

# SHAW BROTHERS (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 0080)

## 2005/2006 ANNUAL RESULTS ANNOUNCEMENT AND CHANGES IN DIRECTORSHIP OF THE COMPANY

The Directors of Shaw Brothers (Hong Kong) Limited (the “Company”) are pleased to announce the Group’s audited consolidated results for the year ended 31st March 2006 as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31st March 2006*

	<i>Note</i>	<b>2006</b> <i>HK\$’000</i>	As restated 2005 <i>HK\$’000</i>
Turnover	2	<b>54,156</b>	72,516
Cost of sales	4	<b>(28,642)</b>	(37,433)
Gross profit		<b>25,514</b>	35,083
Other revenues	2	<b>19,586</b>	13,436
Selling and distribution expenses	4	<b>(1,305)</b>	(2,253)
Property related expenses	4	<b>(10,723)</b>	(7,553)
General and administrative expenses	4	<b>(19,332)</b>	(20,570)
Other operating expenses	4	<b>(19,243)</b>	(20,877)
Operating loss		<b>(5,503)</b>	(2,734)
Share of profits less losses of associates		<b>302,907</b>	185,034
Profit before income tax		<b>297,404</b>	182,300
Income tax expense	5	<b>–</b>	–
Profit attributable to equity holders of the Company		<b>297,404</b>	182,300
Dividends		<b>159,356</b>	107,565
Dividend per share			
Interim dividend paid		<b>HK\$0.06</b>	HK\$0.05
Final dividend proposed		<b>HK\$0.34</b>	HK\$0.22
Earnings per share attributable to equity holders of the Company	6	<b>HK\$0.75</b>	HK\$0.46

# CONSOLIDATED BALANCE SHEET

As at 31st March 2006

	<i>Note</i>	<b>2006</b> <i>HK\$'000</i>	As restated 2005 <i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment		<b>159,715</b>	174,622
Leasehold land		<b>18,978</b>	2,660
Interest in associates		<b>1,493,348</b>	1,280,939
		<b>1,672,041</b>	1,458,221
Current assets			
Inventories		<b>8,093</b>	11,526
Accounts receivable, prepayments, deposits and other receivables	7	<b>25,510</b>	21,070
Short term bank deposits		<b>62,099</b>	93,664
Bank and cash balances		<b>3,312</b>	7,039
		<b>99,014</b>	133,299
Total assets		<b>1,771,055</b>	1,591,520
<b>EQUITY</b>			
Capital and reserves attributable to the Company's equity holders			
Share capital		<b>99,598</b>	99,598
Other reserves		<b>29,819</b>	29,522
Retained profits			
– Proposed final dividend		<b>135,452</b>	87,645
– Others		<b>1,492,376</b>	1,356,970
Total equity		<b>1,757,245</b>	1,573,735
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable, other payables and accruals	8	<b>12,032</b>	13,790
Advanced rental received from an associate		–	1,853
Provision for staff long service payments		<b>1,778</b>	2,142
Total liabilities		<b>13,810</b>	17,785
Total equity and liabilities		<b>1,771,055</b>	1,591,520
Net current assets		<b>85,204</b>	115,514
Total assets less current liabilities		<b>1,757,245</b>	1,573,735

Notes:

## 1. Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention.

The adoption of new/revised HKFRS:

From 1st April 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The comparatives of last year have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 3	Business Combinations

The adoption of new/revised HKAS 2, 7, 8, 10, 16, 21, 24, 27, 28, 32, 33 and 39 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 2, 7, 8, 10, 16, 27, 28, 32, 33 and 39 had no material effect on the Group's policies.
- HKAS 21 has no material effect on the Group's policy. The majority of the revenues, expenses, assets and liabilities of the Group are denominated in Hong Kong dollars. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of HKAS 1 has affected the presentation of share of net after-tax results of associates and other disclosures. In prior years, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax in the consolidated income statement. With effect from 1st April 2005, in accordance with the implementation guidance in HKAS 1, the Group has changed the presentation and includes the share of taxation of associates accounted for using the equity method in the respective share of the associates' profits less losses reported in the consolidated income statement before arriving at the Group's profit or loss before income tax. These changes in presentation have been applied retrospectively with comparatives restated as shown in note 1(i).

