

Limited (TVBIO), a wholly owned subsidiary of the Company at the relevant time, which was dissolved in 1996, and Era and covering the period from 1 July 1994 to 30 June 1999, TVBO/TVBIO granted Era an exclusive licence in Taiwan to exhibit, let or hire video cassette tapes containing films/programmes produced by the Company, TVBO and/or TVBIO also agreed to produce films/programmes for Era. In addition, under a further series of agreements entered into between TVBO/TVBIO and Era and covering the identical period, TVBO/TVBIO agreed to supply Era with prints and materials of the films/programmes. These agreements were not renewed.

- 17) On 30 December 1995, LYP entered into a separate transmission service agreement with Era to provide the service of transmission of video taped television programmes via satellite for broadcasting in Taiwan for a term of 3 years from 1 January 1996 at a monthly service fee of NT\$1,984,000. The agreement was renewed on the same terms from 1 January 1999 to 27 October 2000. The fees received by LYP during 2000 was HK\$4,692,000 (NT\$19,841,000).
- 18) On 1 October 1997, LYP entered into a sub-lease agreement with Era for a period from 1 October 1997 to 30 September 2002 to lease to Era part of the production space located at the basement level 1 and second floor of No. 260 Tun Hua North Road, Taipei. Rental income payable by Era under the sub-lease agreement is in proportion to its occupied floor area and subject to a 5% increase every 12 months. On 25 January 1999, a supplementary agreement was entered into as a result of a reduction in Era's occupied floor area. On 26 September 2000, an agreement was signed between the parties to terminate the sublease agreement on 1 October 2000. The rental income received by LYP from Era during 2000 was HK\$1,900,000 (NT\$8,032,000).
- 19) With effect from 28 October 2000, LYP has provided certain equipment and technical services to Era at a monthly fee of NT\$5,743,000 (HK\$1,358,300), while Era has provided satellite relay program services to LYP at a monthly fee of NT\$2,857,000 (HK\$676,000). The formal agreement was entered into between the parties on 10 April 2001. During 2000, the fee receivable by LYP was HK\$2,852,000 (NT\$12,061,000) and the amount payable to Era was HK\$1,419,000 (NT\$6,000,000).
- 20) On 16 November 2000, LYP and Era entered into a new advertising agreement for one year from 1 July 2000 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. The income earned by LYP in the second half of 2000 was HK\$8,374,000 (NT\$35,409,000).
- 21) Since 1987, Golden Star Video Sdn. Bhd. (GSVB) appointed GSVL as a non-exclusive dealer to distribute certain video and audio programmes and materials in Malaysia. The term of each appointment has been for one year commencing on 1 January and ending on 31 December. The amount payable under the agreement for each year was based on a percentage of the gross income generated by GSVL from the licensed programmes. The amount paid by GSVL to GSVB during 2000 was HK\$6,953,000 (MYR3,375,000). The agreement was not renewed in 2001.

- 22) On 20 November 1998, Hsin Chi Broadcast Co. Ltd. (Hsin Chi), a company in which LYP has an equity interest of 57.14%, entered into a movie rights agreement with Era under which Era agreed to license a batch of movie films to Hsin Chi for broadcast on Hsin Chi's Pay-Satellite-TV platform in Taiwan within the period from 20 November 1998 to 21 October 2007 for a total consideration of HK\$37,390,000 (US\$4,811,000). On 9 June 1999, as a result of a delay in the launch of the Pay- Satellite-TV platform, Hsin Chi appointed Era as its agent to find suitable licensees for all the movie rights at a price of not less than HK\$33,504,000 (US\$4,311,000). Era undertook to find the licensees for all the movies by 30 June 2000 and also agreed to take up those movies not licensed by that date.

#### **AUDIT COMMITTEE**

In compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, an Audit Committee was established on 1 January 1999 and three independent non-executive directors had been appointed as members with written terms of reference. Two meetings were held during the current financial year.

#### **CORPORATE GOVERNANCE**

During the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the the Listing Rules of The Stock Exchange of Hong Kong Limited save that independent non-executive directors who have not been appointed for a specific term are subject to retirement by rotation as specified by the Company's Articles of Association.

#### **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year, 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.

#### **MAJOR SUPPLIERS AND CUSTOMERS**

During the year, the percentages of the Group's purchases and sales attributable to its five largest suppliers and five largest customers are both less than 30%.

#### **AUDITORS**

The accounts have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and, being eligible offer themselves for reappointment. PricewaterhouseCoopers replaced Price Waterhouse in 1999 following their merger with Coopers & Lybrand.

On behalf of the Board

**Run Run Shaw**

Executive Chairman

Hong Kong, 11 April 2001