



PRESS RELEASE

SHUI ON GROUP SIGNS MOU WITH YIDA GROUP FOR STRATEGIC PARTNERSHIP IN DALIAN SOFTWARE PARK PHASE 2

Hong Kong, 19 March 2007 – Shui On Group today signed a non-binding Memorandum of Understanding (“MOU”) with Yida Group, one of the leading property developers in Northern China, to jointly develop Dalian Software Park Phase 2 (“Project”), a large-scale project in Dalian, China. Under the MOU, it is expected that Shui On Land Limited (“SOL”; HKSE 272); Shui On Construction and Materials Limited (“SOCAM”; HKSE 983) and the Shui On Private Group will, in aggregate, own a 70% interest in the Project, with Yida Group owning the remaining 30%. SOL is expected to be the single largest shareholder in the Project.

The Project is to be developed in several phases, with the land costs, construction costs, and other costs expected to amount to around RMB15 billion in total. Capital outlays will be spread (in a planned manner) over the entire life of the Project’s development.

The MOU was signed in the presence of Mr. Xia Deren, Mayor of the Dalian Municipal Government, and two Deputy Mayors, Mr. Dai Yulin and Mr. Xing Liangzhong, who are in Hong Kong on a Dalian trade mission.

The Dalian Software Park is located in the western part of Dalian. Since 1998, Dalian Software Park Phase 1 (“Phase 1”) has been successful in attracting over 340 software enterprises, including 32 of the Fortune 500 companies. With a total gross floor area (“GFA”) of some 1.6 million square metres, the development of Phase 1 has been largely completed and over 95% of its office space has been leased.

Under the current planning, the Project will comprise a buildable GFA of around 4 million square metres which will be developed into a world-class software and information service centre housing modern enterprises, R&D centres, commercial and residential facilities, all of which will be designed to serve the city’s emerging Information Technology Outsourcing (“ITO”) and Business Process Outsourcing (“BPO”) industries. These industries will focus on providing services to the Japanese, Korean and Chinese Mainland markets.

Mr. Vincent H.S. Lo, Chairman of the Shui On Group, commented, “Our proposed involvement in the Dalian project reflects Shui On’s strategy to expand in key cities in the Chinese Mainland and to form strategic partnerships with experienced and well-respected developers such as the Yida Group.”

Shui On Private Group has given notice of the details of the proposed Project to the Boards of SOL and SOCAM, inviting them to participate in the development of the Project.

Mr. Lo explained, “It has always been my intention to invite SOL and SOCAM to jointly develop the Project in accordance with their respective expertise. SOL has extensive master planning and development capabilities for large-scale projects and an unmatched track record in such development in China. SOCAM has been working with Yida Group for some time in Dalian as well as Qingdao and Beijing, and therefore has considerable experience and expertise in the Dalian property development scene as well as the local market conditions.”

SOL is the publicly-held flagship property company of the Shui On Group in the Chinese Mainland. With a proven track record in developing large-scale, mixed-used city-core projects, it is proposed that SOL would lead the master planning of the Project. SOCAM has vast experience in project management and design-and-build. It also has partnered with the Yida Group to develop the Xiwang Building, a distressed property project in Dalian, and has deep on-the-ground expertise of the local market. SOCAM would be responsible for project management, quality assurance and sales and marketing of the development, while Yida Group would mainly be responsible for construction management.

Mr. Lo concluded that, “Dalian is recognised as a regional economic centre in Northeast China and is well known for its rapidly emerging ITO and BPO businesses. We are optimistic that Dalian offers excellent growth potential and we believe that, as partners in the city’s development, we can add significant value for all concerned.”

It is envisaged that the Boards of SOL and SOCAM will evaluate the Project opportunity and make their respective decisions in due course. Further details will be provided if the Boards decide to participate in the Project.

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About Shui On Group

Founded in 1971, Shui On Group is a diversified group engaged in property development, construction and construction materials with interests in Hong Kong and the Chinese Mainland. The Group entered the Mainland market in 1985 and has become a leading property developer in the Chinese Mainland and the principal cement producer in Southwest China.

About Shui On Land Limited (SOL)

Headquartered in Shanghai, SOL (HKSE 272) is the flagship property company of the Shui On Group in the Chinese Mainland. SOL has a proven track record in developing large-scale, mixed-used city-core development projects and integrated residential development projects. With access to over 8.1 million square metres of gross floor area, open areas and other public facilities, the Company currently has six projects in various stages of development in the city centres of Shanghai, Chongqing, Wuhan and Hangzhou. The Company was listed on The Stock Exchange of Hong Kong on 4 October 2006, and was the largest IPO in China's real estate sector that year. SOL was included in the MSCI Standard Index Series and MSCI Global Growth Index Series in March 2007.

About Shui On Construction and Materials Limited (SOCAM)

SOCAM (HKSE 983) was listed on the Hong Kong Stock Exchange in 1997, and is principally engaged in distressed property development, construction, cement production and venture capital investment. SOCAM is a major contractor specialising in public housing and institutional buildings and maintenance works, as well as interior fitting out and renovation in Hong Kong and Macau, with vast experience in project management and design-and-build. In 2005, SOCAM began to engage in the acquisition and development of distressed property projects, which has since been established as its new core business.

About Yida Group

Yida Group is a multi-industry private group comprising more than 30 member enterprises. Yida Group's operations span from property development, construction and furnishing, equipment manufacturing, software park development, platform development for software and information services as well as professional training and education. It is a respectable, experienced local developer in Northern China. Using a "government support, private sector operation" model, Yida Group has successfully developed Dalian Software Park 1 and has built close relationships with the Dalian government.

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