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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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).

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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)

**RE-ELECTION OF DIRECTORS**  
**AND**  
**GENERAL MANDATES TO REPURCHASE SHARES**  
**AND TO ISSUE SHARES**

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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 Thursday, 16 June 2011 at 3:00 p.m. is set out on pages 17 to 19 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



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## DEFINITIONS

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*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 Thursday, 16 June 2011 at 3:00 p.m., the notice of which is set out on pages 17 to 19 of this circular;
“AIM”	Alternative Investment Market, a market operated by London Stock Exchange plc;
“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”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	26 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Listing Rules”	the 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;

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## DEFINITIONS

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“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;
“Share(s)”	the ordinary share(s) of nominal value of HK\$1.00 each in the capital of the Company;
“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.

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

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

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Mr. Gerrit Jan de Nys  
Ms. Li Hoi Lun, Helen  
Mr. David Gordon Eldon  
Mr. Chan Kay Cheung  
Mr. Tsang Kwok Tai, Moses

*Head Office and Principal Place of  
Business in Hong Kong:*

34th Floor  
Shui On Centre  
6-8 Harbour Road  
Hong Kong

28 April 2011

*To the Shareholders*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS**

**AND**

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

**INTRODUCTION**

At the forthcoming AGM, resolutions will be proposed to approve, inter alia, (i) the re-election of Directors; and (ii) the grant of the general mandates to repurchase Shares and to issue Shares.

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.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

In accordance with Bye-law 87(1) of the Bye-laws, Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence, Mr. Wong Yuet Leung, Frankie and Ms. Li Hoi Lun, Helen shall retire by rotation and, being eligible, will offer themselves for re-election at the AGM. 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 28 May 2010, ordinary resolutions were passed granting 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.

However, 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 489,260,786 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 48,926,078 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.

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## LETTER FROM THE BOARD

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### 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 Thursday, 16 June 2011 at 3:00 p.m. is set out on pages 17 to 19 of this circular. At the AGM, ordinary resolutions will be proposed to approve the re-election of Directors, and the renewal of the general mandates to repurchase Shares and to issue Shares.

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.

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## LETTER FROM THE BOARD

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### GENERAL

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

Yours faithfully,  
On behalf of the Board  
**Lo Hong Sui, Vincent**  
*Chairman*

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## APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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

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

Mr. Lo, aged 63, has been the Chairman of the Company since 1997. He is also the Chairman of the Nomination Committee and a member of the Remuneration Committee and the Executive Committee of the Company. Mr. Lo is the Chairman of the Shui On Group, which he founded 40 years ago, and the Chairman of Shui On Land Limited, which he established in 2004 and became listed in Hong Kong in 2006. He has been the Chief Executive Officer of Shui On Land Limited since its listing on the Stock Exchange and has recently relinquished such position with effect from 16 March 2011. He is also the Chairman of China Central Properties Limited, a subsidiary of the Company which was delisted from AIM in June 2009. Mr. Lo is a member of the Eleventh National Committee of the Chinese People’s Political Consultative Conference, a Hong Kong’s representative to the Asia Pacific Economic Cooperation (APEC) Business Advisory Council, the President of the Yangtze Council, an Economic Adviser of the Chongqing Municipal Government, a Vice Chairman of the Chamber of International Commerce Shanghai, the Honorary Life President of the Business and Professionals Federation of Hong Kong 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. He was an independent non-executive director of China Telecom Corporation Limited, whose shares are listed on the Stock Exchange, from September 2002 to September 2008.

Mr. Lo was awarded the Gold Bauhinia Star in 1998 and appointed a Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. He was made an Honorary Citizen of Shanghai in 1999. He was named Businessman of the Year at the Hong Kong Business Awards in 2001 and won the Director of the Year Award from The Hong Kong Institute of Directors in 2002 and Chevalier des Arts et des Lettres by the French government in 2005. He was honoured with the “Ernst & Young Entrepreneur Of The Year 2009” in the China Real Estate Category, and was also chosen as the “Ernst & Young Entrepreneur Of The Year 2009 China” country award winner.

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

At the Latest Practicable Date, Mr. Lo was deemed to be interested in 182,293,000 Shares, representing approximately 37.25% of the issued share capital of the Company, under the SFO. Among these Shares, 181,981,000 Shares were beneficially owned by Shui On Company Limited (“SOCL”) and 312,000 Shares were beneficially owned by the spouse of Mr. Lo. SOCL was owned by the Bosrich Unit Trust and the units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was a discretionary beneficiary.

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## APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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In addition, at the Latest Practicable Date, Mr. Lo was deemed to have a short position in 1,600,000 Shares, representing approximately 0.32% of the issued share capital of the Company. These Shares represent the underlying Shares subject to the call option granted by SOCL on 27 August 2002 to Mr. Wong Yuet Leung, Frankie as part of the incentive reward to his services to the Company. The call option is exercisable from 27 August 2005 to 26 August 2011 at an exercise price of HK\$6.00 per Share.

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.

