

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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shui On Land Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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Shui On Land Limited

瑞安房地產有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 272)

PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME

A notice convening an extraordinary general meeting of Shui On Land Limited to be held at the Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 8 June 2007 at 3:30 p.m. or so soon thereafter the annual general meeting of the Company convened to be held on the same date and place at 3:00 p.m. shall have closed is set out on pages 17 and 18 of this circular. A proxy form for use at the extraordinary general meeting is also enclosed. Such proxy form is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

Whether or not you are able to attend the extraordinary general meeting, please complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company Secretary at the Company's place of business in Hong Kong at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting should you so wish.

* for identification purposes only

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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, statements of fact expressed herein are true, accurate and not misleading, statements of opinion expressed herein have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

DEFINITIONS

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

“Adoption Date”	8 June 2007, the date on which the Share Option Scheme will be conditionally adopted by the Company in general meeting
“associate”	has the meaning set out in the Listing Rules
“Board”	the board of Directors or a duly authorised committee thereof
“Chairman”	the chairman of the Board from time to time, and as at the date of this circular, Mr. Vincent H. S. Lo
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning set out in the Listing Rules
“Director(s)”	the director(s) of the Company
“Employee”	any person employed by the Company or a majority owned subsidiary of the Company who has satisfied the probation under the terms of his employment
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at the Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 8 June 2007 at 3:30 p.m. or so soon thereafter the annual general meeting of the Company convened to be held on the same date and place at 3:00 p.m. shall have closed or any adjournment thereof, notice of such extraordinary general meeting is set out on pages 17 and 18 of this circular
“Grantee”	any Qualifying Participant who accepts an offer of the grant of Option in accordance with the terms of the Share Option Scheme or (where the context so requires) the legal personal representatives of such Qualifying Participant
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	18 May 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Option”	an option to subscribe for Shares granted pursuant to the Share Option Scheme
“Qualifying Participant”	any (i) Employee or (ii) non-executive Director, consultant, advisor of the Company or its subsidiaries, or service providers and business partners who have contributed or may contribute to the Group as the Chairman may recommend
“Share Option Scheme”	the share option scheme proposed to be adopted at the Extraordinary General Meeting, the principal terms of which are set out in the Appendix
“Share(s)”	ordinary share(s) of US\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed thereto in the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.



Shui On Land Limited

瑞安房地產有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 272)

Executive Directors:

Mr. Vincent H. S. Lo

(Chairman and Chief Executive Officer)

Mr. William T. Addison

Non-Executive Director:

The Honourable Chun Ying Leung

Independent Non-Executive Directors:

Sir John R. H. Bond

Dr. Edgar W. K. Cheng

Dr. William K. L. Fung

Professor Gary C. Biddle

Dr. Roger L. McCarthy

Mr. David J. Shaw

Registered Office:

Walker House

87 Mary Street

George Town

Grand Cayman

KY1-9001

Cayman Islands

Place of Business in Hong Kong:

34/F, Shui On Centre

6-8 Harbour Road

Wan Chai

Hong Kong

23 May 2007

To the Shareholders

Dear Sir or Madam,

PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME

The Directors propose to adopt the Share Option Scheme which will be put to Shareholders for approval at the Extraordinary General Meeting to be held on 8 June 2007.

The adoption of the Share Option Scheme on 8 June 2007 is subject to:

(a) the approval of the Shareholders at the Extraordinary General Meeting; and

* *for identification purposes only*

LETTER FROM THE BOARD

- (b) the Stock Exchange granting approval of the listing of and permission to deal in the Shares to be issued under the Share Option Scheme.

Application will be made to the Stock Exchange for the grant of listing of and permission to deal in the Shares to be issued under the Share Option Scheme representing up to 10% of the issued share capital of the Company as at the date of the Extraordinary General Meeting.

