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SHAW BROTHERS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00080)

ANNOUNCEMENT

SPECIAL DEAL AND CONNECTED TRANSACTION

SALE OF AGRICULTURAL LANDS TO A CONNECTED PERSON

The directors of the Company announce that the Company has on 13 August 2008 entered into an agreement to sell its agricultural lands located at various Lots in D.D. 229, Sai Kung, New Territories, Hong Kong (“the Agricultural Lands”) to Glory Premium Investment Limited, a company wholly owned by Ms. Mona Fong, Deputy Chairperson and Managing Director of the Company. The Purchaser is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under the Listing Rule 14A.13(1). As each of the relevant percentage ratios pursuant to Chapter 14 of the Listing Rules for the Disposal is less than 2.5%, the Disposal is only subject to the reporting and announcement requirements but not independent shareholders’ approval requirement pursuant to the Listing Rules. However, as the Company is subject to a possible offer as at the date of the Agreement, the Disposal, accordingly, constitutes a special deal pursuant to note 4 to Rule 25 of the Takeovers Code and is subject to the approval by the independent shareholders of the Company by way of poll pursuant to the Takeovers Code.

A circular containing, among others, details of the Agreement, the advice of the Independent Board Committee, the recommendations of the independent financial adviser and the notice of the EGM will be dispatched to the shareholders of the Company as soon as practicable.

Disposal

1. Location and details of the Lands

1.1 Location

ALL THOSE pieces or parcels of ground respectively registered in the Land Registry as THE REMAINING PORTION OF LOT NO. 72, LOTS NO. 73, 75, 76, SECTION A OF LOT NO. 77, SECTION B OF LOT NO. 77, THE REMAINING PORTION OF LOT NO. 77, LOT NO. 78, LOT NO. 79, SECTION A OF LOT NO. 80, SECTION B OF LOT NO. 80, THE REMAINING PORTION OF LOT NO. 80, LOT NO. 81, LOT NO. 82, THE

REMAINING PORTION OF LOT NO. 83, THE REMAINING PORTION OF LOT NO. 84, THE REMAINING PORTION OF LOT NO. 96, THE REMAINING PORTION OF LOT NO. 97, LOT NO. 98, THE REMAINING PORTION OF LOT NO. 99, LOTS NOS. 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 112, 121, 122, 123, 124, 126, 127, SECTION A OF LOT NO. 129, SECTION B OF LOT NO. 129, THE REMAINING PORTION OF LOT NO. 129, LOTS NOS 130, 132 AND 133 ALL IN DEMARCATION DISTRICT NO. 229.

1.2 Brief Description

The Lands which are the subject of the Disposal are Agricultural Lands located in D.D.229, Tai Po Tsai Village, Clear Water Bay Road, Kowloon, of a total registered site area of approximately 123,031 sq. ft.

2. Condition

The Agricultural Lands are being sold on an “as is” basis and in the condition as it stands.

Consideration

The consideration and payment terms for the disposal of the Agricultural Lands to the purchaser is HK\$25.2 million, based on a market valuation by an independent valuer, Knight Frank Petty Limited, dated 23 June 2008 are as follows:

1. A total of HK\$25.2 million (“the Consideration”) to be paid wholly in cash.
2. Payment terms for the Consideration are as follows:
 - (i) A deposit of HK\$2.5 million payable on execution of the Agreement on 13 August 2008.
 - (ii) Balance of HK\$22.7 million payable on completion.

Principal Activities of the Company and the Purchaser and Details of Connected Person Relationship

The principal activities of the Company are investment holding and investments in the media and entertainment industries.

The principal activity of the Purchaser is investment holding and the Purchaser is presently not engaged in other business activities.

The Purchaser is a connected person of the Company by virtue of it being an associate (as defined in the Listing Rules), being a company wholly owned by Ms. Mona Fong, Deputy Chairperson and Managing Director of the Company.

Reasons for the Disposal

The Agricultural Lands were used in the past for the purposes of the Company's core business of film production by constructing props for film shooting. Once the Company curtailed film production, the Agricultural Lands were leased out for nursery use. The net profit before and after taxation arising from rental income for the Agricultural Lands for the past two financial years ended 31 March 2007 and 2008 was HK\$162,000 per annum.