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land from property, plant and equipment to operating leases. The up-front prepayments made for leasehold land are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment. These changes in reclassification have been applied retrospectively with comparatives restated as shown in note 1(ii).

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. In previous years, goodwill arising from acquisition on or after 1st April 2001 was amortised on a straight-line basis over its estimated useful life of not more than 20 years. Goodwill was assessed for indication of impairment at each balance sheet date. Goodwill on acquisitions that occurred prior to 1st April 2001 was written off against reserves in the year of acquisition. Following the adoption of HKFRS 3, HKAS 36 and HKAS 38, goodwill on acquisition of subsidiaries and associates is no longer amortised but tested for impairment annually. Any impairment loss recognised is charged to the income statement. Goodwill previously taken to reserves is not restated on the balance sheet or included in the calculation of the income statement on disposal of subsidiary and associates.

The Group's goodwill was acquired through investment in an associate prior to 1st April 2001. Prior to the adoption of HKFRS 3, HKAS 36 and HKAS 38, the Group had written off the goodwill against reserves in the year of acquisition.

On the initial application of HKFRS 3 in the current year, entities should neither be required nor permitted to restate goodwill previously eliminated against reserves. The Group's goodwill is therefore not required to be restated.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group require retrospective application other than HKFRS 3, which is adopted prospectively on or after 1st April 2005.

(i) The effects of the adoption of HKAS 1 are summarised as follows:

	<b>2006</b>	2005
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Decrease in share of profits less losses of associates	<b>(60,416)</b>	(39,604)
Decrease in income tax expense	<b><u>60,416</u></b>	<u>39,604</u>

There was no impact on earnings per share from the adoption of HKAS 1.

(ii) The effects of the adoption of revised HKAS 17 are summarised as follows:

	<b>2006</b>	2005
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Decrease in property, plant and equipment	<b>(18,978)</b>	(2,660)
Increase in leasehold land	<b><u>18,978</u></b>	<u>2,660</u>

There was no impact on earnings per share from the adoption of revised HKAS 17.

The Group has not early adopted the following new HKAS and HKFRS that have been issued but are not yet effective. The adoption of such HKAS and HKFRS will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital disclosure <sup>1</sup>
HKAS 19 (Amendment)	Actuarial gains and losses, group plan and disclosures <sup>2</sup>
HKAS 39 and HKFRS 4 (Amendment)	Financial guarantee contracts <sup>2</sup>
HKFRS 7	Financial instruments: disclosures <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1st January 2007.*

<sup>2</sup> *Effective for annual periods beginning on or after 1st January 2006.*

## 2. Turnover and revenues

The Group is principally engaged in investment holding and business operations relating to the media and entertainment industries.

Turnover consists of rental income, film distribution income and filming facilities services fees.

Other revenues mainly consist of management fee income and interest income.

The amount of each significant category of revenue recognised during the year is as follows:

	<b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Turnover		
Rental income from land and buildings	<b>6,606</b>	17,876
Film distribution income	<b>5,761</b>	13,594
Filming facilities services fees	<b>41,789</b>	41,046
	<hr/>	<hr/>
	<b>54,156</b>	72,516
	<hr/>	<hr/>
Other revenues		
Management fee income	<b>11,131</b>	9,205
Interest income	<b>4,069</b>	1,395
Others	<b>4,386</b>	2,836
	<hr/>	<hr/>
	<b>19,586</b>	13,436
	<hr/>	<hr/>
Total revenues	<b>73,742</b>	85,952
	<hr/> <hr/>	<hr/> <hr/>

### 3. Segment information

An analysis of the Group's revenues and contributions for the year by business segments is as follows:

