

- (b) In relation to the dispute between the company and the Composers and Authors Society of Hong Kong Limited (“CASH”) with respect to the basis for determining annual licence fee payable to CASH for the performing rights controlled and administered by CASH, despite the terms of the settlement was reached in early February 2001, the parties were unable to conclude the settlement agreement. The dispute is therefore being referred back to the Copyright Tribunal for determination and hearing of the reference is expected to take place sometime in the first quarter of 2002. The company is paying an interim licence fee of HK\$19,772,000 for the year 2001 to CASH pending the outcome of the Tribunal reference and subject to final adjustment as determined by the Tribunal. The directors are of the opinion that the final adjustment as determined by the Tribunal will not have a material adverse effect on the financial position of the group and consequently no provision has been made in the accounts.

14 CAPITAL COMMITMENTS

The amounts of commitments for fixed assets are as follows:

	30 June 2001	31 December 2000
	HK\$'000	HK\$'000
Authorised but not contracted for	836,424	894,517
Contracted but not provided for	1,010,533	1,257,512
	1,846,957	2,152,029

The group's share of commitments for fixed assets of the jointly controlled entities themselves not included in the above are as follows :

	30 June 2001	31 December 2000
	HK\$'000	HK\$'000
Authorised but not contracted for	2,787	4,603
Contracted but not provided for	63	-
	2,850	4,603

15 OPERATING LEASE COMMITMENTS

At 30 June 2001, the group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 June 2001		Restated 31 December 2000	
	Land and buildings HK\$'000	Equipment and transponder HK\$'000	Land and buildings HK\$'000	Equipment and transponder HK\$'000
-within one year	108,309	109,009	145,187	61,808
-in the second to fifth year inclusive	210,808	380,469	261,185	216,809
-after the fifth year	-	104,195	1,873	155,759
	319,117	593,673	408,245	434,376

16 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of the significant related party transactions, which are carried out in the normal course of the group's business:

- (a) On 1 January 1995, a non-wholly owned subsidiary of the company (SUB) entered into a distribution agreement with its minority shareholder (MI), under which the MI acted as the sole distributor of the SUB's cable channels in an overseas location, and responsible for collecting subscription fee income on behalf of the SUB. On 28 February 1998, the agreement was renewed for a period of three years from 1 March 1998. On 16 November 2000, the agreement was again renewed for a period of two years from 1 March 2001 to grant the MI the right to broadcast the programmes produced by the SUB through independent cable operators' network. The fee paid by the SUB during the six months ended 30 June 2001 was HK\$4,259,000 (2000: HK\$4,542,000).
- (b) On 8 December 1999, a non-wholly owned subsidiary of the company (SUB) and its minority shareholder (MI) entered into an advertising agency agreement under which the SUB was appointed by the MI to act as a marketing agent to recruit advertisements for certain television channels operated by the MI in an overseas location from 1 July 1999 to 30 June 2000. On 16 November 2000, the SUB and MI entered into a new advertising agreement for one year from 1 July 2000. The income earned by the SUB during the six months ended 30 June 2001 was HK\$5,981,000 (2000: HK\$8,514,000).
- (c) On 15 October 1996, a non-wholly owned subsidiary of the company (SUB) and its minority shareholder (MI) entered into a transmission service agreement under which the SUB provided the service of transmission of video taped television programmes supplied by the MI via satellite for broadcasting in an overseas location for a term of three years from 28 October 1996. The agreement was

renewed for one year on the same terms from 28 October 1999 at a monthly service fee of approximately HK\$284,000. The fee received by the SUB during the six months ended 30 June 2001 was nil (2000: HK\$1,818,000).

- (d) On 30 December 1995, a non-wholly owned subsidiary of the company (SUB) and its minority shareholder (MI) entered into a transmission service agreement under which the SUB provided the service of transmission of video taped television programmes supplied by the MI via satellite for broadcasting in an overseas location for a term of three years from 1 January 1996. The agreement was renewed on the same terms from 1 January 1999 to 27 October 2000 at a monthly fee of approximately HK\$469,000. The fee received by the SUB during the six months ended 30 June 2001 was nil (2000: HK\$3,006,000).
- (e) On 31 July 1998, a non-wholly owned subsidiary of the company (SUB) entered into an optical fibre agreement under which its minority shareholder (MI) provided its optical fibre networking service in an overseas location to the SUB for an initial term of one year from 1 August 1998. The agreement was subsequently extended from 31 July 1999 to 1 August 2000. Under the agreement, the SUB pays a monthly fee of approximately HK\$115,000 (inclusive of sales tax) per line provided. The agreement will be automatically renewed annually unless terminated by notice prior to the expiry of the then current term. The fee paid by the SUB to the MI during the six months ended 30 June 2001 amounted to HK\$5,914,000 (2000: HK\$7,214,000).
- (f) Two tenancy agreements were made between the company and a substantial shareholder (SI), dated 19 May 1997 and 15 December 1997 respectively whereby the SI granted to the company tenancies of certain office and car parking spaces situated at Shaw House, Lot 220 Clear Water Bay Road, 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 the six months ended 30 June 2001 totalled HK\$8,866,000 (2000: HK\$8,866,000).
- (g) A production management agreement was made between the company and a substantial shareholder (SI) on 5 May 1992 whereby the SI provided video production facilities to the company. This arrangement expired on 31 January 2001 and was renewed for a period of two years from 1 February 2001 at a monthly fee of HK\$445,418. The amount of the production management fee paid during the six months ended 30 June 2001 totalled HK\$2,673,000 (2000: HK\$2,673,000).
- (h) The minority shareholder (MI) of a non-wholly owned subsidiary of the company (SUB) licensed to the SUB the homevideo rental right in an overseas location. Under the agreement the license fee paid by the SUB to the MI during the six months ended 30 June 2001 was nil (2000: HK\$2,805,000).
- (i) A wholly owned subsidiary of the company (SUB) entered into an agreement for one year commencing from 1 January 2000 to grant a company which has a common director of the minority shareholder of a non-wholly owned subsidiary