Since the Agricultural Lands are no longer used for film shooting and based on the yield on market value, the directors of the Company, including the independent non-executive directors, consider that the Disposal is in the best interest of the Company and is entered into on normal commercial terms, and that such terms are fair and reasonable as regards to the Company and is in the interests of the shareholders as a whole.

Net Book Value of the Agricultural Lands

As at 31 March 2008, the net book value of the Agricultural Lands was HK\$15,671,246. Based on the sale proceeds of HK\$25,200,000, the gain on the Disposal will be approximately HK\$9.4 million being sale proceeds less net book value and costs associated with the Disposal.

Position after the Disposal

The sale proceeds will be retained by the Company for working capital. Following the Disposal, the principal activities of the Company remain unchanged, which are, investment holding and business operations relating to the media and entertainment industries.

Listing Rules and Takeovers Code Requirements

The Disposal constitutes a connected transaction for the Company under the Listing Rules. As each of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules for the Disposal is less than 2.5%, the transaction is only subject to the reporting and announcement requirements set out in Rule 14A.45 to 14A.47 of the Listing Rules but not independent shareholders' approval requirement. However, as the Company is subject to a possible offer as at the date of the Agreement, the Disposal, accordingly, constitutes a special deal pursuant to note 4 to Rule 25 of the Takeovers Code and is subject to the approval by the independent shareholders of the Company by way of poll pursuant to the Takeovers Code.

The Disposal is also subject to the Executive's consent and independent financial adviser's opinion that the Disposal is fair and reasonable as far as the independent shareholders are concerned and is in the interest of the Company and the shareholders as a whole.

A circular containing, among others, details of the Agreement, the advice of the Independent Board Committee, the recommendations of the independent financial adviser, Somerley Limited, and the notice of the EGM will be dispatched to the shareholders of the Company as soon as practicable.

Ms. Mona Fong, Deputy Chairperson and Managing Director of the Company, and her associates and those who are interested in or involved in the Disposal will abstain from voting in respect of the resolution relating to the Disposal. The aggregate shareholding of Ms. Mona Fong and her associates who will abstain from voting was in aggregate 298,484,872 shares, representing approximately 74.92% of the total issued share capital of the Company.

Shareholders and potential investors are advised to exercise caution when trading in shares of the Company.

Made by the order of Shaw Brothers (Hong Kong) Limited, the board of directors of which jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts contained in this announcement the omission of which would make any statement in this document misleading.

Definitions:

“Agreement”	The agreement dated 13 August 2008 entered into between the Company (as vendor) and the Purchaser (as purchaser) for the sale and purchase of the Agricultural Lands
“Agricultural Lands”	Parcels of agricultural lands subject to the Disposal, details of which are set out in this announcement
“Company”	Shaw Brothers (Hong Kong) Limited, the shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited
“Disposal”	The sale of the Agricultural Lands
“EGM”	An extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Executive”	The Executive Director of the Corporate Finance Division of Securities and Futures Commission or any delegate of the Executive Director

“Independent Board Committee”	An independent committee of the board of the directors of the Company comprising Dr. Chow Yei Ching, Ng Julie Yuk Shun and Nelson Hon Sang Chiu, all of whom are independent non-executive directors of the Company, established to advise the independent shareholders of the Company in relation to the Disposal
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser”	Glory Premium Investment Limited, a private company incorporated in Hong Kong SAR, wholly owned by Ms. Mona Fong, Deputy Chairperson and Managing Director of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

By Order of the Board
Shaw Brothers (Hong Kong) Limited
Jeremiah Rajakulendran
Company Secretary

Hong Kong, 13 August 2008

As at the date of this announcement, the Board of the Company comprises the following Directors:

Executive Directors:

Sir Run Run Shaw, GBM (*Executive Chairman*)
Mona Fong (*Deputy Chairperson and Managing Director*)
Jeremiah Rajakulendran

Independent Non-Executive Directors:

Dr. Chow Yei Ching
Ng Julie Yuk Shun
Nelson Hon Sang Chiu