	Property rental 2006 HK\$'000	Film distribution 2006 HK\$'000	Filming facilities services 2006 HK\$'000	Investment holding 2006 HK\$'000	Group total 2006 HK\$'000
Turnover (Note)	<u>6,606</u>	<u>5,761</u>	<u>41,789</u>	<u>-</u>	<u>54,156</u>
Segment results	<u>4,986</u>	<u>(788)</u>	<u>3,600</u>	<u>(5,781)</u>	<u>2,017</u>
Unallocated items					<u>(7,520)</u>
Operating loss					<u>(5,503)</u>
Share of profits less losses of associates	-	-	-	302,907	<u>302,907</u>
Profit before income tax					<u>297,404</u>
Income tax expense (Note 5)					<u>-</u>
Profit attributable to equity holders of the Company					<u>297,404</u>
Segment assets	46,942	2,014	160,062	-	209,018
Interest in associates	-	-	-	1,493,348	1,493,348
Unallocated assets					<u>68,689</u>
Total assets					<u>1,771,055</u>
Segment liabilities	1,136	2,137	4,016	-	7,289
Unallocated liabilities					<u>6,521</u>
Total liabilities					<u>13,810</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>22,772</u>	<u>-</u>	<u>22,772</u>
Depreciation charge	<u>1,936</u>	<u>-</u>	<u>18,705</u>	<u>-</u>	<u>20,641</u>
Amortisation of leasehold land	<u>-</u>	<u>-</u>	<u>463</u>	<u>-</u>	<u>463</u>
Amortisation of released films	<u>-</u>	<u>3,078</u>	<u>-</u>	<u>-</u>	<u>3,078</u>

Note:

Turnover is after eliminating inter-segment transactions amounting to HK\$158,000 attributable to filming facilities services.

	Property rental 2005 HK\$'000	Film distribution 2005 HK\$'000	Filming facilities services 2005 HK\$'000	Investment holding 2005 HK\$'000	Group total 2005 HK\$'000
Turnover ( <i>Note</i> )	<u>17,876</u>	<u>13,594</u>	<u>41,046</u>	<u>–</u>	<u>72,516</u>
Segment results	<u>13,336</u>	<u>(1,051)</u>	<u>2,964</u>	<u>(5,886)</u>	9,363
Unallocated items					<u>(12,097)</u>
Operating loss					(2,734)
Share of profits less losses of associates	–	–	–	185,034	<u>185,034</u>
Profit before income tax					182,300
Income tax expense ( <i>Note 5</i> )					<u>–</u>
Profit attributable to equity holders of the Company					<u>182,300</u>
Segment assets	114,264	5,984	89,805	–	210,053
Interest in associates	–	–	–	1,280,939	1,280,939
Unallocated assets					<u>100,528</u>
Total assets					<u>1,591,520</u>
Segment liabilities	2,030	4,028	3,332	–	9,390
Unallocated liabilities					<u>8,395</u>
Total liabilities					<u>17,785</u>
Capital expenditure	<u>–</u>	<u>–</u>	<u>2,748</u>	<u>–</u>	<u>2,748</u>
Depreciation charge	<u>4,084</u>	<u>–</u>	<u>15,899</u>	<u>–</u>	<u>19,983</u>
Amortisation of leasehold land	<u>–</u>	<u>–</u>	<u>63</u>	<u>–</u>	<u>63</u>
Amortisation of released films	<u>–</u>	<u>12,449</u>	<u>–</u>	<u>–</u>	<u>12,449</u>

*Note:*

Turnover is after eliminating inter-segment transactions amounting to HK\$1,045,000 attributable to filming facilities services.



An analysis of the Group's revenues and contributions for the year by geographical segments is as follows:

	<b>Turnover</b>		<b>Operating (loss)/profit</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Hong Kong	<b>49,385</b>	63,848	<b>(8,160)</b>	(4,551)
South East Asia	<b>4,183</b>	7,278	<b>2,089</b>	1,013
USA	<b>80</b>	180	<b>75</b>	35
Others	<b>508</b>	1,210	<b>493</b>	769
	<u><b>54,156</b></u>	<u>72,516</u>	<u><b>(5,503)</b></u>	<u>(2,734)</u>
	<u><b>54,156</b></u>	<u>72,516</u>	<u><b>(5,503)</b></u>	<u>(2,734)</u>
	<b>277,707</b>	310,581	<b>22,772</b>	2,748
South East Asia	–	–	–	–
USA	–	–	–	–
Others	–	–	–	–
	<u><b>277,707</b></u>	<u>310,581</u>	<u><b>22,772</b></u>	<u>2,748</u>
	<u><b>277,707</b></u>	<u>310,581</u>	<u><b>22,772</b></u>	<u>2,748</u>
Interest in associates	<u><b>1,493,348</b></u>	<u>1,280,939</u>		
	<u><b>1,771,055</b></u>	<u>1,591,520</u>		
	<u><b>1,771,055</b></u>	<u>1,591,520</u>		

