVEN that the annual general meeting of Shui On Construction and Materials Limited (the “Company”) will be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong on Wednesday, 3 June 2009 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditor for the year ended 31 December 2008.
2. To elect Directors and fix their remuneration.
3. To re-appoint the Auditor and authorise the Directors to fix its remuneration.
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

(A) “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares with a nominal value of HK\$1.00 each in the capital of the Company and to make or grant offers, agreements or options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers either during or after the Relevant Period be generally and unconditionally approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

(b) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to this resolution, otherwise than pursuant to (i) a rights issue; (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) any scrip dividend scheme pursuant to the Bye-laws of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by ordinary resolution of the shareholders at a general meeting of the Company.”

(B) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares with a nominal value of HK\$1.00 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time be generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by ordinary resolution of the shareholders at a general meeting of the Company.”

(C) “**THAT** the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares of the Company pursuant to ordinary resolution no. 4(A) set out in the notice convening this meeting be extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution no. 4(B) set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution.”

(D) “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the shares with a nominal value of HK\$1.00 each in the capital of the Company to be issued pursuant to the exercise of options which may be granted under the share option scheme adopted by the Company on 27 August 2002 (“Share Option Scheme”) and any other share option scheme(s) as may from time to time be adopted by the Company:

- (a) approval be granted for the refreshment of the general limit in respect of the grant of options to subscribe for shares of the Company under the Share Option Scheme and any other share option scheme(s) of the Company provided that (i) the total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the total number of shares in issue at the date of passing this resolution; and (ii) options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or exercised options) will not be counted for the purpose of calculating the 10% refreshed limit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the Directors of the Company be authorised to offer or grant options pursuant to the Share Option Scheme within the 10% refreshed limit and to exercise all powers of the Company to allot and issue shares upon the exercise of such options.”
- (E) “**THAT** the grant of options to Mr. Wong Yuet Leung, Frankie to subscribe for a total of 2,750,000 shares of the Company under the share option scheme of the Company on the terms set out in the circular issued by the Company on 28 April 2009 (a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) be approved, ratified and confirmed and that the Directors of the Company be authorised to take all such steps as may be necessary or desirable to give effect to the grant.”

By Order of the Board
Tsang Yuet Kwai
Company Secretary

Hong Kong, 28 April 2009

Notes:

- (1) Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
- (3) The register of members of the Company will be closed from Friday, 29 May 2009 to Wednesday, 3 June 2009, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the meeting, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 27 May 2009.