

Parallel Importation of Copyright Articles (Discussion on 10th October 1998)

Submission to the LegCo Panel on Trade and Industry

By

KPS Retail Stores Ltd. (KPS)

	<u>Pages</u>
I. Introduction	2
II. KPS Purchase Policy and Implementation after 27th June 1997	2
III. Barriers on Product Procurement	3
IV. Consumer's Choices	4-5
V. Conclusion	5
 Appendix	
1.1 Letter from IFPI	
1.2 Correspondence with MPIA	
2.1 Letter from Warner Music	
3.1 Correspondence with BMG	
4.1 Letter from Universal Music Limited	
4.2 Correspondence with CIC	
5.1 List of titles from a wholesaler	
6.1 KPS's internal memo from a video buyer	
7.1 Schedule of Correspondence with IFPI	
7.2 Schedule of Correspondence with MPIA	

I. Introduction

This paper is submitted in the response to the invitation by the Chairman of the Panel on Trade and Industry to update the panel on the following:

- (1) Difficulties which the legitimate retailers have experienced in obtaining consumer products following enactment of the new Copyright Ordinance (No.92 of 1997) effective 27th June 1997;
- (2) Impact on Choices to the average consumers.

KPS is one of the Hong Kong's largest suppliers of home entertainment software, both on video and audio format. It currently owns and operates 38 retail outlets in Hong Kong. Annually, KPS contributes over HK\$200 million retail sales to the movie and music industries. Over 2,000,000 customer visits of rental and purchase were recorded in the KPS system per annum.

II.KPS Purchase Policy after 27th June 1997

As a retailer, KPS's mission statement is to buy every possible legitimate product and supply them to consumers. Under the New Copyright Ordinance came into effect on 27th June 1997, the purchase policy of KPS is to buy product only from the Local exclusive licensees or with the authorization of the Copyright owner. In order to comply strictly with the policy, the KPS buyers are required to implement the following procedure:

- Phase 1: Identify the local exclusive licensee and place purchase order.
- Phase 2: If there is no local exclusive licensee, identify the Hong Kong copyright owner and place purchase order.
- Phase 3: If buyers are unable to identify the local exclusive licensee or the Hong Kong copyright owner, try to obtain assistance from Motion Picture Industry Association (MPIA) for films rights and International Federation of the Phonographic Industry (IFPI) for music rights to identify the copyright owner.
- Phase 4: If order cannot be fulfilled, obtain authorization in writing from exclusive licensee or copyright owner to import the product into Hong Kong

III. Barriers on Product Procurement

- **Unable to identify the right holder.**
Both IFPI and MPIA can only provide assistance if the licensees or right holders are their member companies. See Appendix 1 for reference.
- **Non-existence of exclusive licence for the repertoire.**
This scenario happens very often to music compilations. Appendix 2, a letter from Warner Music best illustrated the problem.
- **Complication of licensing agreements.**
Some of the labels the license rights from copyright owners are for marketing only. Appendix 3, correspondence with BMG tells the story.
- **Long logistics delivery lead-time.**
When dealing with titles or labels that are not distributed by local right owner's representative, it takes months to go through the clearance process. The "Carlton Home Entertainment" case is a typical example. We started asking rights ownership with IFPI and Carlton Home Entertainment on 23rd July 1997, until 6th January 1998 (7 months after) we were then confirmed the video ownership of the titles.
- **Low fill rates.**
Especially on back catalog titles. See Appendix 4 on Universal Music (music titles) and CIC (video titles) respectively for reference.
- **Complete title lists or catalogs unavailable from licensees.**
Local distributors obtained their licence from right owners for a limited period of time. As licence changed from hands to hands, no complete list of information can be obtained from any distributor or exclusive licensee. However, release information from wholesalers is comprehensive. See Appendix 5, a page copy of the catalog for reference
- **Programs available for consumers in other countries are not made available for Hong Kong**
We have been using information provided by the overseas wholesalers to identify what are available to consumers in other countries and tried to obtain assistance or permission to parallel import. Appendix 6 an internal memo from our video buyer best indicated the obstacles. The correspondence attachment referred to in the memo is not enclosed with this paper.
- **Delay in replies or No reply from authorizations**
Appendix 7, a summary of correspondence schedule with IFPI and MPIA respectively illustrates KPS's hesitation on whether to parallel import or not, after obtaining uncertain replies from the authorizations.

