



Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

**MEMORANDUM OF UNDERSTANDING
FOR THE PROPOSED DEVELOPMENT IN DIQING**

The board of directors (the “**Board**”) of Shui On Land Limited (the “**Company**”) wishes to announce that on 29 January 2008, Shui On Development (Holding) Limited (“**SOD**”), a wholly owned subsidiary of the Company has entered into a non-legally binding memorandum of understanding (the “**MOU**”) with 雲南省迪慶藏族自治州人民政府 (Diqing Tibetan Autonomous Prefecture Government, Yunnan Province) (“**Diqing Government**”) for the proposed development of the land situated at 迪慶州香格里拉縣小中甸明峻地區 (Ming Jun Area, Xiao Zhong Dian Town, Shangri-la County, Diqing) (the “**Diqing Development**”).

The Board wishes to announce that on 29 January 2008, SOD, a wholly owned subsidiary of the Company, has entered into a non-legally binding MOU with Diqing Government for the proposed development of the land situated at 迪慶州香格里拉縣小中甸明峻地區 (Ming Jun Area, Xiao Zhong Dian Town, Shangri-la County, Diqing).

Diqing Development

Under the current plan and subject to government approval, the total planning area for the Diqing Development will be approximately 1,773 hectares including a protection area of 966 hectares and a buffer zone of 349 hectares, and upon completion but subject to government approval the Diqing Development is expected to be a tourist and leisure resort with a gross floor area of approximately 760,000 square metres. The total investment amount for the Diqing Development under the current plan is estimated to be approximately RMB5,000 million. However, such total investment amount is subject to approval by the Company.

Shareholders of the Company and potential investors should note that the MOU is non-legally binding and the Diqing Development will be subject to a number of conditions. In particular, the acquisition of the land constituting the Diqing Development is by way of competitive bidding and there is no assurance that SOD will be successful in tendering for all or any piece of that land. Accordingly, the Diqing Development may or may not proceed. If the Diqing Development materialises, it may constitute a notifiable transaction on the part of the Company. In addition, the current plan of the Diqing Development including the gross floor area and the total investment amount is yet to be finalised and is therefore subject to change. Shareholders of the Company and potential investors should therefore exercise caution when dealing in the securities of the Company. Further announcement in respect of the Diqing Development will be made by the Company in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as and when appropriate.

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

Hong Kong, 29 January 2008

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman and Chief Executive Officer) and Mr. William T. ADDISON; the non-executive director of the Company is The Honourable LEUNG Chun Ying; 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.

** For identification purposes only*