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SHUI ON COMPANY LIMITED

*(Incorporated in the British Virgin Islands
with limited liability)*



瑞安建業有限公司*

SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

JOINT ANNOUNCEMENT

DESPATCH OF COMPOSITE OFFER DOCUMENT IN RELATION TO THE VOLUNTARY CONDITIONAL PARTIAL CASH OFFER AND OPTION OFFER BY MERRILL LYNCH (ASIA PACIFIC) LIMITED ON BEHALF OF SHUI ON COMPANY LIMITED TO ACQUIRE OFFER SHARES FROM QUALIFYING SHAREHOLDERS AND SHARE OPTIONS FROM QUALIFYING OPTIONHOLDERS

Reference is made to the joint announcements issued by the Offeror and the Company dated 28 January 2011, 1 February 2011, 28 February 2011, 29 March 2011 and 21 April 2011 (the “Joint Announcements”) in relation to the Partial Offer and the Option Offer. Capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcements unless otherwise stated.

DESPATCH OF THE COMPOSITE OFFER DOCUMENT

The Composite Offer Document containing, among other things, (i) the terms of the Partial Offer and the Option Offer; (ii) a letter from the Independent Board Committee containing its recommendations to the Qualifying Shareholders and Qualifying Optionholders and the reasons thereto; (iii) a letter of advice from the independent financial advisor to the Independent Board Committee; and (iv) the Form of Approval and Acceptance and Form of Option Offer Acceptance, is despatched to the Qualifying Shareholders and the Qualifying Optionholders on 9 May 2011 in accordance with the Takeovers Code.

The Partial Offer and the Option Offer have commenced on Monday, 9 May 2011 and are expected to close no later than Monday, 13 June 2011 unless the Offeror revises or extends the Partial Offer and the Option Offer. The latest time and date for

acceptance of the Partial Offer and the Option Offer is 4:00 p.m. on Monday, 13 June 2011, unless the Offeror revises or extends the Partial Offer and the Option Offer in accordance with the Takeovers Code.

EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Partial Offer and Option Offer open

for approval and acceptanceMonday, 9 May 2011

Latest time and date for approval and acceptance

of the Partial Offer and the Option Offer

on the First Closing Date4:00 p.m. on Monday, 30 May 2011

First Closing DateMonday, 30 May 2011

Latest time and date for acceptance of the Partial Offer

and the Option Offer assuming that the Partial Offer

and the Option Offer become or are declared

unconditional in all respects on

the First Closing Date4:00 p.m. on Monday, 13 June 2011

Final Closing Date Monday, 13 June 2011

Announcement on the results of the Partial Offer

and the Option Offer as at the Final Closing Date

to be posted on the website of the Stock Exchangeno later than 7:00 p.m.

on Monday, 13 June 2011

Latest date for posting of remittances for amounts

due under the Partial Offer and the Option

Offer in respect of valid acceptances received

on or before 4:00 p.m. on Monday, 13 June 2011

and taken up by the Offeror Thursday, 23 June 2011

All references to times and dates in this announcement refer to Hong Kong times and dates.

FURTHER INFORMATION RELATING TO THE SHAREHOLDING STRUCTURE OF THE COMPANY

The Offeror recently became aware that Mrs. Chan Lo Hung Suen, Annie and Ms. Lo Wai Duen, Gwen, who are sisters of Mr. Lo Hong Sui, Vincent, have interests in the Shares and they are presumed to be acting in concert with the Offeror under the Takeovers Code. Pursuant to the exercise of certain Share Options as announced by the Company on 28 April 2011 and 3 May 2011, there were changes to the number of Shares held by the Qualifying Shareholders and the number of Shares underlying the Share Options held by the Qualifying Optionholders.

According to Mrs. Chan Lo Hung Suen, Annie, the 274,300 Shares that she is interested in were acquired in 2009. There had been no dealings in Shares by Mrs. Chan from late 2009 until 6 May 2011 (the “Latest Practicable Date”). Ms. Lo Wai Duen, Gwen does not recall when the 12,000 Shares she is interested in were acquired. There had been no dealings by Ms. Lo in last year until the Latest Practicable Date. Such shareholdings were informed to the Offeror recently. Disclosure, as such, has not been made in the previous announcements in relation to the Partial Offer and the Option Offer. The information had not previously been confirmed to the Offeror due to miscommunication during the flow of information between the Offeror and its concert parties previously.

Accordingly, the Offeror, together with its concert parties, is interested in 37.59% of the issued Shares of the Company as at the Latest Practicable Date.

FURTHER INFORMATION RELATING TO THE OPTION OFFER

Further to the joint announcements issued on 28 January 2011 and 1 February 2011 in which a general mechanism and basis for the Option Offer has been stated, the Offeror sets out below the detailed mechanism of the Option Offer. Qualifying Optionholders may accept the Option Offer in respect of some or all of the Share Options held by them. The Share Options will be categorised in different categories (each an “Option Class”) by virtue of the date of grant of the Share Options. The maximum number of Shares underlying the Share Options to be taken up by the Offeror in each Option Class (“Maximum Grant Acceptance”) (“X”) will be determined in accordance with the following formula:

$$X = \frac{D}{E} \times F$$

D: Total number of Shares underlying the Share Options held by all the Qualifying Optionholders under the Option Class

E: Total number of Shares underlying the Share Options held by all the Qualifying Optionholders

F: 4,317,121, being the maximum number of Shares underlying the Share Options to be taken up for cancellation by the Offeror under the Option Offer