The Directors believe that attracting and motivating high quality personnel is a key to the success and growth of the Company. The Directors believe that the Share Option Scheme will provide Qualifying Participants with the opportunity of participating in the growth of the Company by acquiring shares in the Company and may, in turn, assist in building the Group into a high performing organisation with loyal staff and contributors. The purpose of the Share Option Scheme is to provide Qualifying Participants with the strategic driver to enhance shareholder value and to contribute further to the Company. The Board believes that the authority given to the Board and the Chairman under the Share Option Scheme to fix a minimum holding period and performance targets as conditions in the Options granted and the requirement for a minimum subscription price as well as the authority to select the appropriate Qualifying Participants as prescribed by the rules of the Share Option Scheme will serve to protect the value of the Company as well as to achieve these purposes of retaining and motivating Qualifying Participants to contribute to the Company.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the subscription price, exercise period and performance targets set under the Share Option Scheme and other relevant variables which the Directors may adjust from time to time. The Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

A summary of the principal terms of the Share Option Scheme is set out in the appendix to this circular. This serves as a summary of the terms of the Share Option Scheme but does not constitute the full terms of the same. The full terms of the Share Option Scheme can be inspected at the Company's place of business at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong from the date of this circular up to and including the date of the Extraordinary General Meeting and at the Extraordinary General Meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at the Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 8 June 2007 at 3:30 p.m. or soon thereafter the annual general meeting of the Company convened to be held on the same date and place at 3:00 p.m. shall have closed is set out on pages 17 and 18 of this circular. At the Extraordinary General Meeting, an ordinary resolution will be proposed to approve the Share Option Scheme and authorise the Directors to grant options thereunder and to allot and issue Shares pursuant to the Share Option Scheme.

LETTER FROM THE BOARD

A proxy form for use at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company Secretary at the Company's place of business in Hong Kong at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, 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. Completion and return of the proxy form will not prevent Shareholders from attending and voting at the Extraordinary General Meeting if they so wish.

In accordance with the requirements of the Listing Rules, the Company will publish in the newspapers an announcement on the outcome of the Extraordinary General Meeting in respect of the resolution relating to the adoption of the Share Option Scheme on the business day following the date of the Extraordinary General Meeting.

POLL PROCEDURE

The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company pursuant to the Articles of Association of the Company.

According to Article 77 of the Articles of Association of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. or more of the total voting rights at such meeting.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the proposal for the adoption of the Share Option Scheme is in the best interests of the Company and the Shareholders. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution relating to the adoption of the Share Option Scheme to be proposed at the Extraordinary General Meeting.

Yours faithfully,
By Order of the Board
Shui On Land Limited
Vincent H. S. Lo
Chairman

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the Extraordinary General Meeting:

(a) Purpose

The purpose of the Share Option Scheme is to provide a strategic driver to enhance shareholder value of the Company through achieving excellent business results and rapid growth; and to build a high performing organisation with loyal staff and other key contributors who are committed to achieving the vision and goals of the Company.

(b) Who may join

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an Option to all Employees including Employees who have been newly promoted or recruited by the Company and/or its subsidiaries, non-executive Director, consultant, advisor of the Company or its subsidiaries, or service providers and business partners who have contributed or may contribute to the Group as the Chairman may recommend.

Note: The Chairman and the Board will select Qualifying Participants based on and with a view to give effect to the purpose of the Share Option Scheme.

(c) Administration

The Share Option Scheme shall be subject to the administration of the Board. The Board's administrative powers include the authority, in its discretion:-

- (i) to select Qualifying Participants, including Qualifying Participants as recommended by the Chairman, to whom Options may be granted hereunder;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of Options;
- (iii) to determine the number of Shares to be covered by each Option granted under the Share Option Scheme or otherwise to fix such number as recommended by the Chairman for Options recommended by him/her;
- (iv) to approve forms of option agreements;
- (v) to determine the terms and conditions, not inconsistent with the terms of the Share Option Scheme and provided that such terms and conditions do not relax any limits imposed by the Listing Rules, of any Option based in each case on such factors as the Board shall determine

to be stated in the letter controlling the offer of the grant of the Option or otherwise to fix such terms to be stated in such letter as recommended by the Chairman for Options recommended by him/her. Such terms and conditions may include:

