

REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is terrestrial television broadcasting, together with programme production and other broadcasting related activities. The principal activities of the subsidiaries are detailed in note 39 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 2 to the accounts.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the year are set out in the consolidated profit and loss account on page 28.

Movements in the reserves of the Group and the Company during the year are set out in note 28 to the accounts on pages 59 to 61.

Distributable reserves of the Company at 31 December 2004, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$ 2,618,142,000 (2003 : HK\$2,320,033,000).

DIVIDENDS

An interim dividend of HK\$0.20 per share, totalling HK\$87,600,000, was paid on 30 September 2004. The directors now recommend the payment of a final dividend of HK\$0.80 per share in respect of the year ended 31 December 2004 payable to shareholders who are on the Register of Members on 25 May 2005.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$72,000.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 13 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 27 to the accounts.

FIVE-YEAR FINANCIAL REVIEW

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 26.

DIRECTORATE AND SENIOR MANAGEMENT

The following directors and senior managers were in office during the year and at the date of this report.

Sir Run Run Shaw, G.B.M. (Executive Chairman)

aged 97, is the President of the Shaw group of companies with substantial interests in the entertainment and movie industry. Through the Shaw group, he holds a major interest in the share capital of the Company. He is one of the founding directors of the Company and became the Chairman in 1980. He is the husband of Ms. Mona Fong, the Deputy Chairperson of the Company.

Dr. Norman Leung Nai Pang, G.B.S., LL.D., J.P. (Executive Deputy Chairman)

aged 64, was appointed a director of the Company in September 2003 when he also took up the position as Executive Deputy Chairman. He is the Deputy Chairman of Kowloon Motor Bus Holdings Ltd and a director of Wing Lung Bank Ltd. Mr. Leung has been active in public service for 30 years and he served as the Chairman of the Broadcasting Authority from 1997 to 2002. He is currently serving as Commissioner of Civil Aid Service and Pro-Chancellor of City University of Hong Kong.

REPORT OF THE DIRECTORS (Continued)

Mona Fong (Deputy Chairperson)

aged 70, has been a director of the Company since 1988 and appointed as Deputy Chairperson on 25 October 2000. Ms. Fong is the Deputy Chairperson and Managing Director of Shaw Brothers (Hong Kong) Limited, and Chairperson and Managing Director of the Shaw group of companies. She is also the Chairperson of The Shaw Foundation Hong Kong Limited, The Shaw Prize Foundation Limited and The Sir Run Run Shaw Charitable Trust and member of the Board of Trustees of the Shaw College of the Chinese University of Hong Kong. Ms. Fong is the wife of Sir Run Run Shaw, the Executive Chairman of the Company.

Louis Page (Managing Director)

aged 55, was appointed a director of the Company in 1987 and as Managing Director in September 1995. He is an executive director of the Shaw group of companies.

Dr. Chow Yei Ching, G.B.S.

aged 69, was appointed a director of the Company in 2000. He is the Founder and Chairman of Chevalier Group, which consists of two listed companies on the Hong Kong Stock Exchange - Chevalier International Holdings Limited and Chevalier iTech Holdings Limited. He is also a non-executive director of Shaw Brothers (Hong Kong) Limited and Van Shung Chong Holdings Limited. He was appointed The Honorary Consul of The Kingdom of Bahrain in Hong Kong and a Standing Committee Member of the Chinese People's Political Consultative Conference, Shanghai.

Ho Ting Kwan

aged 60, joined the Company in 1968 as Assistant Accountant. He was appointed General Manager - Television Broadcasting in November 1995. In April 2002, he was promoted to the position of Group General Manager. Added to this position, he was appointed a director in June 2003.

Christina Lee Look Ngan Kwan

aged 81, is the widow of the Founder of the Company, Mr. Lee Hsiao-Wo. Mrs. Lee became a director of the Company in 1981. She is actively involved in Caritas, Hong Kong, a local charitable organisation.