IV. Consumer's Choices

Availability and selections of product had shrunk.

Format	Percentage of Shrinkage
English VHS sales titles	70%
English VHS rental titles	50%
English LD Titles	80%
International CD Titles	35%

The following best illustrates what Hong Kong consumers have missed out because of the new law. They are, however, only tip of the iceberg.

Format	Titles	Reason of unable to supply to consumers
VHS	Barney Videos	Polygram has confirmed verbally that they have the rights for HongKong. However, they are unable to supply KPS since the title is of high demand over the world and they are unable to get hold of any stock. No date set as to when stocks will become available.
VHS	Formula 1 Videos	Cannot identify right ownership for Hong Kong. Request has been sent to Mr. Ecclestone, the Formula 1 supremo. No reply
VHS/LD	World Cinemas e.g. Three Colours (Blue, Red & White), Delicatessen, Raise the Red Lantern	Cannot obtain the rights
VHS	Star Trek Videos	CIC has the rights, however has been unable to supply for 4 months
VHS	Sesame Street Videos	Cannot identify the right owner
VHS	Manchester Video (soccer)	Cannot obtain authorization from the copyright owner in the U.K. They don't want to spend time for Hong Kong market.
VHS	BBC Videos	The distributor, Deltamac, has been unable to supply since April 1998
LD	Jackal	Street Date has been continuously delayed and parallel imported copies is readily available in some of the small stores in Hong Kong
LD	Basic Instinct	LD rights held by Pioneer in the U.S., unable to obtain permission for Hong Kong
LD	TrainSpotting	Criterion edition not available for Hong Kong
LD	Hard Boiled (Director's cut)	Not available for Hong Kong

Parallel Importation of Copyright Articles (Discussion on 10th October 1998)

CD	George Gershwin's Ultimate Collection	Local licensee does not carry
CD	Best of Stevie B	Local licensee does not carry
CD	Billboard Top Dance Hits	No one carry for Hong Kong
CD	Super Hits of Byrds	Local licensee does not have the rights
CD	Soundtrack: Blade	No one has the rights for Hong Kong
CD	Van Morrison: Live at Grand Opera House 85	Local licensee does not have the rights

KPS receives on average 150 special orders a month from individual customers. In the months of 1998, we could only maintain 28% fulfillment of these requests. The time frame of fulfillment was more than double.

V. Conclusion

In order to ensure the code of practice stated by the Ordinance is regulated, KPS the retailer has spent tremendous time and resources on identifying the rights ownership, communicating to the parties concerned. The local licensees do not offer the advantageous trading terms of "unsold and 100% return" which are offered by overseas wholesalers. Operating and stock-holding costs of the retailer is therefore increased. Yet, results of getting products are unsatisfactory. Logistics delivery lead-time is getting too long for cost-effective operations, especially during a tough economic environment Hong Kong is currently going through.

At the end of the day, retailers want to sell as many products as they can within the region, and consumers wish to be able to have access to as many types of products as possible and as earlier as possible. KPS finds the trade fails to satisfy the needs.

Although the Ordinance allows retailers to parallel import if the right-holder has acted "unconscionably". However, the "availability" defense can never be used to avoid criminal liability. The law provision is not sufficient to reduce the fear of civil and criminal liability that lay in the minds of the retailers.

As an operator running a low-end margin business, no legitimate retailer, without comparatively expensive legal advice, will take the risk to import products not supplied by the licensee in order to satisfy consumers.

As a result, consumers suffered

**LETTERHEAD OF INTERNATIONAL FEDERATION OF THE PHONOGRAPHIC
INDUSTRY(HONG KONG GROUP)**

BY FAX AND BY MAIL

Dear Sir,

Re : Hong Kong Copyright Ordinance

Please kindly refer to your letter dated 23rd September, 97 and 17th October, 97 seeking clarification to exclusive licence on labels for the territory of Hong Kong. I wish to inform you that no member has indicated exclusive licence on the labels under the attached list up to now. However, in terms of label clearance, I wish to response as follows:

1. The use of labels to narrow the scope for identification of exclusive licence for Hong Kong is deemed an efficient way and a starting point for local licensees to confirm exclusive licence.
2. That said, the use of labels to identify non-existence of exclusive licence is not so efficient due to that many labels are not repertoire owning labels. They are labels that license rights from copyright owners for marketing and release under specific terms and territories.

