

Report Of The Directors

The directors submit their report together with the audited accounts for the year ended 31 December 2001.

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 34 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 31.

Movements in the reserves of the Group and the Company during the year are set out in note 24 to the accounts on pages 70 to 76.

Distributable reserves of the Company at 31 December 2001, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$2,489,375,000 (2000 as restated : HK\$2,282,218,000).

DIVIDENDS

An interim dividend of HK\$0.20 per share, totalling HK\$87,600,000, was paid on 5 October 2001. The directors now recommend the payment of a final dividend of HK\$0.75 per share in respect of the year ended 31 December 2001 payable to shareholders who are on the Register of Members on 29 May 2002.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$612,000.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 12 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 23 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 29.

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 94, 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 Chairman in 1980. He is the husband of Ms. Mona Fong, the Deputy Chairperson of the Company.

Mona Fong (Deputy Chairperson)

aged 67, has been a director of the Company since 1988 and appointed as Deputy Chairperson on 25 October 2000. Ms. Fong is the Executive Deputy Chairperson and Managing Director of Shaw Brothers (Hong Kong) Limited and Managing Director of the Shaw group of companies. She is also the Chairperson of the Shaw Foundation Hong Kong 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 52, 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.

Chow Yei Ching, O.B.E.

aged 66, was appointed a director of the Company in 2000. He is the Founder and Chairman of Chevalier Group, which consists of three listed companies on the Hong Kong Stock Exchange - Chevalier International Holdings Limited, Chevalier iTech Holdings Limited and Chevalier Construction Holdings Limited, and one listed company on the Singapore Stock Exchange - Chevalier Singapore Holdings Limited. He is also a non-executive director of Shaw Brothers (Hong Kong) Limited and Van Shung Chong Holdings Limited. In 2001, he was appointed the Honorary Consul of the Kingdom of Bahrain in Hong Kong.

Christina Lee Look Ngan Kwan

aged 78, 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.

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

aged 86, is one of the founding directors of the Company. He is a director of Lee Gardens International Holdings Limited and Shanghai Commercial Bank Limited.

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

aged 81, 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 65, 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.

Chien Lee (alternate director to Mr. Lee Jung Sen)

aged 48, is a director of the Scottish and Eastern Investments Limited. He is also a director of Hysan Development Company Limited and Swire Pacific Limited. He was appointed as Mr. Lee's alternate in July 1995.

Ho Ting Kwan

aged 57, joined TVB in 1968 as Assistant Accountant. He has since worked as Accountant, Chief Accountant and Comptroller. He was appointed Controller (Administration) in 1982 and promoted to Assistant General Manager in 1986. He was appointed Assistant General Manager - Television Broadcasting in July 1990 and as Deputy General Manager - Television Broadcasting in March 1992. He was given added responsibility as Company Secretary since April 1995. He was appointed General Manager - Television Broadcasting in November 1995.

Raymond Roy Wong

aged 64, a journalist, was employed by the Company as Manager of News, Public Affairs and Sports from 1977 to 1978. In 1980 he headed the News Division as Controller (News & Public Affairs) until 1991. He rejoined TVB's management team in February 1994 as Assistant General Manager - Television Broadcasting.

Cheong Shin Keong

aged 45, 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.

DIRECTORS

Sir Jack Cater, K.B.E., J.P. resigned from the Board on 22 November 2001.

Ms. Mona Fong retires by rotation under Article 93 of the Articles of Association and being eligible, offers herself 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 agreements with Shaw Brothers (Hong Kong) Limited for the lease of certain premises in Clear Water Bay Road, Kowloon, Hong Kong. The Executive Chairman of the Company, Sir Run Run Shaw, is the Chairman of Shaw Brothers (Hong Kong) Limited, in which he also has substantial attributed corporate interests.

In November 2001, the Company entered into an agreement with Chevalier (Network Solutions) Limited for the supply, installation and maintenance of a private automatic branch exchange (PABX) system and structured cabling network in the new TV City at Tseung Kwan O for a sum of \$20,526,000. Dr. Chow Yei Ching, a director of the Company, is the Founder and Chairman of the Chevalier Group.