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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)



瑞安建業有限公司*
SHUI ON CONSTRUCTION AND MATERIALS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 983)

CONNECTED TRANSACTION

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**FURTHER INJECTION INTO THE JOINT VENTURE FOR THE
DEVELOPMENT OF DALIAN SOFTWARE PARK PHASE II**

References are made to the joint announcement of SOL and SOCAM dated 25 May 2007 (the “**Previous Joint Announcement**”) in respect of the connected and discloseable transaction involving the formation of the joint venture constituting the Dalian Group for the development of the Dalian Project.

The board of directors of each of SOL and SOCAM announces that on 15 January 2008, Innovate Zone (a wholly-owned subsidiary of SOL), Main Zone (a wholly-owned subsidiary of SOCAM) and the Yida Group have agreed to inject further cash by way of capital injection and shareholders’ loans into the Dalian Group in the aggregate amount equivalent to approximately RMB910 million (approximately HK\$978 million) for the development of the Dalian Project (“**Further Injection**”).

The Further Injection will be contributed by Innovate Zone, Main Zone and the Yida Group through the Dalian Offshore JV and by the Yida Group directly into the PRC JV Companies in proportion to their respective attributable interests in the Dalian Group, i.e. effectively 48% by Innovate Zone, 22% by Main Zone and 30% by the Yida Group, and accordingly their respective interests in the Dalian Group will remain unchanged after the Further Injection.

In aggregate and following completion of the Further Injection, the formation of the joint venture constituting the Dalian Group as announced in the Previous Joint Announcement and approved by both the Independent SOL Shareholders and the Independent SOCAM Shareholders separately on 20 June 2007 will remain as a discloseable and connected transaction for both SOL and SOCAM under Chapters 14 and 14A of the Listing Rules.

The Further Injection on its own constitutes a connected transaction for each of SOL and SOCAM. As each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules is less than 2.5% for both SOL and SOCAM, the Further Injection on its own is subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirements.

Background

References are made to the Previous Joint Announcement in respect of the connected and discloseable transaction involving the formation of the joint venture constituting the Dalian Group for the development of the Dalian Project. The Dalian Group comprises (1) the Dalian Offshore JV, a company held as to 61.54%, 28.20% and 10.26% of its issued share capital by Innovate Zone (a wholly-owned subsidiary of SOL), Main Zone (a wholly-owned subsidiary of SOCAM) and the Yida Group respectively, (2) the PRC JV Companies, companies held as to 78% and 22% of their equity interest by the Dalian Offshore JV and the Yida Group respectively, and (3) the PRC Project Companies, wholly-owned subsidiaries of the PRC JV Companies.

As stated in the Previous Joint Announcement, the Dalian Group has secured the acquisition of two plots out of the 23 plots of land constituting the Land and it is the intention of SOL and SOCAM that the Dalian Group will acquire all 23 plots of land forming the Land for the development of the Dalian Project.

Further Injection into the PRC Project Companies

The board of directors of each of SOL and SOCAM announces that on 15 January 2008, Innovate Zone, Main Zone and the Yida Group have agreed to inject further cash by way of capital injection and shareholders' loans into the Dalian Group in the aggregate amount equivalent to approximately RMB910 million (approximately HK\$978 million) for acquiring further plots of land forming part of the Land for the development of the Dalian Project.

The Further Injection will be contributed by (i) Innovate Zone through the Dalian Offshore JV by way of shareholder's loan (the equivalent of approximately RMB437 million (approximately HK\$470 million)), (ii) Main Zone through the Dalian Offshore JV by way of shareholder's loan (the equivalent of approximately RMB200 million (approximately HK\$215 million)), and (iii) the Yida Group through the Dalian Offshore JV by way of shareholder's loan (the equivalent of approximately RMB73 million (approximately HK\$78 million)) and to the PRC JV Companies by way of capital injection (approximately RMB200 million (approximately HK\$215 million)), in proportion to their respective attributable interests in the Dalian Group, i.e. effectively 48% by Innovate Zone, 22% by Main Zone and 30% by the Yida Group. Dalian Offshore JV will then contribute the cash received from its shareholders to the PRC JV Companies by way of capital injection in proportion to its interest of 78% in the PRC JV Companies. Accordingly, after the Further Injection, the respective interests of SOL, SOCAM and the Yida Group in the Dalian Group will remain unchanged. These shareholders' loans will be unsecured, repayable on demand, and will bear interest at the rate of 5% per annum.

