

REPORT OF THE DIRECTORS (Continued)

Sharp-Roxy (HK) Limited has purchased advertising airtime and sponsorship from the Company through independent agents at arm's length market rates from time to time. Dr. Li Dak Sum, a director of the Company, together with his family controls 50% of the voting power of Sharp-Roxy (HK) Limited.

Apart from the above, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

As at 31 December 2003 the beneficial interests of the directors and chief executive in the shares of the Company as recorded in the register maintained under Section 352 of the Securities and Futures Ordinance were as follows:-

	No. of Ordinary Shares of HK\$0.05 each				Percentage of Issued Capital (%)
	Personal Interests	Family Interests	Corporate Interests	Total	
Sir Run Run Shaw	-	1,146,000 #	141,174,828*(a)	142,320,828	32.49%
Christina Lee Look Ngan Kwan	602,144	-	16,701,000 (b)	17,303,144	3.95%
Lee Jung Sen	1,262,415	-	-	1,262,415	0.28%
Mona Fong	1,146,000 #	-	-	1,146,000	0.26%
Chien Lee	600,000	-	-	600,000	0.14%
Li Dak Sum	-	-	300,000 (c)	300,000	0.07%
Louis Page	100,000	-	-	100,000	0.02%

*Note : Duplication of shareholdings occurred between parties # shown above and between parties * shown above and below under "Substantial Shareholders".*

(a) 113,888,628 shares were held by Shaw Brothers (Hong Kong) Limited and 27,286,200 shares were held by The Shaw Foundation Hong Kong Limited, in which companies Sir Run Run Shaw holds 74.58% and 100% equity interests respectively through Shaw Holdings Inc., a company in which Sir Run Run Shaw holds 100% equity interests through The Sir Run Run Shaw Charitable Trust.

(b) 10,377,000 shares were held by Trio Investment Corporation SA., 1,581,000 shares were held by Crystal Investments Limited, 3,162,000 shares were held by Compass Inc. and 1,581,000 shares were held by Bonus Inc. all companies in which Mrs. Christina Lee Look Ngan Kwan holds 100% equity interests.

(c) The shares were held by Roxy Property Investment Co. Ltd. in which Dr. Li Dak Sum holds 100% equity interests.

All the interests stated above represent 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 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 Securities and Futures Ordinance) 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 Securities and Futures Ordinance) as at 31 December 2003.

REPORT OF THE DIRECTORS (Continued)

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2003, the register of substantial shareholders maintained under Section 336 of the Securities and Futures Ordinance 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. These interests are in addition to those disclosed above in respect of the directors and chief executive.

	No. of Ordinary Shares of HK\$0.05 each	Percentage of Issued Capital (%)
Shaw Brothers (Hong Kong) Limited	113,888,628*	26.00%
The Shaw Foundation Hong Kong Limited	27,286,200*	6.23%
Marathon Asset Management Limited	26,288,000 (i)	6.02%
State Street Corporation	22,451,808 (ii)	5.13%

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

(i) Interests were held in the capacity of Investment Manager.

(ii) Interests were held by State Street Bank & Trust Company, in which State Street Corporation holds 100% equity interest.

All the interests stated above represent long positions. Save for the shares referred to above, no other person was recorded in the register kept pursuant to Section 336 of the Securities and Futures Ordinance as having an interest or short positions in the shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance) which represented 5% or more of the issued share capital of the Company as at 31 December 2003.

CONNECTED TRANSACTIONS

- 1) The following transactions constitute connected transactions of the Company to which conditional waivers have been granted by The Stock Exchange of Hong Kong Ltd. (the "Stock Exchange")
 - a) Since 5 May 1992, Shaw Brothers (Hong Kong) Limited ("Shaw"), a substantial shareholder of the Company, has been providing certain production facilities to the Company under a production management agreement. On 31 January 2001, the Company and Shaw entered into a new production management agreement for a term of two years from 1 February 2001 to 31 January 2003 at a monthly fee of HK\$445,000. The production management agreement was not renewed upon its expiry date on 31 January 2003. The amount paid by the Company to Shaw during 2003 was HK\$445,000.
 - b) On 19 May 1997 and 15 December 1997, the Company and Shaw entered into separate tenancy agreements, whereby Shaw granted to the Company tenancies of certain office and car parking spaces situated at Shaw House, Lot 220 Clear Water Bay Road, Kowloon, Hong Kong. The term of the two tenancies commenced on 1 July 1997 and 1 November 1997 respectively and both will expire on 30 June 2005. The amount of rental paid by the Company to Shaw during 2003 was HK\$17,732,000.
 - c) On 30 March 2001, the Company entered into a Letter of Intent with Chevalier (Network Solutions) Limited ("CNSL"), in relation to the supply, installation and maintenance of the private automatic branch exchange (PABX) system and structured cabling network by CNSL at the new TVB City of the Company at a lump sum fee of HK\$20,526,000, which is to be settled by way of installments. CNSL is an associate of a director of the Company, hence CNSL is a connected person of the Company. The formal contract containing the terms as stated in the Letter of Intent was signed in November 2001. The amount paid by the Company to CNSL during 2003 was HK\$5,119,000.