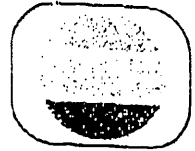


Television Broadcasts Limited**電視廣播有限公司**

Louis R. Page 費道宜
Managing Director
常務董事

CB(1)2407/03-04(03)

22 January, 1999

RefNo: OC/IAN/09/99

The Hong Kong Industrial Estates Corporation
Suite 107, Estate Centre Building
19 Dai Cheong Street
Tai Po Industrial Estate
New Territories, Hong Kong

SUBJECT TO CONTRACT

Attn: Mr Peter Y F Lo
Chief Executive

Dear Sirs,

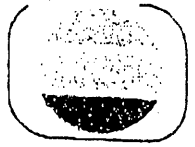
Re : Application for Land Acquisition Tseung Kwan O Industrial Estate ("the Industrial Estate")

With this letter, we submit our application for the acquisition of a site of approximately nine hectares upon the Industrial Estate as more particularly described in our application.

Our offer is made in good faith based on the original land premium less the agreed 15% discount with the understanding that we will be given the benefit of any further reduction as the Government and/or Industrial Estate Corporation may reasonably determine pending the outcome of the current review undertaken on the premium rates applied to industrial estates in Hong Kong.

For the purpose of the current review and in determining an equitable land premium for the acquiring site, we would expect the Government, the Corporation and their appointed consultants to take into full consideration the following pertinent factors which we believe are crucial to establish a fair, reasonable and appropriate premium rate for the acquiring site :-

1. The importance of creating sufficient incentives to investors (both local and foreign) to invest on a more long term basis in Hong Kong;
2. The land premium rate and the terms and conditions of land grant for industrial estates in Hong Kong must be highly competitive with other similar industrial estates in the Southeast Asian Region, and at least comparable to other commercial and industrial land offer in Hong Kong.

Television Broadcasts Limited**電視廣播有限公司**

Louis R. Page 賈道宜
Managing Director
常務董事

3. Greater incentives in terms of a lower premium rate and more flexible terms should be given to a single purchaser of a substantial large site taking into account the nature and location of the site.
4. The lower demand of industrial estates in Hong Kong, having regard to the fact that the economy and businesses in Hong Kong have been more concentrated on the service and financial sectors, the offer from HKIEC must be attractive enough to motivate local and foreign investment in industrial sector.

We also believe due credits should be given to a purchaser with respect to the value of the land after a large scale development and the long term contribution that will be made to the neighbourhood areas.

Pending the conclusion of the current review and determination of the land premium for the acquiring site, we propose to pay 10% of the current land premium ten days after our shareholder approval with balance (subject to adjustment after determination of a fair land premium) to be paid by installments in the following manner :-

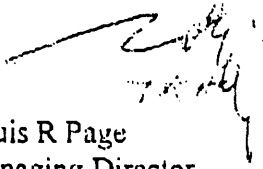
- (i) 20% on commencement of ground breaking;
- (ii) 20% 12 months after commencement of ground breaking;
- (iii) 20% 24 months after commencement of ground breaking;
- (iv) 30% one month after issuing of a full occupation permit.

We would like to stress that our offer and application are made conditional on our shareholder approval as required by the Listing Rules of the Stock Exchange of Hong Kong and any contractual documentation will have to be made subject to such condition unless shareholder approval has been obtained.

We would appreciate it if you could consider our offer and application favourably and allow us to access and commence preparation work on the acquiring site as soon as possible after the acceptance of our application.

We look forward to hearing from you at your earliest.

Yours faithfully,
For and on behalf of
TELEVISION BROADCASTS LIMITED


Louis R Page
Managing Director
LP/OC/TL/sso

**THE HONG KONG INDUSTRIAL ESTATES CORPORATION**Suite 107 Estate Centre Building, 19 Dai Cheong Street, Tai Po Industrial Estate, N.T., Hong Kong
Tel : (852) 2664 1183 Fax : (852) 2664 2481 E-mail : hkiec@hk.super.net

香港工業邨公司 新界大埔工業邨大昌街十九號工業邨中心大樓107室

Our Ref: #435
Your Ref: OC/JAN/09/99Date: 4th February 1999Television Broadcasts Limited
TV City
Clear Water Bay Road
Kowloon, Hong Kong