These label companies would have in many instances compiled sound recordings for their own market but such are under exclusive licence to someone for the territory of Hong Kong.

For all labels that we have provided you in the past with indications that we cannot find exclusive licensee in Hong Kong, we would still advise you to seek clarification through IFPI with our members exclusive licence on album to album basis where track information in the key.

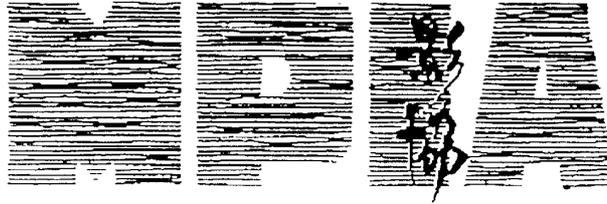
For improved efficiency in the handling of enquiries from importers, we are in the process of designing a standard enquiry and reply form which shall be used by both the enquirer and our members. Hopefully, this form could be made available to you early next week.

I look forward to the meeting with you and the new KPS MD in the nearest future.

Yours truly,

Ricky Fung
Chief Executive Officer

c.c. Mr Giouw Jui Chian
Mr Patrick Wong
IFPI (Hong Kong Group) Committee Members.



To: Mr. Christopher Britton
KPS Retail Stores Limited

Fax: 2787 1412

c.c.

From: Woody Tsung
Motion Picture Industry Association, Hong Kong

Date: 10th September 1997

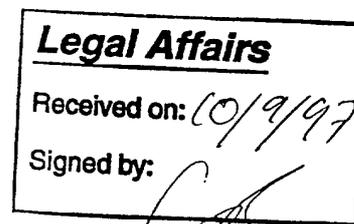
Dear Mr. Christopher Britton,

I would like to inform you that, as at 9th September 1997, MPIA's members do not hold any form of rights regarding the list of titles attached with your letter dated 27th August 1997.

Your inquiry dated 9th September 1997 is acknowledged.

Thanks for your kind attention!

Best regards,



13/E., Tung Wui Commercial Building, 27 Prat Avenue, Tsimshatsui, Kowloon, Hong Kong.

Telephone: (852) 2311-2692

Fax: (852) 2311-1178 & (852) 2724-0056

LETTERHEAD OF KPS RETAIL STORES LIMITED

27 August, 1997

Motion Picture Industry Association
13/F Tung Wui Commercial Building
27 Prat Avenue
1178
Tsimshatsui
Kowloon

By Fax & By Post

Fax No. 2311

Attention: Mr. Woody Tsung, Chief Executive

Our Ref: CWB/sl/LE97.106

Dear Woody

Re: Hong Kong Copyright Ordinance

We have been offered a number of titles by a UK-based film distributor, International Media Communications Ltd. (IMC) of Godalming Business Centre, Woolsack Way, Godalming, Surrey GU7 1XW, United Kingdom.

We have been informed by IMC that there is no local exclusive licensee for these films and that they hold the worldwide rights.

I set out below a list of the films which we intend to import into Hong Kong. I would be grateful if you could review the list and indicate whether any of the films listed are the subject of local exclusive license agreements with any of your members in Hong Kong.