There is no service contract signed between the Company and Mr. Lo. 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. He receives a Director's fee of HK\$10,000 per annum.

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.

### **Mr. Choi Yuk Keung, Lawrence (“Mr. Choi”)**

Mr. Choi, aged 57, has been a Vice Chairman of the Company since July 2004 and he was the Managing Director of the Company from 1997 to 2004. He is also the Chairman of the Investment Committee and the Executive Committee of the Company. Mr. Choi has 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 35 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.

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**APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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At the Latest Practicable Date, Mr. Choi was beneficially interested in 540,000 Shares, representing approximately 0.11% of the issued share capital of the Company. He also had the following interests in the share options granted by the Company:

<b>Date of grant</b>	<b>Subscription price per Share HK\$</b>	<b>Period during which options outstanding are exercisable</b>	<b>Number of Shares subject to the options</b>
14 June 2007	20.96	14 December 2007 to 13 June 2012	250,000 ( <i>Note 1</i> )
7 May 2008	19.76	7 November 2008 to 6 May 2013	250,000 ( <i>Note 1</i> )
7 May 2008	19.76	7 May 2011 to 6 May 2018	1,000,000 ( <i>Note 2</i> )
9 April 2009	7.63	9 October 2009 to 8 April 2014	250,000 ( <i>Note 1</i> )
9 April 2009	7.63	9 April 2012 to 8 April 2019	1,000,000 ( <i>Note 2</i> )
12 April 2010	12.22	12 October 2010 to 11 April 2015	250,000 ( <i>Note 1</i> )
12 April 2010	12.22	12 April 2013 to 11 April 2020	1,000,000 ( <i>Note 2</i> )

*Notes:*

- (1) These share options are subject to the vesting schedules as set out in the respective offer letters.
- (2) These share options shall vest in whole or in part subject to the satisfaction of certain performance conditions as set out in the relevant offer letters.

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.

Mr. Choi 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 remuneration package is determined by the Remuneration Committee, based on his performance, qualifications and responsibilities. Pursuant to his employment contract with the Company, he is currently entitled to annual salaries and allowances of approximately HK\$3,660,000. He is also eligible for a performance related bonus subject to the approval of the Remuneration Committee. In addition, he is entitled to receive a Director's fee of HK\$10,000 per annum. Total emoluments (including Director's fee, salary, bonus and other benefits as well as the value of share options granted) of Mr. Choi for the year ended 31 December 2010 have been set out in the Remuneration Committee report as contained in the 2010 Annual Report of the Company.

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**APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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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.

**Mr. Wong Yuet Leung, Frankie (“Mr. Wong”)**

Mr. Wong, aged 62, has been appointed as a Vice Chairman of the Company since April 2010. He is also the Chairman of the Finance Committee and a member of the Executive Committee of the Company. He was the Chief Executive Officer of the Company from July 2004 to March 2010 and the Vice Chairman from 1997 to 2004. After serving as the Chief Executive Officer for nearly six years, he retired from day-to-day management responsibilities of the Company and took up the role of Vice Chairman devoting his attention to the cement business of the Group. Mr. Wong 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. He is also a director of China Central Properties Limited, a subsidiary of the Company which was delisted from AIM in June 2009. He is one of the Trustees of the Shui On Provident and Retirement Scheme. Prior to joining the Shui On Group, Mr. Wong 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, both of which are listed on the Stock Exchange, and a non-executive director of Walcom Group Limited, a company listed on AIM. He was also a non-executive director of Cosmedia Group Holdings Limited, a company which was delisted from AIM in December 2008.

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

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**APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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At the Latest Practicable Date, Mr. Wong was beneficially interested in 800,000 Shares, representing approximately 0.16% of the issued share capital of the Company. He also had the following interests in the options over the Shares:

(a) *Share options granted by the Company*

<b>Date of grant</b>	<b>Subscription price per Share HK\$</b>	<b>Period during which options outstanding are exercisable</b>	<b>Number of Shares subject to the options</b>
1 August 2006	14.00	1 February 2007 to 31 July 2011	2,000,000 ( <i>Note 1</i> )
14 June 2007	20.96	14 December 2007 to 13 June 2012	500,000 ( <i>Note 1</i> )
7 May 2008	19.76	7 November 2008 to 6 May 2013	500,000 ( <i>Note 1</i> )
7 May 2008	19.76	7 May 2011 to 6 May 2018	2,000,000 ( <i>Note 2</i> )
9 April 2009	7.63	9 October 2009 to 8 April 2014	750,000 ( <i>Note 1</i> )
9 April 2009	7.63	9 April 2012 to 8 April 2019	2,000,000 ( <i>Note 2</i> )
12 April 2010	12.22	12 October 2010 to 11 April 2015	350,000 ( <i>Note 1</i> )
12 April 2010	12.22	12 April 2013 to 11 April 2020	1,000,000 ( <i>Note 2</i> )

*Notes:*

- (1) These share options are subject to the vesting schedules as set out in the respective offer letters.
- (2) These share options shall vest in whole or in part subject to the satisfaction of certain performance conditions as set out in the relevant offer letters.