The cash contributions from Innovate Zone and Main Zone for the Further Injection will be financed by SOL and SOCAM respectively from their respective internal resources and banking facilities.

Reasons for the Further Injection

As stated in the Previous Joint Announcement, the Dalian Group has secured the acquisition of two plots out of the 23 plots of land constituting the Land for the development of the Dalian Project and it is the intention of each of SOL and SOCAM that the Dalian Group will acquire the remaining 21 plots of land by way of competitive bidding at public auctions.

The increase in property and land prices coupled with the series of policy measures implemented by the government of the PRC to slow down the pace of the growth of the property development sector in the PRC have had their impact on property developers operating in the PRC. Based on the re-assessment of the Dalian Project and the latest policies imposed by the government of the PRC on the property developers, such as more capital funding ratio in the earlier stage of a property project, SOL, SOCAM and the Yida Group have jointly agreed to make the Further Injection to strengthen the capital base of the PRC Project Companies at this time. The Further Injection will reduce the borrowings for the Dalian Project in its initial stage of development.

The directors of SOL (including the independent non-executive directors) consider that the terms of the Further Injection are fair and reasonable and on normal commercial terms, and are necessary under the new policy measures implemented by the government of the PRC, and the Further Injection is in the best interests of SOL and the SOL Shareholders as a whole.

The directors of SOCAM (including the independent non-executive directors) consider that the terms of the Further Injection are fair and reasonable and on normal commercial terms, and are necessary under the new policy measures implemented by the government of the PRC, and the Further Injection is in the best interests of SOCAM and the SOCAM Shareholders as a whole.

Implications of the Listing Rules

Mr. Lo is the chairman of SOL in which he has an interest in 53.9% of its issued share capital. He is also the chairman of SOCAM and has an interest in 56.6% of the issued share capital of SOCAM. Therefore, SOCAM and Main Zone are associates of Mr. Lo and connected persons of SOL. Many Gain holds 10.26% in the issued share capital of the Dalian Offshore JV and the Yida Group holds 22% equity interest in the PRC JV Companies. As the Dalian Offshore JV is a subsidiary of SOL for the purposes of the Listing Rules, Many Gain and the Yida Group are also connected persons of SOL by virtue of their being substantial shareholders of the Dalian Offshore JV. In view of Mr. Lo's interest in SOL and SOCAM as set out above, SOL and Innovate Zone are associates of Mr. Lo and connected persons of SOCAM.

In aggregate and following completion of the Further Injection, the formation of the joint venture constituting the Dalian Group as announced in the Previous Joint Announcement and approved by both the Independent SOL Shareholders and the Independent SOCAM Shareholders separately on 20 June 2007 will remain as a discloseable and connected transaction for both SOL and SOCAM under Chapters 14 and 14A of the Listing Rules.

The Further Injection on its own constitutes a connected transaction for each of SOL and SOCAM. As each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules is less than 2.5% for both SOL and SOCAM, the Further Injection on its own is subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirements.

General Information

SOL through its subsidiaries and associates is one of the leading property developers in the PRC. The SOL Group engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

The SOCAM Group is principally engaged in cement production, construction, investment in property development and venture capital investment in Hong Kong and the PRC.

The Yida Group is a conglomerate with interests in property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services, and professional training and education.