#### 4. Expenses by nature

Included in cost of sales, selling and distribution expenses, property related expenses, general and administrative expenses and other operating expenses are the following:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Depreciation charge	20,625	20,198
Add/(less): Net amount realised from/ (capitalised to) inventories	16	(215)
	<u>20,641</u>	<u>19,983</u>
Amortisation of leasehold land	463	63
Amortisation of released films	3,078	12,449
Auditors' remuneration	291	300
Employee benefit expense	33,007	34,772
Net exchange (gain)/loss	(204)	209
Operating leases – land and buildings	400	400
(Profit)/loss on disposal of property, plant and equipment	(21)	90
Specific provision for doubtful debts	282	–

#### 5. Income tax expense

Hong Kong profits tax has not been provided as the Company utilised its tax loss brought forward to offset its assessable profit for the year (2005: Nil), while other subsidiaries in the Group have no estimated assessable profit for the year (2005: Nil).

#### 6. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$297,404,000 (2005: HK\$182,300,000) and on 398,390,400 ordinary shares in issue throughout the years ended 31st March 2006 and 2005. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

#### 7. Accounts receivable, prepayments, deposits and other receivables

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Accounts receivable ( <i>Note</i> )	9,625	8,196
Prepayments, deposits and other receivables	10,890	9,786
Receivables from:		
Related parties	1,975	2,500
Associates	3,020	588
	<u>25,510</u>	<u>21,070</u>

*Note:*

The Group has a defined credit policy. The general credit term ranges from 30 to 90 days.

At 31st March 2006, the ageing analysis of accounts receivable is as follows:

	<b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Current	<b>6,662</b>	3,176
1 – 3 months	<b>1,602</b>	1,089
Over 3 months	<b>1,361</b>	3,931
	<hr/>	<hr/>
	<b>9,625</b>	8,196
	<hr/> <hr/>	<hr/> <hr/>

#### 8. Accounts payable, other payables and accruals

	<b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Accounts payable ( <i>Note</i> )	<b>735</b>	243
Other payables and accruals	<b>11,297</b>	13,447
Payables to related parties	–	100
	<hr/>	<hr/>
	<b>12,032</b>	13,790
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

At 31st March 2006, the ageing analysis of accounts payable is as follows:

	<b>2006</b> <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Current	<b>694</b>	202
Over 3 months	<b>41</b>	41
	<hr/>	<hr/>
	<b>735</b>	243
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#### **DISTRIBUTABLE RESERVES**

Distributable reserves of the Company at 31st March 2006, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$1,579,259,000 (2005: HK\$1,576,835,000).

## **DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Directors will recommend at the Annual General Meeting to be held on Wednesday, 6th September 2006, a final dividend of HK\$0.34 per ordinary share to shareholders whose names appear on the Register of Members on that date. This, together with the Interim Dividend of HK\$0.06 per ordinary share amounts to a total distribution of HK\$0.40 per ordinary share for the year.

The Register of Members of the Company will be closed from Friday, 1st September 2006 to Wednesday, 6th September 2006, both days inclusive. The Final Dividend, if approved, will be paid to shareholders on 26th October 2006.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Property Rental**

The lease of office premises to our associated company, Television Broadcasts Limited, expired on 30th June 2005. The Company has successfully leased out 40% of the office premises previously occupied by Television Broadcasts Limited as at the end of financial year.

### **Filming Facilities Services**

Filming facilities services comprise Film Remastering and Film Processing Centres, and the contribution towards Group profits during the year was HK\$3.6 Million.

### **Redevelopment Of Clearwater Bay Site**

Based on comments received from the relevant government departments on the Traffic & Environment Impact assessments, a revised Master Layout plan was submitted on 28th April 2006. The Master Layout Plan will be considered by the Town Planning Board at its meeting to be held in July 2006.

### **Associated Companies**

Television Broadcasts Limited continued to report growth in advertising revenues during 2005 against the background of continued strength in Hong Kong's economy. Coupled with substantial savings in programme costs and gain on disposal of 51% equity interest in Galaxy Satellite TV Holdings Limited, the contribution after taxation to Group's profits during the year increased by 64%.

### **Movie City Project (Shaw Studios)**

Soft launch of the sound stages took place in March 2006, and the fitting out of the post-production facilities is expected to be completed by the first quarter of 2007.

