

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.

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 2000 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)	141,014,828	Corporate
Sir Jack Cater	Nil	
Chow Yei Ching	100,000	Personal
Mona Fong	970,000	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	300,000	Personal
Chien Lee	600,000	Personal

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 right 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 31 December 2000.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2000 the register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance showed that, apart from those 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 (*) (Note)	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".

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 31 December 2000.

USE OF PROCEEDS

The Company received net proceeds of \$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 money is kept intact and placed with bankers on time deposits and gilt-edged bonds with maturity timed to coincide with the Company's cash flow requirements.

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) On 19 May 1997 and 15 December 1997 respectively, the Company and Shaw Brothers (Hong Kong) Ltd. (Shaw), a substantial shareholder of the Company, entered into a separate tenancy agreement 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 during 2000 was HK\$17,732,000.
 - b) On 21 February 2000, the Company and TVB.COM Limited (TVB.COM), a non-wholly owned subsidiary of the Company, entered into an administrative services agreement relating to the provision of certain services by the Company to TVB.COM. The fees received by the Company during 2000 was HK\$2,820,000.
 - c) On 1 January 1995, Liann Yee Production Co. Ltd. (LYP), a non-wholly owned subsidiary of the Company, and Era Communications Co. Ltd. (Era), a substantial shareholder of LYP, entered into a distribution agreement under which Era acted

as the sole distributor of LYP's cable channels in Taiwan, and responsible for collecting subscription fee income on behalf of LYP. The agreement was renewed for a period of three years from 1 March 1998 to grant Era the right to broadcast the programmes produced by LYP through independent cable operators' networks. The fee paid by LYP during 2000 was HK\$8,634,000 (NT\$36,508,000). On 16 November 2000, the agreement was renewed for a period of two years from 1 March 2001.

- d) Since 1995, Era has been placing advertisements on the cable television channels operated by LYP, as well as the channels or magazines of which LYP was appointed as an agent for recruiting advertisements. The amount received by LYP during 2000 was HK\$10,324,000 (NT\$43,654,000).
- e) Since 1995, Era has been licensing various programmes to LYP for broadcast on LYP's cable television channels. The amount which LYP paid to Era during 2000 was HK\$3,283,000 (NT\$13,880,000).
- f) Since 1995, LYP has been appointing Era to produce programmes for LYP's use. The production fees which LYP paid to Era during 2000 amounted to HK\$1,330,000 (NT\$5,623,000).
- g) On 15 October 1996, LYP entered into a transmission service agreement with Era under which LYP provided the service of transmission of video taped television programmes supplied by Era via satellites for broadcasting in Taiwan for a term of three years from 28 October 1996. The agreement was renewed for one year from 28 October 1999 on the same terms at a monthly service fee of NT\$1,200,000. The fees received by LYP during 2000 was HK\$2,838,000 (NT\$12,000,000).
- h) On 31 July 1998, LYP and Era entered into an optical fibre agreement under which Era provided its optical fibre networking service in Taiwan to LYP for an initial term of one year from 1 August 1998. The agreement was subsequently extended for another year from 31 July 1999. Under the agreement, LYP pays a monthly fee of NT\$500,000 per line provided. The agreement will be automatically renewed annually unless terminated by notice prior to the expiry of the then current term. The fees paid by LYP to Era during 2000 amounted to HK\$13,176,000 (NT\$55,714,000).
- i) In March 1999, LYP purchased 9 sets of encoders and 9 sets of decoders equipment from Era for HK\$3,464,000 (NT\$14,286,000). No similar transaction took place in 2000.
- j) On 8 December 1999, LYP and Era entered into an advertising agency agreement under which LYP was appointed by Era to act as a marketing agent to recruit advertisements for certain television channels operated by Era in Taiwan from 1 July 1999 to 30 June 2000. The income earned by LYP during first half of 2000 was HK\$7,974,000 (NT\$33,717,000).