1. 20TH CENTURY DISASTERS
2. 20TH CENTURY NEWSREELS
3. 5TH MUSKETEER
4. 75 GLORIOUS YEARS RAF
5. 999 POLICE PURSUIT
6. A LITTLE NIGHT MUSIC
7. AGAINST ALL ODDS
8. AMAZING ADVENTURE
9. BRITISH PACIFIC FLEET
10. CLASSIC STORY OF THE SAS
11. DIANE YOUDALE'S AEROBICS
12. DIANE YOUDALE'S BODY & SOUL (2 IN 1)
13. DIANE YOUDALE'S SUMMER CIRCUIT
14. GERMANY AT WAR-BLITZKREIG

LETTERHEAN OF KPS RETAIL STORES LIMITED

15. GERMANY AT WAR-FOCKE-WULF 190
16. GERMANY AT WAR-HITLER YOUTH
17. GERMANY AT WAR-JUNKERS
18. GERMANY AT WAR-MESSERCHIMITT
19. GERMANY AT WAR-THE PANZER
20. GREAT BATTLES OF WORLD WAR II
21. GREAT HEROS OF WORLD WAR II
22. HIS GIRL FRIDAY
23. HISTORY OF FLIGHT
24. HISTORY OF THE RAF
25. HISTORY OF WORLD WAR II
26. JANSHER KHAN-IMPROVE YOUR SQUASH
27. JERUSALEM-8500 YRS-HISTORY
28. LEST WE FORGET
29. PENNEY SERENADE
30. POWER DRIVE
31. RAF AT WAR
32. STRESS BUSTER
33. TELLY BABIES
34. WINGS OF WORLD WAR II

These are special interest titles and do not have a principal actor/actress. I trust, however, that the above information will be sufficient for you to respond to this inquiry. As we are anxious to place purchase orders for these titles, we would be grateful if you could let us have a response to this inquiry within the next 3 days.

I look forward to hearing from you and are grateful to you for your assistance.

Best regards

Yours sincerely

Christopher Britton

Director of Legal and Business Affairs

KPS Retail Stores Limited



WARNER MUSIC
HONG KONG

Warner Music Hong Kong Ltd
12/F, The Peninsula Office Tower,
16 Middle Road Tsimshatsui,
Kowloon, Hong Kong
TEL (852) 2369 7421
FAX (852) 2724 3256

Appendix 2.1

18 September 1997

KPS Retail Stores Ltd.
Suit 808, New Kowloon Plaza,
38 Tai Kok Tsui Road,
Kowloon, HK.

Att. Mr. Christopher Britton
Director of Legal and Business Affairs

Dear Mr. Britton,

Re : Fill Rates - KPS Purchase Order No. 57811

In refer to you further inquiry fax today afternoon regarding the 87 items that we have no rights for selling in HK, please note that we have no advise to you on how to source it. The reason we have no right mainly because the repertoire owner only signed contract to our affiliates and the product is only authorized to sell in the countries covered by the related contract, but not including Hong Kong, This case will always happened in some compilation items or new developing artists.

For my understanding, item that has NO right for selling in HK means that no company can bring it into HK for commercial use, and the new copyright law has defined all this kind of products as "Infringing copies".

Best regards

Karl Li - Sales Director

cc : Richard Ewbank

Raymond Lo

Kerry Lee / Ashley Whitfield / Michelle Tang - KPS (Pls copy locally)



LETTERHEAD OF BMG HONG KONG LIMITED

6th October 1997

KPS Retail Store Ltd
Suite 808
New Kowloon Plaza
38 Tai Kok Tsui Road
Kooloon

Attn: Mr Christopher Britton
(Director of Legal & Business Affairs)

Dear Mr. Britton

Re.: New Release - Sarah McLachlan - Surfacing

We received your buyer's P.O. on the date 14th August 1997, the release date of the album was 15th July 1997. U.S. was the first territory to release, but the U.S. pressings contained "American on Line" format inside the CD which could be sold in U.S. only. Other territories had to release the CD followed by the European. So we delivered the goods to your warehouse on 25th August 1997.

Yours faithfully,

Wong Kwok Fai
Sales Director
for and on behalf of
BMG Hong Kong Limited

Encl

cc Sandy Lamb, Sylvia Nam - w/e

Ref : Fai \letter\ 10-97

LETTERHEAD OF KPS RETAIL STORES LIMITED

16 September, 1997

BMG Hong Kong Ltd..
11/F, One Harbourfront
18 Tak Fung Street
Hunghorn
Kowloon

BY FAX & BY POST

Fax No. 2721 2875

Total pages (including this one): 1

Attention: Ms. Sandy Lamb
Managing Director

Our Ref: CWB/s1/LE97.098

Dear Ms. Lamb

Re: New Release - Sarah McLachlan - Surfacing

We refer to our Purchase Order No. 59165 dated 14 August 1997 for 100 pieces of this title.

