

CORPORATE GOVERNANCE

During the six months ended 30th September 2005, the Company was 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;
- (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 (or, if their number is a 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, although the Directors were not required to retire by rotation at least once every three years;
- (d) a remuneration committee of the Board comprising a majority of independent non-executive Directors was formed on 30th September 2005 in accordance with the provisions of the Code.

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 2005, 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 throughout the period.

AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) in April 1999 and has formulated its written terms of reference in accordance with the provisions set out in the Code. The existing Audit Committee of the Company comprises 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. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the external auditors of the Company.

The Group’s interim report for the six months ended 30th September 2005 has been reviewed by the Audit Committee.

DIRECTORS’ INTERESTS IN SHARES

As at 30th September 2005, the beneficial interests of the directors and chief executive in the ordinary shares of the Company as recorded in the register maintained under Section 352 of the Securities and Futures Ordinance (“SFO”) were as follows:

| | No. of ordinary shares of HK\$0.25 each | | | | Percentage of issued capital (%) |
|------------------|---|------------------------|--------------------------|-------------|----------------------------------|
| | Personal interests | Family interests | Corporate interests | Total | |
| Sir Run Run Shaw | – | 1,378,000 ¹ | 297,106,872 ² | 298,484,872 | 74.92% |
| Mona Fong | 1,378,000 ¹ | – | – | 1,378,000 | 0.35% |
| Louis Page | 100,000 | – | – | 100,000 | 0.03% |

Note: Duplication of shareholdings occurred between parties (1) shown above and between parties (2) shown above and below under “Substantial Shareholders”.

- 2 263,610,872 shares were held by Shaw Holdings Inc., 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, in which companies Sir Run Run Shaw exerts 100% control through The Sir Run Run Shaw Charitable Trust.