

- Debts were denominated mainly in New Taiwan Dollars (86%), British Pounds (13%), and other currencies, such as Canadian, US and Australian Dollars.
- The Group had no committed borrowing facilities during the period.

Capital commitments of the Group, excluding the Group's share of commitments for jointly controlled entities, decreased by 35% to HK\$840 million (December 2001: HK\$1,298 million).

There was no material acquisition or disposal of subsidiaries and associated companies during the period.

The financing requirements of the Galaxy pay TV project are kept separate from the Group and will be arranged with investors to be brought in.

(b) Contingent liabilities

There were guarantees to the extent of HK\$89.6 million (December 2001: HK\$93.6 million) provided to bankers for banking facilities and a performance bond issued to the Government of HKSAR.

On 18 July 2002, Galaxy Satellite Broadcasting Limited (GSBL), a wholly owned subsidiary of the Company was served a court claim filed by Americom Asia-Pacific, LLC, issued in London for outstanding satellite transponder service fees in the total sum of US\$1,132,235 pursuant to the GE-1A Satellite Transponder Service Agreement made between the parties in September 2000. GSBL is contesting the claim and therefore no provision has been made in the Group's accounts for the period.

(c) Exposure to fluctuations in exchange rates and related hedges

As of 30 June 2002, exchange contracts entered into with bankers to sell forward certain foreign currencies in order to hedge against fluctuation for trade receipts from overseas customers amounted to HK\$7 million. When translated at rates ruling at 30 June 2002, there was a small exchange loss of HK\$277,000 on those exchange contracts that has not been recognized in the Group's accounts.

HUMAN RESOURCES

As at 30 June 2002, the Group employed, excluding directors and freelance workers but including contract artistes, a total of 4,996 (December 2001: 5,194) full time employees. About 25% of these were employed in overseas subsidiaries and they were paid on a scale and system relevant to their localities and local legislation. For local employment, different pay schemes are operated for contract artistes, sales and non-sales employees. Contract artistes are paid either on a show basis or by a package of shows. Sales personnel are remunerated on the basis of on-target-earning packages comprising salary and sales commission. Non-sales personnel are offered a monthly salary and the year-end bonus equivalent to one month's salary has been withdrawn since 1 January 2002. There was no share option scheme adopted by the Group during the period.

USE OF PROCEEDS

The Company received net proceeds of HK\$603 million by a placing of 4.87% shares on 30 April 1999 and a subscription of 20,355,000 new shares on 4 May 1999. The fund had a balance of HK\$280 million as at 31 December 2001. Gilt-edged bonds matured in late March 2002 were redeemed in full. All the funds have been used in full as at 30 June 2002 for capital expenditures committed for the new TV City project.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2002, the Company has not redeemed any of its ordinary shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's ordinary shares.

CORPORATE GOVERNANCE

During the six months ended 30 June 2002, the Company was in compliance with the Code of Best Practice 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”) save that independent non-executive directors who have not been appointed for a specific term are subject to retirement by rotation as specified by the Company’s Articles of Association.

AUDIT COMMITTEE

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 unaudited interim accounts for the six months ended 30 June 2002.

DIRECTORS’ INTERESTS IN SHARES

As at 30 June 2002, the beneficial interests of the directors and chief executive in the shares of the Company as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

	No. of Ordinary Shares of HK\$ 0.05 each	Nature of Interest
Sir Run Run Shaw (*) (Note)	141,174,828	Corporate
Chow Yei Ching	100,000	Personal
Mona Fong	1,096,000	Personal
Christina Lee Look Ngan Kwan	{ 16,701,000	Corporate
	602,144	Personal
Lee Jung Sen	1,262,415	Personal
Li Dak Sum	200,000	Corporate
Kevin Lo Chung Ping	Nil	
Louis Page	150,000	Personal
Chien Lee	600,000	Personal
Anthony Hsien Pin Lee	Nil	

Note: For the avoidance of doubt and double counting, it should be noted that duplication of shareholdings occurred between parties () shown above and below under “Substantial Shareholders”.*

The above corporate interests in which the directors and chief executive are taken to be interested are the interests of corporations where the directors and chief executive were either entitled to exercise (or were taken under the Securities (Disclosure of Interests) Ordinance to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations. Other than the above stated interests, none of the directors and chief executive have any other interests.

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 or debentures of the Company or any other body corporate.

Apart from the above, no interests were held or deemed or taken (under the Securities (Disclosure of Interests) Ordinance) to be held by any directors or chief executive of the Company in the share capital of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance) as at 30 June 2002.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, the register of substantial shareholders maintained under Section 16(1) of the Securities (Disclosure of Interests) Ordinance showed that, apart from that disclosed above in respect of the director marked (*) and chief executive, the Company had been notified of the following interests, being 10% or more of the Company's issued share capital.

	No. of Ordinary Shares of HK\$0.05 each
Shaw Brothers (Hong Kong) Limited (*) <i>(Note)</i>	113,888,628

Note: For the avoidance of doubt and double counting, it should be noted that duplication of shareholdings occurred between parties () shown here and above under "Directors' Interests in Shares".*

Save for the shares referred to above, no other person was recorded in the register kept pursuant to Section 16 of the Securities (Disclosure of Interests) Ordinance as having an interest representing 10% or more of the issued share capital of the Company as at 30 June 2002.

INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2002 containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules is also published on the Exchange's website (www.hkex.com.hk) and the Company's website (www.tvb.com.hk).

On behalf of the Board

Run Run Shaw

Executive Chairman

Hong Kong, 4 September 2002