- conditions, restrictions or limitations relating to the achievement of operating or financial targets;
- satisfactory performance by the Grantee;
- the time or period when the right to exercise the Option in respect of all or some of the Shares will vest; and/or
- that the Shares to be allotted and issued upon exercise of the Option may only be sold after the Company has been given 24 hours' previous written notice;

(vi) to construe and interpret the terms of the Share Option Scheme and Options granted pursuant to the Share Option Scheme;

(vii) to prescribe, amend and rescind rules and regulations relating to the Share Option Scheme, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws and for benefits intended solely for any particular type of Qualifying Participant; and

(viii) subject to paragraph (t), to vary the terms and conditions of any option agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the Share Option Scheme).

(d) Grant of Option

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within ten (10) years commencing on the Adoption Date to make an offer for the grant of an Option to:

- any Employee for such number of Shares as the Board may from time to time determine, and initially as at the Adoption Date, according to a formula based on the grading and the years of service of each Employee as set out in the Share Option Scheme;
- where recommended by the Chairman, any Employees who have been newly promoted or recruited by the Company and/or its subsidiaries for such number of Shares as recommended by the Chairman the normal intent being that would be commensurable to but not necessarily identical to the Options that would have been granted to an Employee of the same grading and of the same years of seniority in the Group;

- where recommended by the Chairman, non-executive Director, consultant, advisor of the Group, or service providers and business partners who have contributed or may contribute to the Group for such number and on such terms and option period as recommended by the Chairman.

An offer of the grant of an Option shall be made to a Qualifying Participant by a letter in such form as the Board may from time to time determine, specifying the number of Shares, the subscription price and the option period in respect of which the offer is made and further requiring the Qualifying Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. An offer may only be made on a business day. Unless otherwise stated in the option agreement, an Option shall vest and become exercisable during such time when the condition(s) precedent (if applicable) to its vesting has been met. An Option to Employee shall vest in such manner as the Board may from time to time determine, and initially as at the Adoption Date:

- (i) Subject to paragraph (d)(ii) below, where applicable, in seven (7) equal tranches, the first tranche of which shall vest on the second anniversary from the date of grant of the relevant Option being a business day and thereafter one tranche of the Option shall vest on each subsequent anniversary date being a business date.
- (ii) The vesting of each tranche of Option is subject to the following conditions:
 - (1) the Grantee remaining as an Employee on the day of vesting;
 - (2) the Grantee achieving certain performance standard in his most recent performance appraisal;
 - (3) the performance appraisal of an Employee in “general manager”, “director” and “managing director” grading is further subject to an audit by an independent appraisal panel comprising reputable independent third party members appointed by the Board for this purpose.

An Option to a Qualifying Participant recommended by the Chairman shall vest in such manner as recommended by the Chairman.

The Board may make an offer of Options under the Share Option Scheme from time to time as it may in its absolute discretion determine provided that (i) the first grant shall be after the Share Option Scheme has been approved by the Shareholders; and (ii) an offer of the grant of an Option may not be made after a price sensitive event or a price sensitive matter has been the subject of a decision, until such price sensitive information has been publicly disseminated in accordance with the Listing Rules. In particular, but only insofar as and for so long as the Listing Rules require, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange) for the approval of the Company’s interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement.

(e) **Payment on acceptance of Option offer**

An offer shall remain open for acceptance by the Qualifying Participant concerned for a period of 30 days from the date of the offer (or such longer period as the Board may specify in writing). HK\$1.00 is payable by the Grantee to the Company on acceptance of the offer of the Option. If such remittance is not made upon acceptance, acceptance of an offer shall create a promise by the relevant Grantee to pay to the Company HK\$1.00 on demand.