The US Street Date was 15 July 1997. You announced a Hong Kong release date of the 18 August 1997. The pieces ordered were not delivered to us, however, until the 25 August 1997, some 8 days after the local release date and 42 days after the US Street Date.

I would be grateful if you could look into why you were late in delivering these pieces to us. As I am sure you will be aware, any delay in getting product of this type to our members is likely to result in lost sales during the important first few days that the title is available. Your cooperation in delivering products to us prior to the Hong Kong release date would be gratefully appreciated.

Best regards

Yours sincerely

Christopher Britton
Director of Legal and Business Affairs
KPS Retail Stores Limited

cc
Whitfield/Michelle Tang- KPS Buying

Kerry Lee/Ashley

LETTERHEAD OF KPS RETAIL STORES LIMITED

16 September, 1997

Universal Music Limited
 Suite 1016-1018
 10/F, Tower 3, China Hong Kong
 City
 33 Canton Road
 Tsimshatsui
 Kowloon

BY FAX & BY POST**Fax No. 2302 3699**

Total pages (including this one): 7

Attention: Mr. Francis Chan
 General Manager

Our Ref: CWB/s1/LE97.098

Dear Mr. Chan

Re: Fill Rates - KPS Purchase Order No. 57807

I understand from our buyers that we placed a purchase order for 142 pieces with you on the 9 September 1997 under our Purchase Order No. 57807. You delivered 40 pieces on the 10 September 1997 under your Invoice No.4731. Copies of the relevant documents are attached.

This was an important new release order for us. We were disappointed, therefore, with the fill rate of 28%. I would be grateful if you could look into why the fill rate on this order was so low. If you are unable to make these titles-available to us, could you please let me know whether you would be willing to allow us to parallel import the titles from the UK.

We have, since 1 June 1997, kept a record of MCA fill rates as follows:-

June

	Quantity Ordered	Amount of PO	Quantity Rec'd	Amount Rec'd	Fill Rate - %
New	510	HK\$34,889	467	HK\$26,704	91.57%
Rep	1,574	HK\$158,432	1,241	HK\$93,497	78.84%

July

	Quantity Ordered	Amount of PO	Quantity Rec'd	Amount Rec'd	Fill Rate - %
New	272	HK\$23,946	230	HK\$16,860	84.56%
Rep	1,872	HK\$180,741	724	HK\$47,832	38.68%

August

	Quantity Ordered	Amount of PO	Quantity Rec'd	Amount Rec'd	Fill Rate - %
New	668	HK\$44,491	498	HK\$27,648	74.55%
Rep	2,059	HK\$196,473	1,880	HK\$146,506	91.31%

LETTERHEAD OF KPS RETAIL STORES LIMITED

We are concerned with the declining fill rates currently being experienced. I would be grateful if you could look into why these fill rates are dropping so that we can agree ways by which these titles can be made available to Hong Kong consumers if you have difficulty in meeting our purchase orders.

We would like to maintain a regular dialogue with you as to these issues and I suggest that we arrange a meeting at which to discuss the issues raised by these figures. I look forward to hearing from you.

Best regards

Yours sincerely

Christopher Britton

Director of Legal and Business Affairs

KPS Retail Stores Limited

cc Kerry Lee/Ashley Whitfield/Michelle Tang - KPS Buying



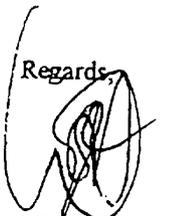
MEMORANDUM

TO : Mr. Christopher Britton
FROM : Winnie Yeung
DATE : 11th September 1997
SUBJECT : **KPS Purchase Order No. 53601**
NO. OF PAGES : Total 2 pages (incl.)

Dear Mr. Britton,

Further to our recent phone calls, I am pleased to inform you that a total quantity of 30 units laserdisc will be delivered to your warehouse in this couple of days.

Please refer to the attachment for details and feel free to contact me if I can be of assistance.