## **Financial And Capital Structure**

The Group had no external borrowing and consequently none of the Group's assets are subject to any charge. There was no acquisition or disposal of material subsidiaries or associated companies in the course of the financial year.

## **Capital Commitments**

As at 31st March 2006, capital commitments of the Group amounted to HK\$29.6 Million (2005: HK\$69.8 Million), which would be funded by internal resources.

## **Contingent Liabilities**

The civil suit filed by a stuntman, who was injured during the course of film production, against Film Power Company Limited, a non-wholly owned subsidiary of the Company, has been settled out of Court at HK\$1.3 Million on 17th August 2005.

As at 31st March 2006, the Group and the Company did not have any significant contingent liabilities.

## **Exposure To Fluctuations In Exchange Rates**

As the majority of the revenues, expenses, assets and liabilities of the Group are denominated in Hong Kong Dollars, the Group does not have significant risk in exposure to fluctuations in exchange rates.

## **Employees And Remuneration Policies**

As at 31st March 2006, the Group employed a total of 176 full time employees, all in Hong Kong. During the year under review, there was no significant change in the Group's remuneration policies.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year.

## **RE-ELECTION AND RESIGNATION OF DIRECTORS**

In accordance with Article 88 of the Company's Articles of Association, Mr. Jeremiah Rajakulendran retires by rotation, and being eligible, offers himself for re-election with the unanimous support of the other Directors.

Due to personal reasons, Mr. Louis Page will resign as Director effective from 30th June 2006. Mr. Page has confirmed that there is no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

Mr. Page has been a senior executive with the Company since 1975 and was appointed a Director in 1988. He was the Managing Director of Television Broadcasts Limited, which post he relinquished on 31st May 2006.

The Board would like to take this opportunity to thank Mr. Page for his valuable contribution to the Company during the tenure of his office as an executive director.

### **AUDIT COMMITTEE**

The Audit Committee was established on 1st April 1999 with all independent non-executive directors being appointed as members. Membership of the Audit Committee is appointed by the Board, and the current composition consists of three independent Non-executive Directors, namely, Dr. Chow Yei Ching (Chairman of the Audit Committee), Ms. Ng Julie Yuk Shun and Mr. Nelson Hon Sang Chiu. They possess appropriate academic and professional qualifications or related financial management expertise. The Audit Committee is provided with sufficient resources to discharge its duties. The principal duties of the Audit Committee include review of the Group's financial reporting, the scope of audit services as well as the effectiveness of the system of internal controls and compliance. It will also discuss matters raised by the external auditors and regulatory bodies to ensure that appropriate recommendations are implemented.

The Audit Committee held two meetings during the year ended 31st March 2006. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors.

The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim financial statements and the annual consolidated financial statements for the year ended 31st March 2006 before such statements were presented to the Board of Directors for approval.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance.

During the year under review, actions were taken to follow the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) which came into effect on 1st January 2005, save for the following:

- (a) the Executive Chairman and the Managing Director are not subject to retirement by rotation pursuant to Article 88 of the Company’s Articles of Association;
- (b) Non-executive Directors were not appointed for a specific term as required by the Code. However, they are subject to retirement by rotation and re-election at the Company’s annual general meetings pursuant to Article 88 of the Company’s Articles of Association;
- (c) Pursuant to Article 88 of the Company’s Articles of Association, one-third of the Directors for the time being, excluding the Executive Chairman and the Managing Director (or, if their number is not a multiple of three, then the number nearest to but not greater than one-third) shall retire from office by rotation at each annual general meeting of the Company, and consequently the Directors have retired by rotation at least once every three years.

Save for the above, none of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the year ended 31st March 2006, in compliance with the Code.

The Board had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31st March 2006.

The Company has received, from each of the independent non-executive directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

**Run Run Shaw**  
*Executive Chairman*

Hong Kong, 22nd June 2006

The 2006 annual report of the Company will be published on The Stock Exchange of Hong Kong Limited's website in due course.

As at the date of this announcement, the Board comprises of:

***Executive Directors:***

Sir Run Run Shaw, GBM (*Executive Chairman*)

Mona Fong (*Deputy Chairperson and Managing Director*)

Louis Page

Jeremiah Rajakulendran

***Independent Non-executive Directors:***

Dr. Chow Yei Ching

Ng Julie Yuk Shun

Nelson Hon Sang Chiu

Please also refer to the published version of this announcement in The Standard.