(Attention: Mr. Louis R. Page)

SUBJECT TO CONTRACT

Dear Sirs,

**Sections K, M and Subsection 1 of Section V of
Tseung Kwan O Town Lot No. 39 and Extensions Thereto ("the Site")**

We refer to your letter, application and supporting schedules dated 22nd January 1999. We are pleased to advise you that our Board has agreed to offer you a site on the Tseung Kwan O Industrial Estate ("the Site") at a land premium of \$210,362,600 (89,516 sq. metres at HK\$2,350 per sq. metre) for you to set up the TV City as described in your application and supporting schedules subject to your satisfactory completion of the under-mentioned conditions and the execution of the Agreement for Lease with the Proposal Form:

- (a) You confirm your acceptance of the terms and conditions of our Agreement for Lease, a draft copy of which is enclosed herewith, by signing in the space provided in the copy of this letter and returning it to us. The document sets out and covers all the terms and conditions under which the Site will be granted (save and except the undertaking hereinafter mentioned) and no representation or warranty whatsoever shall be treated or construed as having been given or implied by us in any correspondence or discussion relating to the Agreement for Lease. If and insofar as any representation or warranty has been made by us, the same shall be deemed cancelled and rendered void absolutely. Please note the user restrictions set out in the Second Schedule to the Lease contained in the Agreement for Lease, which are the same as those set out in Paragraph 1 of the Proposal Form. They represent the fundamental

/ 2 ..

THE HONG KONG INDUSTRIAL ESTATES CORPORATION

To Television Broadcasts Limited
(Attention: Mr. Louis R. Page)

4th February 1999

- 2 -

condition of the grant of the Site to you and you are required always to comply with such fundamental condition. Please also note Clauses B(14) and B(15) of the Lease contained in the Agreement for Lease, Clauses B(6)(j) and B(10) of the Agreement for Lease and Paragraph 4 of the Proposal Form. All in all, the user restrictions and the above-mentioned Clauses are to stipulate the types of processes and products permitted on the Site and the minimum amount of machinery and equipment you have to purchase, install and own for your project on the Estate. You may always improve upon this by acquiring more numbers of similar machinery and equipment and/or more modern machinery and equipment but may not reduce or degrade the machinery and equipment without the prior approval of the Corporation. The Clauses also provide remedies to the Corporation in the event of a breach by you of the user restrictions and/or the minimum investment in machinery and equipment. Please also note Clause B(8) of the Agreement for Lease and Clause B(11) of the Lease which require you to be the occupier in the premises after building completion and no other entity or its employees shall occupy part of the premises without prior approval of the Corporation and we will check your employee compensation insurance, machinery etc to verify your compliance. If you intend to have group companies occupy part of the premises, you are advised to obtain prior approval of the Corporation as early as possible and we enclose a sheet summarising the standard licensing conditions required by the Corporation. Please also note Clause B(41) of the Agreement for Lease and Clause B(58) of the Lease concerning restriction on the use of fuel. The consumption of 20 litres of light diesel to test run your standby generator is exempted from this restriction. You should also note Clause B(47) of the Agreement for Lease and Clause B(60) of the Lease setting out the conditions for "Slope treatment, landslide preventive and remedial works". You should also be aware that the whole Tseung Kwan O Industrial Estate is reclaimed from the sea and the Site forms part of such reclamation. In this connection, please note Clause K of the Agreement for Lease and Clause E of the Lease;

- b) you confirm your agreement to the details shown in the attached draft Proposal Form by signing and dating each page and returning the Proposal Form to us. Please check them carefully as they represent stipulations on your part to be fulfilled;

/ 3 ..

THE HONG KONG INDUSTRIAL ESTATES CORPORATION

To Television Broadcasts Limited
(Attention: Mr. Louis R. Page)

