



SHAW BROTHERS (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 0080)

INTERIM REPORT 2006/2007

The Directors of Shaw Brothers (Hong Kong) Limited (the “Company”) are pleased to present the Group’s Interim Report and condensed consolidated financial information for the six months ended 30th September 2006. The Group’s Interim Report and financial information have been reviewed by the Audit Committee of the Board of Directors who have in their review accepted the unaudited published financial information of Television Broadcasts Limited for the six months ended 30th June 2006 which have been included in the Group’s financial information. The consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30th September 2006, and the consolidated balance sheet of the Group as at 30th September 2006, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 5 to 12 of this report.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 5 cents per ordinary share, payable on 25th January 2007 to shareholders whose names appear on the Register of Members of the Company on that date, and will absorb HK\$19,919,520.

The Register of Members of the Company will be closed from Saturday, 13th January 2007 to Thursday, 25th January 2007, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 17th Floor, 183 Queen’s Road East, Hong Kong, no later than 4:00 p.m. on Friday, 12th January 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Filming Facilities Services

Filming facilities services comprise Film Remastering and Film Processing Centres, and the contribution towards Group profits during the period was HK\$1,593,000.

Redevelopment Of Clearwater Bay Site

The Master Layout Plan for the development proposal has been considered and approved by the Town Planning Board at the meeting held on 20th October 2006. The approved Master Layout Plan proposes a total residential gross floor area (excluding hostel floor area) of approximately 62,500 square metres and commercial gross floor area of approximately 23,000 square metres subject to the implementation of the development in 2 phases, details of which are to be agreed with the Planning Department and/or relevant Government departments. The approval is valid for commencement of construction until 20th October 2010.

Associated Companies

The contribution after taxation from Television Broadcasts Limited to Group profits during the period decreased by 14% due to a decline of approximately 5% in Hong Kong advertising sales during the first half of 2006, with substantial drop in spending on TV advertising from the local property, the slimming centre and the skin care categories.

Movie City Project (Shaw Studios)

Internal fitting out works are still in progress. Soft launch of the Sound Stages took place in the first quarter of 2006 and fitting out of the post-production facilities is expected to be completed by the second quarter of 2007.

Financial And Capital Structure

The Group had no significant 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 period.

Capital Commitments

As at 30th September 2006, capital commitments of the Group amounted to HK\$8.5 Million (31st March 2006: HK\$29.6 Million), which would be funded by internal resources.