

- k) Since 1999, LYP has been licensing re-edited version of various programmes produced by LYP to Era for broadcast on the channels operated by Era after having been first run by LYP. The amount received by LYP from Era during 2000 was HK\$901,000 (NT\$3,811,000).
- l) Since 1992, Golden Star Video Library Sdn. Bhd. (GSVL), a non-wholly owned subsidiary of the Company, has been purchasing both blank new tapes and spooling tapes from Abound Trading Sdn. Bhd. (Abound), a company in which an ex-director of GSVL owns more than 35% of shareholding. The total amount paid by GSVL to Abound during 2000 was HK\$1,722,000 (MYR836,000).

The directors, including all the independent non-executive directors, have reviewed the above transactions described in paragraphs (a) to (l) and confirmed that these transactions were entered into by the Company in the ordinary and usual course of business, conducted on normal commercial terms or on terms that are fair and reasonable so far as the shareholders are concerned, were entered into on terms no less favourable than those available to or from independent third parties and the aggregate amount of each of the transactions for 2000 has not exceeded the relevant cap amount for each transaction as set out in the conditional waivers granted by the Stock Exchange.

The Company's auditors have also reviewed the above transactions described in paragraphs (a) to (l) and confirmed in its letter to the directors that:

- (i) the transactions have received the approval of the Company's board of directors;
 - (ii) the transactions are in accordance with the pricing policies as laid down in the relevant agreements and documents;
 - (iii) the transactions have been entered into in accordance with the terms of the agreements governing the transactions or, if there are no such agreements, on terms of no less favourable than those available to or from independent third parties; and
 - (iv) the cap amounts have not been exceeded.
- 2) Since 5 May 1992, Shaw has been providing video production facilities to the Company under a production management agreement. The fees paid by the Company during 2000 was HK\$5,345,000. On 31 January 2001, the Company and Shaw entered into a new production management agreement for a period of two years from 1 February 2001 at a monthly fee of HK\$445,418.
 - 3) On 4 October 1994, a corporate guarantee of HK\$8,912,000 (NT\$36,750,000) was provided by the Company to a bank in proportion to its shareholding in LYP in connection with the granting of banking facilities of HK\$12,731,000 (NT\$52,500,000) to LYP. The banking facilities was fully utilized by LYP at balance sheet date.
 - 4) On 25 November 1997, a corporate guarantee of HK\$69,121,000 (GBP5,500,000) was provided by the Company to a bank in connection with the granting of banking facilities to the Company's non-wholly owned subsidiary, CC Decoders Limited (CCD). Indemnities from the minority shareholders of CCD totalled HK\$27,648,000

(GBP2,200,000) were given to the Company with an effect to share the liability under the corporate guarantee in proportion to their respective shareholding in CCD at the time when the guarantee was provided. At balance sheet date, the total amount of banking facilities drawn down was HK\$43,825,000 (GBP3,761,777).

- 5) On 19 May 1998, a corporate guarantee of HK\$84,875,000 (NT\$350,000,000) was provided by the Company to a bank in proportion to its shareholding in LYP in connection with the granting of banking facilities of HK\$121,250,000 (NT\$500,000,000) to LYP. The balance of the banking facilities of HK\$36,375,000 (NT\$150,000,000) was guaranteed by Era. At balance sheet date, the total amount of banking facilities drawn down was HK\$82,465,000 (NT\$348,687,000).
- 6) On 8 March 2000, the entire issued share capital of TVB Publications Limited (TVBP) was transferred to TVB.COM in consideration of HK\$50,000,000 in the form of an interest-bearing promissory note issued by TVB.COM to the Company pursuant to an agreement dated 8 March 2000 entered into between the Company, TVB.COM and TVBP.
- 7) On 29 March 2000, the Company, Measat Broadcast Network Systems Sdn. Bhd. (MBNS), Astro Broadcast Corporation (BVI) Ltd. (Astro), and Galaxy Satellite Broadcasting Limited (Galaxy), a wholly owned subsidiary of the Company entered into a joint venture whereby Astro agreed to subscribe up to 40% equity interest in Galaxy subject to certain conditions precedent. The joint venture agreement and the transactions to be entered into pursuant thereto have been approved by the shareholders in an extraordinary general meeting held on 24 May 2000. No completion has been taken place as not all the conditions precedent have been satisfied.
- 8) On each of 21 February 2000 and 21 March 2000, Measat Broadcast Network Systems (BVI) Ltd. (MBNS(BVI)) and Home Net N.V. (HomeNet) subscribed shares in TVB.COM pursuant to a joint venture agreement dated 11 November 1999. As a result of these subscriptions, MBNS (BVI) and HomeNet respectively holds 16.67% and 5.55% of the issued share capital of TVB.COM.
- 9) On 29 March 2000, the Company, MBNS, Astro, iTVB Limited, a wholly owned subsidiary of the Company, MBNS(BVI), HomeNet and Pacific Investments (BVI) Limited entered into the GEM Agreement relating to the establishment of a new company to acquire the entire issued capitals of TVB.COM, Galaxy and Celestial Pictures Limited (formerly East Asia Filmed Entertainment Limited) and to seek the listing of the new company on the Growth Enterprise Market of the Stock Exchange. The Completion of the GEM Agreement is subject to certain conditions precedent. The GEM Agreement and the transactions to be entered into pursuant thereto have been approved by the shareholders in an extraordinary general meeting held on 24 May 2000. No completion has been taken place as not all the conditions precedent have been satisfied.
- 10) On 16 April 1999, TVBI Company Limited (TVBI), a wholly owned subsidiary of the Company, entered into a sub-lease agreement with Era to lease part of the satellite transponder capacity to Era. The sub-lease agreement was superseded by a revised agreement dated 13 January 2000 pursuant to which Era agreed to lease the satellite