(b) *Call option granted by SOCL*

<b>Date of grant</b>	<b>Exercise price per Share HK\$</b>	<b>Exercise period</b>	<b>Number of Shares subject to the call option</b>
27 August 2002	6.00	27 August 2005 to 26 August 2011	1,600,000 ( <i>Note</i> )

*Note:* The call option was granted by SOCL to Mr. Wong as part of the incentive reward to his services to the Company.

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**APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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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.

Mr. Wong 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. Wong, which is determinable by the Company giving three months' notice without payment of compensation other than statutory compensation and the term of which has been extended to 30 June 2011 after he has reached the normal retirement age. His remuneration package is determined by the Remuneration Committee, based on his performance, qualifications and responsibilities. Pursuant to his employment contract with the Company, he is currently entitled to annual salaries and allowances of approximately HK\$2,829,600. He is also eligible for a performance related bonus subject to the approval of the Remuneration Committee. In addition, he is entitled to receive a Director's fee of HK\$10,000 per annum. Total emoluments (including Director's fee, salary, bonus and other benefits as well as the value of share options granted) of Mr. Wong for the year ended 31 December 2010 have been set out in the Remuneration Committee report as contained in the 2010 Annual Report of the Company.

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.

**Ms. Li Hoi Lun, Helen (“Ms. Li”)**

Ms. Li, aged 55, has been an independent non-executive director of the Company since August 2008. She is also a member of the Audit Committee, Remuneration Committee and Investment Committee of the Company. Ms. Li is a qualified lawyer in the jurisdictions of Hong Kong, England and Wales and New South Wales, Australia. She studied law in England and commenced practising law in Hong Kong in 1982. She worked in private practice, with emphasis on property, commercial and corporate work with a China focus. Prior to joining the Company, she was employed as in-house legal counsel for the companies, and an executive director of the property arm, of the Shui On Group and took early retirement in 2005.

Ms. Li has not held any directorship in any other listed companies in the past three years.

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**APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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Ms. Li does not have any interest in the Shares within the meaning of Part XV of the SFO.

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

Ms. Li was appointed for a term of three years, subject to retirement by rotation at the annual general meetings of the Company in accordance with the Bye-laws. Her emoluments are determined by the Board, based on his qualifications and contributions to the Board. Pursuant to the terms of her service contract, she is currently entitled to receive an aggregate annual fee of HK\$415,000 for her membership in the Board and its committees, subject to annual review by the Board.

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 489,260,786 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 48,926,078 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 2010, 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, SOCL, a company controlled by Mr. Lo, and the parties acting in concert with it were interested in 183,633,000 Shares, representing approximately 37.53% of the issued share capital of the Company. Assuming the shareholdings of SOCL and the parties acting in concert with it remain unchanged, full exercise by the Company of the Repurchase Mandate will result in an increase in the aggregate interests of SOCL and the parties acting in concert with it to approximately 41.70% of the issued share capital of the Company, thus giving rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

As disclosed in the joint announcements dated 28 January 2011, 1 February 2011 and 21 April 2011 issued by SOCL and the Company, SOCL has made a conditional partial cash offer to acquire 54,000,000 Shares not already owned by it and the parties acting in concert with it. Assuming the partial offer made by SOCL becomes unconditional and has been accepted in full by the qualifying shareholders of the Company, the aggregate shareholdings of SOCL and the parties acting in concert with it will increase to 237,633,000 Shares, representing approximately 48.56% of the issued share capital of the Company, upon completion of the partial offer. Full exercise by the Company of the Repurchase Mandate will result in an increase in the aggregate interests of SOCL and the parties acting in concert with it to approximately 53.96% of the issued share capital of the Company, thus giving rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

The Directors have no present intention to exercise the Repurchase Mandate that would result in such takeover obligation.

**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:

<b>Month</b>	<b>Share Prices</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2010</b>		
April	12.34	10.86
May	11.70	8.61
June	9.22	8.20
July	9.68	8.39
August	9.94	8.90
September	9.90	9.00
October	10.38	9.30
November	9.90	8.85
December	9.29	8.76
<b>2011</b>		
January	11.12	9.03
February	11.22	10.14
March	10.78	9.82
April (up to the Latest Practicable Date)	10.80	10.32

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## NOTICE OF ANNUAL GENERAL MEETING

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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)

**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 Thursday, 16 June 2011 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 2010.
2. To declare a final dividend.
3. To elect Directors and fix their remuneration.
4. To re-appoint the Auditor and authorise the Directors to fix its remuneration.
5. 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*

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(b) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted and issued by the Directors of the Company 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

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(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. 5(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. 5(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.”

By Order of the Board  
**Tsang Yuet Kwai, Anita**  
*Company Secretary*

Hong Kong, 28 April 2011

*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 Tuesday, 14 June 2011 to Thursday, 16 June 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend for the year ended 31 December 2010 and 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 Monday, 13 June 2011.