

All the interests stated above represented long positions. The Company or its subsidiaries did not grant to the directors or chief executive or their spouse or children under 18 years of age any rights to subscribe for shares, underlying shares or debentures of the Company or any other body corporate.

Apart from the above, no interests or short positions were held or deemed or taken (under the SFO) to be held by any directors or chief executive of the Company in the shares or underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of the SFO) as at 30th September 2006.

At no time during the period was the Company or its subsidiaries a party to any arrangement to enable the directors and chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of the SFO).

SUBSTANTIAL SHAREHOLDERS

As at 30th September 2006, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests (all being beneficial interests), being 5% or more of the Company's issued share capital.

<u>Name of shareholder</u>	<u>No. of ordinary shares of HK\$0.25 each</u>	<u>Percentage of issued capital (%)</u>
Shaw Holdings Inc.	297,106,872 ¹	74.58%
Arnhold and S. Bleichroeder Advisers, LLC	49,203,500 ²	12.35%

Note: Duplication of shareholdings occurred between parties⁽¹⁾ shown here and above under "Directors' Interests In Shares".

¹ 11,761,000 shares and 21,735,000 shares were held by its wholly owned subsidiaries, Double One Limited and The Shaw Foundation Hong Kong Limited respectively. Sir Run Run Shaw exerts 100% control over Shaw Holdings Inc., Double One Limited and The Shaw Foundation Hong Kong Limited through the Sir Run Run Shaw Charitable Trust.

² Interests were held in the capacity of investment adviser that maintains discretion to exercise voting powers and transact purchases and sales on behalf of its clients.

All the interests stated above represented long positions. Save for the interests referred to above, no other person was recorded in the register of substantial shareholders maintained under Section 336 of the SFO as having any substantial shareholders' interests or short positions, being 5% or more of the issued share capital of the Company as at 30th September 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th September 2006, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

During the six months ended 30th September 2006, the Company has been in compliance with the Code Provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Exchange") except 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. The Board considers that the Chairman and the Managing Director, the former being the founder of the Company and the latter who joined the Company since 1969, possess a wealth of experience which is essential to the Board and contributes to the continued stability of the Company's business;
- (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 six months ended 30th September 2006, in compliance with the Code.

Compliance with Model Code

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules.

Mr. Louis Page, who resigned as Director of the Company on 30th June 2006, confirmed, following specific enquiry by the Company, that he had complied with the Model Code throughout the period between 1st April 2006 and 30th June 2006.

All other Directors and members of the Senior Management confirmed, following specific enquiry by the Company, that they had complied with the Model Code throughout the period between 1st April 2006 and 30th September 2006.

Internal Controls

The system of internal controls has been designed to safeguard assets from inappropriate use, maintain proper accounts and ensure effective operation of the Company's business and compliance with regulations. Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Company's activities including the operation of the internal control system.

The heads of the Finance team and the operating units perform financial and operational reviews of the Company and its subsidiaries, as well as other reviews as required. Summaries of major audit findings and control weaknesses, if any, are reviewed by the Audit Committee and the heads of the Finance team and the operating units monitor the follow-up actions.

A review, pursuant to the requirement set out under Appendix 14 of the Listing Rules, of the effectiveness of the material controls, including financial, operational and compliance controls and risk management function, is in progress. It is envisaged that a report on the review shall be completed in the last quarter of the year for presentation to the Board in March 2007.

Audit Committee

The Audit Committee is composed of all 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 has reviewed with the Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial information for the six months ended 30th September 2006 before they were presented to the Board of Directors for approval.

The interim results for the six months ended 30th September 2006 have been reviewed by the Audit Committee of the Company, but have not been audited.

On Behalf of the Board

Run Run Shaw
Executive Chairman

Hong Kong, 29th November 2006