transponder capacity for a period from 1 January 2000 to 31 March 2006. Era also agreed to pay a monthly fee of HK\$1,149,255 (US\$148,291) from 1 January 2000 to 30 November 2001, and HK\$1,149,390 (US\$148,308) from 1 December 2001 to 31 December 2001 and HK\$855,732 (US\$110,417) from 1 January 2002 to 31 March 2006. The fees received by TVBI during 2000 was HK\$13,879,000 (US\$1,779,000).

- 11) On 7 October 1995, TVB (Overseas) Limited (TVBO), a wholly owned subsidiary of the Company, entered into a main supply agreement with All Asia Programming Systems (BVI) Ltd. (AAPS), a wholly owned subsidiary of MBNS, for the supply of programming by TVBO for distribution by AAPS. On 8 October 1995, TVBO entered into a sub-license agreement with MBNS and AAPS where AAPS sub-licensed the programming to MBNS. On 8 December 1997, supplemental agreements were entered into between the parties to supplement the then arrangement. The income accrued by TVBO in 2000 was HK\$30,528,000.
- 12) On 8 October 1995, TVBO entered into agreements with MBNS in respect of technical and management support and sales and marketing support by TVBO to MBNS. The income accrued by TVBO in 2000 was HK\$12,461,000.
- 13) On 3 December 1998, a deed of variation to the joint venture agreement of 1995 was entered into by the joint venture parties under which TVBO granted to The Chinese Channel (Holdings) Limited (TCCH), a non-wholly owned subsidiary of the Company, a loan subject to interest rate of 2% per annum above the London Inter-bank Offered Rate. The amount of interest bearing loan at the balance sheet date was HK\$41,241,000 (GBP3,540,000).

TVBO and the minority shareholders of TCCH also granted non-interest bearing loans to TCCH for the purpose of providing working capital in proportion to their respective shareholdings in TCCH. On 1 January 2000, as agreed among all the shareholders of TCCH, TVBO converted an amount of HK\$22,414,000 (GBP1,923,995) debts due from TCCH into interest bearing loan. The loan is subject to interest rate at Hong Kong prime rate plus 0.5% per annum. The amount of such loan at the balance sheet date was HK\$22,414,000 (GBP1,923,995). The amount of non-interest bearing loan due to TVBO at the balance sheet date was HK\$33,328,000 (GBP 2,860,796).

- 14) Since 1999, TVBO has been supplying the TVBS-Asia Channel to AAPS (which then sub-licensed to MBNS) for distribution in Malaysia and Brunei by MBNS. The income accrued by TVBO in 2000 was HK\$16,168,000.
- 15) On 30 June 2000, TVBO entered into a master production agreement with Era, to produce for Era certain films/programmes in Mandarin language for a period of one year from 1 July 1999. On 5 January 2001, both parties agreed to renew the agreement for another one year from 1 July 2000 on the same terms and conditions except that the right of Era in exploiting the films/programmes is extended to video compact disc format. The fees received by TVBO from Era during 2000 was HK\$12,466,000 (NT\$52,710,000).
- 16) Under a series of agreements entered into between TVBO/TVB International (Overseas)