



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 LIJIANG**

The board of directors (the “**Board**”) of Shui On Land Limited (the “**Company**”) wishes to announce that on 22 February 2008, Shui On Development (Holding) Limited (“**SOD**”), a wholly-owned subsidiary of the Company, has entered into a memorandum of understanding (the “**MOU**”) with 雲南省麗江市人民政府 (Lijiang Municipal Government, Yunnan Province) (“**Lijiang Government**”) for the proposed development of the land situated at 麗江市玉龍縣拉市海片區 (La Shi Hai Pian Area, Yulong County, Lijiang) (the “**Lijiang Development**”).

The Board wishes to announce that on 22 February 2008, SOD, a wholly-owned subsidiary of the Company, has entered into the MOU with Lijiang Government for the proposed development of the land situated at 麗江市玉龍縣拉市海片區 (La Shi Hai Pian Area, Yulong County, Lijiang).

Lijiang Development

Under the current plan and subject to government approval, the Lijiang Development is expected to be a new village and leisure resort development with a gross floor area of approximately 1.2 million square metres upon completion. The Lijiang Development is proposed to be named as “麗江市拉市海新農村建設旅遊綜合開發項目” (Lijiang City La Shi Hai New Village Tourist Comprehensive Development Project). The total investment amount for the Lijiang Development under the current plan is estimated to be approximately RMB8,000 million. However, such total investment amount is subject to approval by the Company.

Shareholders of the Company and potential investors should note that the Lijiang Development is subject to a number of conditions, including the successful acquisition of the land constituting the Lijiang Development, the government approval of the relevant feasibility study report and the master plan, the Board's approval and the approval from the shareholders of the Company (where appropriate). In particular, the acquisition of the land constituting the Lijiang 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 Lijiang Development may or may not proceed. If the Lijiang Development materialises, it may constitute a notifiable transaction on the part of the Company. In addition, the current plan of the Lijiang 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 Lijiang 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, 22 February 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*