4th February 1999

- 3 -

- c) you confirm your acceptance of the Site shown coloured pink on the attached allocation plan no. IEC/99/TKO/P(0)-114 by signing and dating the plan and returning it to us. The Site is tentatively designated as Sections K, M and Subsection 1 of Section V of Tseung Kwan O Town Lot No. 39 and Extensions Thereto. It is important that you should be aware of a newly planned development on the plot of land designated Area 86 to the north of the Estate. This plot is planned to be developed into a railway depot with a large residential development above the podium. As there will be sensitive receivers in this development, you should take appropriate environmental protection measures to minimise pollution from your operations (e.g. noise) and you are likely to be required to submit an environmental impact assessment study to the Environmental Protection Department. In regard to your antennae farm and satellite disks, you should be aware that the area to the south of the Site (designated Area 137) is being reclaimed and no height restriction will be imposed on buildings or structures that may be erected in this area and you should take this factor into account when designing the location and support for the antennae and disks. Possession of the Site will be given to you soon after your completion of the Agreement for Lease with its Proposal Form but possession of a strip of land 3 metres in width (from point K to point S through points L, M, N, O, P, Q and R as shown on the attached plan) will have to be deferred to until after July 1999 because it is presently used by the road works contractor as his works area; this strip falls within the setback area of the Site and a short delay in its possession should not affect your works,
- (d) you pay us a deposit of HK\$21,036,260.- by cheque as part payment of the premium for the Site; and
- (e) you supply us two copies of your Memorandum and Articles of Association, a copy of your latest Annual Report (or audited accounts) and a copy of your latest annual return filed with the Companies Registry Hong Kong;

all five conditions above will have to be completed by you on or before 25th March, 1999 which is two days from the date of shareholders' approval indicated by you. If by that date we do not receive the documents specified in conditions (a), (b), (c) and (e) duly signed as required together with your cheque for HK\$21,036,260 as required under condition (d), this offer shall automatically become null and void. Provided you have complied with all five conditions on or before 25th March, 1999, we will then instruct our solicitors to prepare the

/ 4 ..

THE HONG KONG INDUSTRIAL ESTATES CORPORATION

To Television Broadcasts Limited
(Attention: Mr. Louis R. Page)

4th February 1999

- 4 -

engrossment of the Agreement for Lease and its Proposal Form. As time is and will be of the essence to this offer, the Agreement for Lease and its Proposal Form are required to be executed by you under seal within 14 days from the date of their despatch by our solicitors. Your failure to comply with this time limit will render this offer null and void unless an extension of time is granted.

As regards any possible reduction in premium for sites on the Tseung Kwan O Industrial Estate that may be announced by the Corporation on or before 30th ^{31st December} September, 1999, we hereby undertake that such reduction shall be granted to you retroactively and the premium payable for the Site as well as the instalment amounts set out below shall be adjusted accordingly, which shall be by way of a Deed of Variation and the legal cost for preparing such deed shall be borne by you.

As regards payment terms for the premium, they should be as follows:

Deposits: 10% of land premium payable upon acceptance of this offer;

10% of land premium payable upon completion of the Agreement for Lease and its Proposal Form;

Instalments: Balance of the land premium together with interests to be paid:

- (i) 20% thereof on or before 15th April 2000;
- (ii) 20% thereof on or before 15th April 2001;
- (iii) 20% thereof on or before 15th April 2002; and
- (iv) 20% thereof on or before 15th April 2003.

Interest rate: at a fixed rate of 6.75% per annum

In the event of your failure to execute the Agreement for Lease and its Proposal Form within the specified time or any extended period approved by us, one-half of the aforesaid deposit, amounting to HK\$10,518,130.-, representing 5% of the premium, shall be forfeited to us. The other half of the deposit shall thereupon be refunded to you subject to and after deduction of all legal and professional charges incurred and interest (if any) charged by us for any extension of time granted by us for the execution of the Agreement for Lease and its Proposal Form. Furthermore the Site may immediately thereafter be allocated to another applicant.

/ 5 ..

THE HONG KONG INDUSTRIAL ESTATES CORPORATION

To Television Broadcasts Limited
(Attention: Mr. Louis R. Page)

4th February 1999

- 5 -

In connection with the certificates to be supplied under Clause E of the Agreement for Lease after completion of the buildings and installation of machinery, plant and equipment following the receipt of an Occupation Permit, we enclose for your information and guidance a copy of each of "Valuation Requirements for Machinery, Plant and Equipment (for Manufacturing Purposes) to be installed at Proposed Factories at Industrial Estates", "Pro Forma Architect's Certificate of Expenditure on Buildings" and "Pro Forma Auditor's Certificate of the Value of Existing and New Machinery, Plant and Equipment".