(f) **Subscription price**

The subscription price in respect of any particular Option shall be the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

(g) **Option period**

Unless otherwise vested under the provisions in paragraphs (j), (l) and (m) below, the period within which the Shares must be taken up under an Option for an Employee shall be for such period as the Board may from time to time determine, and initially as at the Adoption Date, shall be a period ranging from five (5) years for the first to the third tranche to one (1) year for the seventh tranche of the Option unless otherwise adjusted by the Board in its absolute discretion in certain circumstances set out in the Share Option Scheme. In the case of an Option granted to a Qualifying Participant recommended by the Chairman, the option period shall be for such period as the Board may from time to time determine in accordance with the recommendations of the Chairman, which initially as at the Adoption Date, shall not be more than five (5) years from the date of the relevant grant. In all cases, the option period shall not exceed ten (10) years from the date of grant of the relevant Option.

(h) **Rights are personal to Grantee**

An Option shall be personal to the Grantee and shall not be assignable or transferable.

(i) **Rights attaching to Shares allotted**

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(j) Rights on retirement, death or total permanent physical or mental disability or termination for misconduct or cause of an Employee

In the event of (i) the death of a Qualifying Participant; or (ii) the Grantee (being an Employee) ceasing to be an Employee by reason of his (1) retirement under normal retirement conditions then prevailing under any retirement policy of the Company or the relevant subsidiary; or (2) total permanent physical or mental disablement; his Option will immediately lapse except that the Board may, if recommended by the Chairman, approve the immediate vesting of all or part of the outstanding Option not already vested in the manner described in paragraph (d) above and the Grantee (or his legal personal representatives, as the case may be) shall be entitled to exercise the Option (to the extent so vested under this paragraph) during such period as the Board may approve as recommended by the Chairman which in any event shall not be more than six (6) months after the event above occurs. If the Option is not exercised within the time specified, the Option shall lapse.

If a Grantee being an Employee ceases to be an Employee for misconduct or for cause, the Option shall immediately lapse.

(k) Termination other than for retirement, death, permanent disability or misconduct or cause of an Employee

In the event of the Grantee being an Employee ceasing to be an Employee for any reason other than his (i) death, retirement or disablement; or (ii) as a result of termination for reasons of misconduct or cause of an Employee, the Grantee shall be entitled to exercise the Option for three (3) months after the date of cessation of employment (or such other period as recommended by the Chairman), following which the Option shall lapse.

If the Option is not exercised within the time specified, the Option shall lapse.

(l) Termination due to separate listing or sale

If the Board considers that a Grantee has ceased to be an Employee due to the sale, or separate listing, of the company he is serving, or if the Company is merged, reorganised or consolidated with another entity (and paragraph (l)(iv) below does not apply), the Board may at its sole discretion (i) arrange for substitute options or share purchase rights of no less than equivalent fair value, in the purchasing, surviving or newly-listed company; (ii) provide cash compensation equivalent to their fair value; (iii) waive any conditions as to vesting; or (iv) permit the continuation of the Option according to its original terms.

If the Board does not make any of the arrangements specified in paragraphs (l)(i) to (iv) above, the Option shall lapse.

(m) Rights on general offer

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (or, in the case of a scheme of arrangement, or other similar transaction, becomes or is declared effective), the Option will immediately vest and the Grantee shall be entitled to exercise the Option at any time within one month (or for such longer time as the Board may determine as may be necessary to permit the Grantee to participate in the offer on a similar basis with the holders of Shares) after the date on which the offer becomes or is declared unconditional or such longer period as the Board may determine following which the Option shall lapse.

(n) Rights on compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with any other company or companies, the Company shall give notice to the Grantee on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee may until the expiry of the period commencing with such date and ending with the earlier of the date two (2) calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his Options (to the extent already vested but not exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme. The Company may require the Grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

If the Option is not exercised within the time specified, the Option shall lapse.

(o) Rights on voluntary winding-up of the Company

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause) and thereupon, each Grantee shall be entitled to exercise all or any of his Options (to the extent vested but not already exercised) at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

If the Option is not exercised within the time specified, the Option shall lapse.