Set out below is a table on the outstanding Share Options as at the Latest Practicable Date and the Maximum Grant Acceptance applicable to each Option Class:

Option Class (categorised by the date of grant of the Share Options)	Exercise price per Share (HK\$)	Number of new Shares issuable upon exercise of Share Options by all Optionholders	Number of new Shares issuable upon exercise of Share Options by all Qualifying Optionholders	Maximum Grant Acceptance	Offer price per Share underlying the Share Options (HK\$)
01/08/06	14.00	3,128,000	1,128,000	199,464	0.01
14/06/07	20.96	3,254,000	2,504,000	442,782	0.01
07/05/08	19.76	6,490,000	2,740,000	484,513	0.01
09/04/09	7.63	6,682,000	2,682,000	474,257	4.37
05/06/09	11.90	6,990,000	6,990,000	1,236,040	0.10
12/04/10	12.22	10,970,000	8,370,000	1,480,065	0.01
Total		37,514,000	24,414,000	4,317,121	

Further details of the outstanding Share Options, including the exercise periods of the Share Options are set out in “Appendix IV — General Information” in the Composite Offer Document. In respect of each Option Class, if valid acceptances are received for no more than the Maximum Grant Acceptance applicable to that Option Class, all Share Options tendered in respect of that Option Class will be taken up by the Offeror and cancelled on the Final Closing Date. In respect of each Option Class, if valid acceptances are received for more than the relevant Maximum Grant Acceptance, the total number of Shares underlying the Share Options tendered by the relevant individual Qualifying Optionholder to be taken up by the Offeror and cancelled on the Final Closing Date in respect of the relevant Option Class (“V”) will be determined in accordance with the following formula:

$$V = \frac{X}{Y} \times Z$$

X: Maximum Grant Acceptance for the relevant Option Class

Y: Total number of Shares underlying the Share Options of the relevant Option Class tendered by all Qualifying Optionholders

Z: Number of Shares underlying the Share Options of the relevant Option Class tendered by the relevant individual Qualifying Optionholder

Where the Offeror is only taking up part but not all of the Share Options tendered by a Qualifying Optionholder under any Option Class, and the Share Options within the relevant Option Class have different exercise periods, the Share Options to be taken up by the Offeror and cancelled on the Final Closing Date in respect of the Share Options with different exercise periods within the relevant Option Class will be determined on a pro-rata basis in accordance with the following formula:

$$\frac{T}{U} \times V$$

- T: Total number of Shares underlying the Share Options held by the relevant individual Qualifying Optionholder under the respective exercise period within the relevant Option Class
- U: Total number of Shares underlying the Share Options held by the relevant individual Qualifying Optionholder within the relevant Option Class
- V: Total number of Shares underlying the Share Options tendered by the relevant individual Qualifying Optionholder to be taken up by the Offeror and cancelled on the Final Closing Date under the relevant Option Class

Qualifying Optionholders will have the right to elect how many Shares underlying the Share Options under each Option Class to tender for acceptance under the Option Offer. In the Form of Option Offer Acceptance, Qualifying Optionholders will be requested to indicate the date of grant of the Share Option(s) and the number of Shares underlying the Share Options they wish to tender under that Option Class. If a Qualifying Optionholder accepts the Option Offer in respect of a particular Option Class, the Qualifying Optionholder will be deemed to have tendered such Share Options proportional to the Share Options he/she holds for each exercise period within that Option Class.

If a Qualifying Optionholder wants to tender any or all of their Share Options under any given Option Class, he/she must enclose all the corresponding certificates for the Share Options for all exercise periods under that Option Class as the Offeror will apply a pro-rata mechanism across the Share Options for all exercise periods on a pro-rata basis granted under that Option Class. In other words, Qualifying Optionholders cannot choose which exercise periods of Share Options under the same Option Class to tender. Failure to attach all the corresponding certificates for the Share Options under the same Option Class so tendered would render the acceptance of the Option Offer null and void.

Qualifying Shareholders and Qualifying Optionholders are advised to read the Composite Offer Document carefully, including the recommendations of the Independent Board Committee to the Qualifying Shareholders and Qualifying Optionholders and the advice from the independent financial advisor to the Independent Board Committee in respect of the Partial Offer and the Option Offer, before deciding whether or not to approve and accept the Partial Offer and/or the Option Offer.

By order of the board of directors
SHUI ON COMPANY LIMITED
LO HONG SUI, VINCENT
Director

By order of the Board
**SHUI ON CONSTRUCTION
AND MATERIALS LIMITED**
WONG KUN TO, PHILIP
Managing Director and Chief Executive Officer

Hong Kong, 9 May 2011

As at the date of this announcement, the board of directors of the Offeror comprises three executive directors, namely, Mr. Lo Hong Sui, Vincent, Mr. Wong Yuet Leung, Frankie and Mr. Choi Yuk Keung, Lawrence.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Company, its associates and parties acting in concert with the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company, its associates and parties acting in concert with the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence, Mr. Wong Yuet Leung, Frankie, Mr. Wong Kun To, Philip and Mr. Wong Fook Lam, Raymond; and five independent non-executive Directors, namely, Mr. Gerrit Jan de Nys, Ms. Li Hoi Lun, Helen, Mr. David Gordon Eldon, Mr. Chan Kay Cheung and Mr. Tsang Kwok Tai, Moses.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Offeror, its associates and parties acting in concert with the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror, its associates and parties acting in concert with the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will be published and remains on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the day of its publication and will be published and remains on the website of the Company at www.socam.com.

** For identification purpose only*