Meanwhile, we suggest you convene a Meeting of Directors to approve the proposed project, the lease of the Site, the signatories and the fixing of the common seal to the Agreement for Lease, its Memorial and Proposal Form in accordance with your Articles of Association. We enclose herewith a proforma for your information. Please send us a copy of the resolution when available and in any case before completion of the Agreement for Lease and its Proposal Form.

As regards environmental protection, you will note from the provisions in the draft Agreement for Lease and the Lease that your operations will have to comply with the requirements of the Environmental Protection Department (EPD). It is in your own interest to ascertain such requirements before you accept this offer. You may contact Mr. Richard Lai of the Environmental Assessment Division of EPD at 28th Floor, Southorn Centre, 130 Hennessy Road, Wanchai, Hong Kong. (Tel 2835 1107) (Fax 2591 0558)

If you have any queries or need any clarification about this offer, please let us know.

Yours faithfully,

We hereby accept this offer and signify our acceptance of the terms and conditions in this letter and also those of the draft Agreement for Lease/Lease and the draft Proposal Form.

Francis Leung
for Chief Executive

Signature:

Name: LOUIS PAGE

Encls.

Date: ... 15th April, 1999

(FL/500)

**THE HONG KONG INDUSTRIAL ESTATES CORPORATION**

Suite 107 Estate Centre Building, 19 Dai Cheong Street, Tai Po Industrial Estate, N.T., Hong Kong
Tel : (852) 2664 1183 Fax : (852) 2664 2431 E-mail : hkiac@hk.super.net
香港工業邨公司 新界大埔工業邨大昌街十九號工業邨中心大樓107室

Our Ref: #435

11th March 1999

Television Broadcasts Limited
TV City
Clear Water Bay Road
Kowloon

(BY FAX 2358 1337 & BY POST)

(Attention: Mr. Louis R. Page)

Dear Sirs,

**Sections K, M and Subsection 1 of Section V of
Tseung Kwan O Town Lot No. 39 and Extensions Thereto ("the Site")**

We refer to your letter of 9th March 1999.

We confirm that the date of 30th September 1999 has provided for a possible delay of some four months between submission of the final report by the consultants and announcement by the Corporation of its decisions on the report. In view of your concern about further delays, we are agreeable to extend the date to read 31st December 1999. When accepting the offer, please amend the date to read 31st December 1999 and initial against it. We hereby also undertake that nearer the extended date aforesaid, if we foresee a further delay we will have the date extended further.

Yours faithfully,

p.p. The Hong Kong Industrial Estate
Corporation

Francis Leung
Deputy General Manager

(FL:pnlt)



THE HONG KONG INDUSTRIAL ESTATES CORPORATION

Suite 107 Estate Centre Building, 19 Dai Cheong Street, Tai Po Industrial Estate, N.T., Hong Kong
Tel : (852) 2664 1183 Fax : (852) 2664 2481 E-mail : hkied@hk.super.net

香港工業邨公司 新界大埔工業邨大馬路十九號工業邨中心大樓107室

Our Ref: #435

7 October 1999

By Fax 2358 0519 & By Post

Television Broadcasts Limited
TV City
Clear Water Bay Road
Kowloon

(Attention: Mr. Orlando Chan)

Dear Sirs,

**Subsection 1 and Remaining Portion of Section K,
Section M and Subsection 1 of Section V of
Tseung Kwan O Town Lot No. 39 and Extensions Thereto ("the Site")**

Thank you for your letter of 4 October 1999.

The final report of the consultancy study commissioned by the Corporation was originally scheduled for completion in June/July 1999. However, it has taken much longer for all the relevant issues to be examined thoroughly and it is now unlikely that the final report will be ready before the end of this year.

Notwithstanding this unexpected delay, our earlier undertaking concerning any revision in land premium arising from this consultancy study remains valid and as stated in our letters dated 4 February and 11 March 1999. Nevertheless, the reference to 31 December 1999 in our second letter now seems unrealistic and for the sake of reassuring you of our undertaking, we hereby extend the date to the end of our current financial year, i.e. 31 March 2000.

Please feel free to contact the undersigned if you have any questions or if there are any areas requiring our clarification.

Yours sincerely,

p.p. The Hong Kong Industrial Estate
Corporation

Francis Leung
Deputy General Manager

(FL:pm1)