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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)**

**HK\$930,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2009**

**(Stock Code: 2553)**

**ANNOUNCEMENT**

**ISSUE OF SHARES UPON CONVERSION OF  
THE CONVERTIBLE BONDS PURSUANT TO THE NEW GENERAL MANDATE**

Reference is made to the announcements of the Company dated 20 July 2006 and 31 July 2008 relating to the Convertible Bonds (the “Previous Announcements”).

Following the Adjustment and subject to the terms of the Convertible Bonds, the maximum number of Shares to be issued by the Company upon full conversion of the outstanding Convertible Bonds exceeds the remaining number of Shares permissible to be issued under the General Mandate based on which the Convertible Bonds were issued, i.e. 22,111,361 Shares, by 2,878,905 Shares (the “Shortfall Shares”).

Accordingly, the Company will apply for a listing of and the permission to deal in the Shortfall Shares issuable upon the conversion of the Convertible Bonds and pursuant to the New Mandate.

Reference is made to the Previous Announcements.

Up to the date of this announcement, a principal amount of HK\$544.9 million of the Convertible Bonds has been converted into 31,802,239 Shares. Following the Adjustment and subject to the terms of the Convertible Bonds, the maximum number of Shares to be issued by the Company upon full conversion of the outstanding Convertible Bonds in the principal amount of HK\$385.1 million based on the adjusted conversion price of HK\$15.41 will be approximately 24,990,266 Shares

(representing approximately 7.76% of the issued share capital of the Company at the date of this announcement and approximately 7.20% of the enlarged issued share capital of the Company), which exceeds the remaining number of Shares permissible to be issued under the General Mandate based on which the Convertible Bonds were issued, i.e. 22,111,361 Shares, by 2,878,905 Shares. The Shortfall Shares represent approximately 0.89% of the issued share capital of the Company at the date of this announcement and approximately 0.83% of the enlarged issued share capital of the Company.

It was stated in the announcement of the Company dated 20 July 2006 that the maximum number of Shares to be allotted and issued upon full conversion of the Convertible Bonds will be 53,913,600 Shares, being the number of Shares permissible to be issued under the general mandate then available for use at the time the Convertible Bonds were issued (i.e. the General Mandate), and any remaining obligations to issue Shares upon such conversion will be satisfied in cash by exercising the Option.

At the annual general meeting of the Company held on 29 May 2008, a new general mandate was granted to the Directors to issue up to 64,341,047 Shares (i.e. the New Mandate). Such mandate gives the Directors the authority and the discretion to issue new Shares under the New Mandate as and when they deem necessary and appropriate, and which is in the best interest of the Company and its Shareholders as a whole. At the date of this announcement, no new Shares have been issued under the New Mandate.

In consideration of the bearish debt and equity market, as well as the inclement bank lending environment, the Directors believe that it may be in the best interest of the Company and its Shareholders as a whole to conserve cash for the operations and growth and development of the Company rather than utilising it to satisfy the Option. As the New Mandate has been granted by the Shareholders to provide the Company with the ability and flexibility of issuing new Shares as and when it is in the interest of the Company and its Shareholders to do so, and as the Directors consider it to be in the interest of the Company to conserve cash for its operation and growth under the current market condition, the Directors believe that they should designate a part of the New Mandate equivalent to the number of the Shortfall Shares for the satisfaction of new Shares to be issued in excess of 53,913,600 Shares should the Directors deem so as a better alternative to exercising the Option when they receive the conversion requests. As such, the Board has approved the designation of part of the New Mandate for the issue of the Shortfall Shares should that be in the interest of the Company and the Shareholders as a whole when the conversion requests are received.

Accordingly, the Company will apply for a listing of and the permission to deal in the Shortfall Shares issuable upon the conversion of the Convertible Bonds and pursuant to the New Mandate.

## **DEFINITIONS**

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

“Adjustment”	the downward adjustment of the conversion price of the Convertible Bonds from HK\$17.134 to HK\$15.41 with effect from 31 July 2008 in accordance with the terms and conditions of the Convertible Bonds;
“Company”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose securities are listed on the main board of the Stock Exchange;
“Convertible Bonds”	the HK\$930,000,000 zero coupon convertible bonds due 2009 issued by the Company, the details of which are set out in the Previous Announcements;
“Directors”	directors of the Company;
“General Mandate”	the general mandate granted to the Directors to issue Shares at the annual general meeting of the Company held on 19 August 2005;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“New Mandate”	the general mandate granted to the Directors to issue Shares at the annual general meeting of the Company held on 29 May 2008;
“Option”	the cash settlement option afforded to the Company under the terms and conditions of the Convertible Bonds;
“Previous Announcements”	the announcements of the Company dated 20 July 2006 and 31 July 2008;

“Shortfall Shares”	2,878,905 new Shares, being the additional number of Shares to be issued on full conversion of the outstanding Convertible Bonds which exceeds the remaining number of Shares permissible to be issued under the General Mandate;
“Shareholders”	holders of the Shares;
“Shares”	ordinary shares of HK\$1.00 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 28 August 2008

*At the date of this announcement, the executive Directors of the Company are Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence, Mr. Wong Yuet Leung, Frankie, Ms. Lau Jeny and Mrs. Lowe Hoh Wai Wan, Vivien; the non-executive Director of the Company is Professor Michael Enright; and the independent non-executive Directors of the Company are Mr. Anthony Griffiths, Mr. Gerrit de Nys and Ms. Li Hoi Lun, Helen.*

\* *For identification purpose only*