Chien Lee (independent non-executive director and alternate director to Mr. Lee Jung Sen)

aged 51, is a private investor. He is also a director of Hysan Development Company Limited and Swire Pacific Limited. He acted as alternate director to Mr. Lee Jung Sen, his father, since July 1995. He was appointed a director in March 2005.

Lee Jung Sen, O.B.E. (independent non-executive director)

aged 89, is one of the founding directors of the Company. He is a director of Lee Gardens International Holdings Limited and Shanghai Commercial Bank Limited.

Dr. Li Dak Sum, DSSc. (Hon.), J.P. (independent non-executive director)

aged 84, is the Chairman of Sharp-Roxy (Hong Kong) Limited which markets "Sharp" products in Hong Kong and China. Dr. Li is also the Chairman of various hotel operations in Singapore, Australia and New Zealand. He was appointed a director of the Company in 1995.

Kevin Lo Chung Ping

aged 68, joined the Company in 1966 as Project Engineer and as General Manager from 1978 to 1980. He was appointed a director in 1977. He is also a director of Gold Peak Industries (Holdings) Limited.

REPORT OF THE DIRECTORS (Continued)

Robert Sze Tsai To (independent non-executive director)

aged 64, was appointed a director of the Company in June 2003. He is a Fellow of the Institute of Chartered Accountants in England and Wales, and the Hong Kong Institute of Certified Public Accountants, and was a partner in an international firm of accountants with which he practised for over 20 years. He is a non-executive director of a number of Hong Kong listed companies. He is also a member of the Shanghai Committee of the Chinese People's Political Consultative Conference.

Anthony Hsien Pin Lee (alternate director to Mrs. Christina Lee Look Ngan Kwan)

aged 47, is a director of Hysan Development Company Limited and Lee Hysan Estate Company Limited, and also a director and substantial shareholder of Australian-listed Beyond International Limited. He was appointed as Mrs. Lee's alternate in September 2002. He is the son of Mrs. Lee.

Chan Ching Cheong, George

aged 52, first joined TVB's Sales Department in 1975. He held the position of Controller (Marketing & Sales) from 1982 to 1989. He has had a successful career as an entrepreneur and as director of several prominent companies engaged in media, telecommunication and technology before he rejoined TVB in November 2004 as Assistant Managing Director.

Cheong Shin Keong

aged 48, joined TVB as Controller, Marketing & Sales in 1989. He has extensive experience in the advertising industry specialising in media planning, buying and research. He was promoted to Assistant General Manager - Television Broadcasting in November 1995, and as General Manager - Broadcasting in April 2004.

Stephen Chan Chi Wan

aged 46, joined TVB in 1994 as Controller (Programme) and took on the added responsibilities of Controller (External Affairs) in 1996. He was promoted to Assistant General Manager - Television Broadcasting in April 2002, and as General Manager - Broadcasting in April 2004.

DIRECTORS

Mr. Chien Lee was appointed a director on 17 March 2005. Under Article 109 of the Articles of Association, he holds office until the Annual General Meeting, and being eligible, offers himself for election.

Mr. Louis Page retires by rotation under Article 114(A) of the Articles of Association and being eligible, offers himself for re-election.

Dr. Chow Yei Ching retires by rotation under Article 114(A) of the Articles of Association and being eligible, offers himself for re-election.

Mr. Lee Jung Sen retires by rotation under Article 114(A) of the Articles of Association and will not offer himself for re-election.

DIRECTORS' INTERESTS

None of the Directors of the Company has a service contract with the Company which is not determinable within one year, without payment of compensation, other than statutory compensation. No share options of the Company have been granted to the Directors during the year.

The Company has entered into agreements with Shaw Brothers (Hong Kong) Limited for the lease of certain premises at Shaw House, Clear Water Bay Road, Kowloon, Hong Kong. The Executive Chairman of the Company, Sir Run Run Shaw, is the Executive Chairman of Shaw Brothers (Hong Kong) Limited, in which he also has substantial attributed corporate interests. The Deputy Chairperson of the Company, Ms. Mona Fong, is the Deputy Chairperson and Managing Director of Shaw Brothers (Hong Kong) Limited.