DEFINITIONS

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

“associate”, “connected person”, “substantial shareholder”	each has the meaning ascribed to it in the Listing Rules;
“Dalian Group”	Dalian Offshore JV and its subsidiaries together with the PRC JV Companies and the PRC Project Companies;
“Dalian Offshore JV”	Richcoast Group Limited, a company incorporated in the British Virgin Islands and the joint venture company established under the shareholders’ agreement dated 25 May 2007 made between Innovate Zone, Main Zone and Many Gain;
“Dalian Project”	the development and operation of the Dalian Software Park Phase II, the piece of land situated at Hekou Bay, Si Tiao Gou Cha and both sides of Huang Ni Chuan Lushun South Road, Nan Hai Tou, Dalian, the PRC for mixed use development principally intended for the information technology and business process outsourcing industry;

“Further Injection”	the further cash injection to the PRC Project Companies in the aggregate amount equivalent to approximately RMB910 million for acquiring further plots of land constituting part of the Land in the Dalian Project;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent SOCAM Shareholders”	SOCAM Shareholders, other than Mr. Lo and his associates;
“Independent SOL Shareholders”	SOL Shareholders, other than Mr. Lo and his associates (including and without limitation to SOCAM);
“Innovate Zone”	Innovate Zone Group Limited, an indirect wholly-owned subsidiary of SOL and a company incorporated in the British Virgin Islands;
“Land”	the 23 plots of land constituting the Dalian Software Park Phase II with a total land area of approximately 6 million square metres for the development of the Dalian Project;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Zone”	Main Zone Group Limited, a direct wholly-owned subsidiary of SOCAM and a company incorporated in the British Virgin Islands;
“Many Gain”	Many Gain International Limited, a member of the Yida Group and a company incorporated in the British Virgin Islands;
“Mr. Lo”	Mr. Lo Hong Sui, Vincent;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“PRC JV Companies”	joint venture companies owned as to 78% by the Dalian Offshore JV and 22% by the Yida Group, and which are the holding companies of the PRC Project Companies;

“PRC Project Companies”	companies established by the PRC JV Companies as wholly-owned subsidiaries to hold the Dalian Project;
“Previous Joint Announcement”	the joint announcement of SOL and SOCAM dated 25 May 2007 in respect of the formation of the joint venture for the development of the Dalian Project;
“RMB”	Renminbi, the lawful currency of the PRC;
“SOCAM”	Shui On Construction and Materials Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange (Stock code: 983);
“SOCAM Group”	SOCAM and its subsidiaries;
“SOCAM Shares”	ordinary shares of HK\$1.00 each in the capital of SOCAM;
“SOCAM Shareholders”	holders of SOCAM Shares;
“SOL”	Shui On Land Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (Stock code: 272);
“SOL Group”	SOL and its subsidiaries;
“SOL Shares”	ordinary shares of US\$0.0025 each in the capital of SOL;
“SOL Shareholders”	holders of SOL Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“Yida Group”	Yida Group Company Limited, a limited liability company incorporated in the PRC, and its subsidiaries (including Many Gain and Dalian Software Park Development Company Limited).

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.93. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Shui On Land Limited
Lo Hong Sui, Vincent
Chairman

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

Hong Kong, 16 January 2008

As at the date of this announcement, the executive directors of SOL are Mr. Lo Hong Sui, Vincent and Mr. William Timothy Addison; the non-executive director of SOL is The Honourable Leung Chun Ying; and the independent non-executive directors of SOL are Sir John Reginald Hartnell Bond, Dr. Cheng Wai Kin, Edgar, Dr. Fung Kwok Lun, William, Professor Gary Clark Biddle, Dr. Roger Lee McCarthy and Mr. David John Shaw.

As at the date of this announcement, the executive directors of SOCAM 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 SOCAM is Professor Michael John Enright; and the independent non-executive directors of SOCAM are Mr. Anthony Griffiths, Mr. Cheng Mo Chi, Moses and Mr. Gerrit Jan de Nys.

* *For identification purposes only*