(p) **Lapse of Option**

Subject to the discretion of the Board and of the Chairman, as the case may be, to approve an early vesting of or otherwise to extend the option period up to a maximum of ten (10) years as referred to in paragraphs (c), (j), (k), (l), (m) and (t), and without prejudice to the authority of the Board to provide for additional situations where an Option (or such part thereof) shall lapse in any option agreement, an Option shall lapse and not be exercisable (to the extent not already exercised) on the earliest of (i) the expiry of the option period; (ii) the condition(s) precedent to the vesting of any part of the Options were not met by the period specified for its satisfaction under the Share Option Scheme; (iii) the expiry of any of the periods referred to in paragraphs (j), (k), (l), (m), (n) and (o); and (iv) the date on which the Board certifies that the Option is cancelled under paragraph (h) or (q).

(q) **Cancellation of Option**

Options granted but not exercised or lapsed in accordance with the terms of the Share Option Scheme may be cancelled by the Company. Where the Company cancels Options and offers to issue new ones to the same Grantee, the issue of such new Options may only be made under the Share Option Scheme with available unissued Options (excluding the cancelled Options) within the limits set out in paragraph (r) below.

(r) **Maximum number of Shares available under the Share Option Scheme**

(i) ***Overriding Limit***

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30 per cent. of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded.

(ii) ***Mandate Limit***

In addition to the limit set out in paragraph (r)(i) and prior to the approval of a Refreshed Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed ten (10) per cent. of the Shares in issue as at the Adoption Date being 418,509,717 Shares (the “**Initial Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the ten (10) per cent. limit.

Note: Based on 4,185,097,171 total issued Shares as at the Latest Practicable Date and assuming there is no change in the issued share capital of the Company prior to the date of adoption of the Share Option Scheme, the Initial Mandate Limit will be 418,509,717 Shares.

(iii) *Refreshing of Mandate Limit*

The Company may by ordinary resolution of the Shareholders refresh the Initial Mandate Limit or the Refreshed Mandate Limit (as the case may be) (the “**Mandate Limit**”). However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed (the “**Refreshed Mandate Limit**”) must not exceed ten (10) per cent. of the Shares in issue as at the date of approval of the limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(iv) *Grant to specifically identified Qualifying Participant*

Specifically identified Qualifying Participant may be granted Options beyond the Mandate Limit. The Company may in addition seek separate approval by its Shareholders in general meeting for granting Options beyond the Mandate Limit provided the Options in excess of the limit are granted only to Qualifying Participant specifically identified by the Company before such approval is sought. The date of board resolution for proposing such further grant should be taken as the date of such grants.

(v) *Limit for each Qualifying Participant*

The total number of Shares issued and to be issued upon exercise of Options (whether exercised or outstanding) granted in any 12-month period to any Qualifying Participant must not exceed one (1) per cent. of the Shares in issue. Where any further grant of Options to a Qualifying Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over one (1) per cent. of the Shares in issue, such further grant shall be subject to separate approval by the Shareholders of the Company in general meeting with the relevant Qualifying Participant and his associates abstaining from voting. The date of board resolution for proposing such further grant should be taken as the date of such grants.

(vi) *Grant to substantial shareholder and independent non-executive director*

Insofar and for so long as the Listing Rules so require, no Option may be granted to any substantial shareholder or an independent non-executive director of the Company, or any of their respective associates or any person whose associate is a substantial shareholder or an independent non-executive director of the Company, which would result in the Shares issued and to be issued upon exercise of all Options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other scheme(s) of the Company in the 12-month period up to and including the date of board resolution for proposing such further grant:

- (1) representing in aggregate over 0.1 per cent. of the issued share capital of the Company; and

- (2) having an aggregate value, based on the closing price of the Shares at the date of the board resolution for proposing such further grant, in excess of HK\$5 million

unless such further grant is approved by the Shareholders in general meeting. At such general meeting, the grant of Options to the substantial shareholder or independent non-executive director of the Company, or any of their respective associates or any person whose associate is a substantial shareholder or an independent non-executive director of the Company shall, for so long and insofar as the Listing Rules so require, be approved by the Shareholders by way of poll with all connected persons of the Company abstaining from voting, except that any connected person may vote against such resolution provided that he has informed the Company of his intention to do so and such intention has been stated in the relevant circular to Shareholders.

