

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2006, the beneficial interests of 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%
Mona Fong	1,146,000#	-	-	1,146,000	0.26%
Chien Lee	400,000	-	-	400,000	0.09%
Dr. Li Dak Sum	-	-	300,000 (c)	300,000	0.07%
Dr. Chow Yei Ching	100,000	-	-	100,000	0.02%

Notes: 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 Shaw Holdings Inc. holds 74.58% and 100% equity interests respectively. Sir Run Run Shaw exerts 100% control over Shaw Holdings Inc. through The Sir Run Run Shaw Charitable Trust.

(b) 10,377,000 shares were held by Trio Investment Corporation S.A., 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. and in respect of such shares only, directors of these companies are all accustomed to act in accordance with the directions of Mrs. Christina Lee Look Ngan Kwan.

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

All the interests stated above represent long positions. The Company or its subsidiaries did not grant to 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 30 June 2006.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, 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 Directors and chief executive.

	<b>No. of Ordinary Shares of HK\$0.05 Each</b>	<b>Percentage of Issued Capital (%)</b>
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 (a)	6.02%

*Notes: Duplication of shareholdings occurred between parties \* shown here and above under "Directors' Interests in Shares".*

*(a) Interests were held in the capacity of investment manager.*

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 30 June 2006.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2006, 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

### BOARD COMPOSITION

Mr. Louis Page resigned as Director and Managing Director of the Company on 31 May 2006. Ms. Mona Fong was appointed by the Board as Acting Managing Director of the Company on the same day to ensure a smooth operation and a continued pursuit of the set objectives of the Company by the Management.

The Executive Committee nominated and the Board approved the appointment of Mr. Edward Cheng Wai Sun to be Independent Non-executive Director of the Company with effect from 1 June 2006, making a total of four Independent Non-executive Directors now serving on the Board of the Company.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2006, the Company has been 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 that the Executive Chairman is not subject to retirement by rotation at least once every three years (code provision A.4.2).

Pursuant to Article 114(d) of the Company’s Articles of Association, the Chairman is exempted from retirement by rotation. The Board considers that the Chairman, being the founder of the Company, possesses a wealth of experience which is essential to the Board and contributes to the continued stability of the Company’s business.

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 30 June 2006, in compliance with the Code.

## **COMPLIANCE WITH MODEL CODE**

Since 1 September 2004, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules.

Mr. Louis Page, who resigned as Director and Managing Director of the Company on 31 May 2006, and Mr. Edward Cheng Wai Sun, who was appointed as Independent Non-executive Director of the Company on 1 June 2006, confirmed that they had complied with the Model Code throughout the periods between 1 January 2006 and 30 May 2006 and between 1 June 2006 and 30 June 2006 respectively.

All other Directors and members of the Senior Management confirmed, following specific enquiry by the Company, that they had complied with the Model Code throughout the period between 1 January 2006 and 30 June 2006.

## **INTERNAL CONTROL**

The Board has the responsibility to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders’ investment and the Group’s assets. The scope of internal control is very broad. The system is designed to provide reasonable, but not absolute, assurance against material mis-statement or loss; to manage rather than completely eliminate the risk of system failure; and to assist in the achievement of the Group’s objectives. In addition to safeguarding the Group’s assets, it also ensures the maintenance of proper accounting records and compliance with relevant laws and regulations.

The framework of internal control encompasses all controls incorporated into strategic governance and management processes, covering the Group’s entire range of activities and operations, and not just those directly related to financial operations and reporting. It covers not only compliance matters, but extends also to the performance aspect of a business.

A review, pursuant to the requirement set out under Appendix 14 of the Listing Rules of the Exchange, of the effectiveness of the material controls, including financial, operational and compliance controls and risk management function, is in progress. It is envisaged that a report on the review shall be completed in the last quarter of the year for presentation to the Board in early 2007.

## **AUDIT COMMITTEE**

The majority of the Audit Committee members are appointed from the Independent Non-executive Directors, with the Chairman having appropriate professional qualifications and experience in financial matters.

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2006 before they were presented to the Board of Directors for approval.

The interim results for the six months ended 30 June 2006 have not been audited, but have been reviewed by the Company's external auditors whose report is set out on page 36 of this report.

## **INTERIM REPORT**

The interim report of the Company for the six months ended 30 June 2006 containing all the information required by paragraphs 46(1) to 46(9) of Appendix 16 of the Listing Rules is also published on the Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.tvb.com](http://www.tvb.com)).

On behalf of the Board

**Run Run Shaw**

Executive Chairman

Hong Kong, 24 August 2006