The date of board resolution for proposing such further grant should be taken as the date of grant for such grants.

In addition, for so long and insofar as the Listing Rules so require any variation in the terms of Option granted to a Grantee who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, must be approved by the Shareholders in general meeting with all connected persons of the Company interested in the relevant Option abstaining from voting.

(vii) *Adjustment to maximum number*

The maximum number of Shares referred to in this paragraph (r) will be adjusted, in such manner as the auditors for the time being of the Company shall certify to be appropriate in accordance with paragraph (s), in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation, subdivision or reduction of the share capital of the Company or otherwise howsoever.

(s) **Effects of reorganisation of capital structure**

In the event of any alteration in the capital structure of the Company whilst any Option may remain exercisable, whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation, subdivision, reduction or similar reorganisation of the share capital of the Company, such corresponding alterations (if any) shall be made to (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or (ii) the subscription price; and/or (iii) the method of exercise of the Option; and/or (iv) the maximum number of Shares referred to in paragraph (r), as the auditors for the time being of the Company shall certify in writing to the Board either generally or as regards any particular Grantee to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) it was before such event; (ii) no such alterations shall

be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the Options held by him.

For the avoidance of doubt, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

(t) Alteration to the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that certain definitions and the provisions of the Share Option Scheme relating to paragraphs (d) to (u), which shall not be altered to the advantage of Grantees or proposed Grantees except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, and any change to the terms of the Options granted, shall be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

Any change to the authority of the Board to alter the terms of the Share Option Scheme shall be approved by the Shareholders.

(u) Termination of Share Option Scheme

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered after the Share Option Scheme is terminated but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All Options granted prior to such termination and not then exercised shall remain valid.

(v) Offers made to a director, chief executive or a substantial shareholder of the Company or any of their respective associates

Subject to paragraphs (r)(iv), (r)(v) and (r)(vi), but only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a Qualifying Participant who is a director, chief executive or substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is or whose associate is the Qualifying Participant to whom the Option is proposed to be granted or is himself an associate of the Qualifying Participant).



Shui On Land Limited

瑞安房地產有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 272)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**”) of Shui On Land Limited (the “**Company**”) will be held at the Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 8 June 2007 at 3:30 p.m. or so soon thereafter the annual general meeting of the Company convened to be held on the same date and place at 3:00 p.m. shall have closed for the purpose of considering, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:-

ORDINARY RESOLUTION

“**THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular despatched to the shareholders on the same day as this Notice, the terms of which are set out in the printed document marked “A” now produced to the Meeting and for the purpose of identification signed by the Chairman hereof (the “**Share Option Scheme**”), the Share Option Scheme be approved and adopted to be the share option scheme for the Company and that the directors of the Company be authorised to grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”

By Order of the Board
Shui On Land Limited
Vincent H. S. Lo
Chairman

Hong Kong, 23 May 2007

* *for identification purposes only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any Shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf.
2. To be valid, a proxy form and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority must be lodged with the Company Secretary at the Company's place of business in Hong Kong at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting.

As at the date of this notice, the executive directors of the Company are Mr. Vincent H. S. Lo and Mr. William T. Addison; the non-executive director of the Company is The Honourable Chun Ying Leung; and the independent non-executive directors of the Company are Sir John R. H. Bond, Dr. Edgar W. K. Cheng, Dr. William K. L. Fung, Professor Gary C. Biddle, Dr. Roger L. McCarthy and Mr. David J. Shaw.