Regards,

Winnie Yeung

Legal Affairs
Received on: 11-9-97
Signed by: 



新藝城影帶發行 香港金鐘金鐘道八十九號力寶中心力寶大廈1803室
CIC Video (HK), Suite 1803, Lippo Tower, Lippo Centre, 89 Queensway, H. K.
Tel: (852) 2801 5111 Fax: (852) 2801 5121





INVOICE NO. : 18140

ORDER NO. : 17771
DATE : 10 Sep 97CUST REF NO. :
TERMS : 30 DAYS CREDIT
CUST NO. : 100686
PAGE NO. : 1

Appendix 4.2b

RETAIL STORES LIMITED
808, NEW KOWLOON PLAZA
41 KOK TSOI ROAD,DELIVERY TO:
KPS RETAIL STORES LIMITED
ROOM 808, NEW KOWLOON PLAZA
38 TAI KOK TSOI ROAD,

KOW

MR. KELVIN WONG

KOWLOON

23981234

EM NO.	TITLE	QUANTITY	UNIT PRICE	DISCOUNT (%)	AMOUNT
70-US	TOP GUN (US VERSION)	10	235.00	0.00%	2,350.00
62-US	THING, THE - LTBY (US VERSION)	3	190.00	0.00%	570.00
77-US	OUT OF AFRICA (US VERSION)	1	215.00	0.00%	215.00
99-US	SCENT OF A WOMAN (US VERSION)	1	215.00	0.00%	215.00
07-US	TWISTER (CLV VERSION)	15	190.00	0.00%	2,850.00
0 # 53601 ***					
					6,200.00

正式收據
It will be issued against payment
未清繳，將加收2%作為利息。
per month shall be charged on overdue invoice.

TOTAL 合計 HK\$

CIC VIDEO (HK)

Authorized Signature

E. & O. E.

CIC VIDEO (HK) 新藝城影帶發行
Suite 1803, Lippo Tower, Lippo Centre, 89 Queensway, Hong Kong.
香港金鐘金鐘道八十九號力寶中心力寶大廈1803室
Tel: (852) 2801 5111 Fax: (852) 2801 5121

11-SEP-1997 17:46

+ 852 2801 5121

99%

TOTAL P. 02

P. 02

LEGAL AFFAIRS
Direct Line: 2399 8607

LETTERHEAD OF KPS RETAIL STORES LIMITED

9 September, 1997

CIC Video (HK)
Units 1803, Lippo Tower
Lippo Centre
89 Queensway
Hong Kong

By Fax & By Post

Fax No.2801 5121

Attention: Ms. Winnie Yeung
Financial Controller

Our Ref: CWB/s1/LE97.029

Dear Ms. Yeung

Re: KPS Purchase Order No.53601

I refer to our telephone conversation earlier today.

As promised, I attach a list of all titles under our Purchase Order No.53601 (total 136 pieces covering 46 titles). According to your Invoice No.18135 dated 5 September 1997 (copy attached) you are only able to supply us, at present, with a total of 47 pieces covering 8 titles.

We are extremely anxious to receive delivery of the balance of our order. I would be grateful, therefore, if you could review the list and let me know when you will be in a position to meet our order. If you are unable to meet the balance of the order within 10 days, could you please confirm that we may parallel import the titles in order to ensure that our customers have access to them. We appreciate, of course, that any permission you may give will be limited to the balance of our Purchase Order No.53601 and should we need to place additional orders for these titles they will have to be directed to you in the first instance.

Your cooperation in helping us make these titles available to our members would be gratefully appreciated. I look forward to hearing from you.

Best regards

Yours sincerely

Christopher Britton
Director of Legal and Business Affairs
KPS Retail Stores Limited

cc John Massey/Clarence Tsang - KPS

Appendix 5.1

7 SEPTEMBER

				BBCV6606	E	TV COOKS-KEN MOM: NOODLES.(BOOK&VID)	6.80	9.99	COOK
				BBCV6591	E	TV COOKS-RICK STEIN:SEAFOOD	4.76	6.99	COOK
				BBCV6600	E	TV COOKS-RICK STEIN:SEAFOOD(BK&VID)	6.80	9.99	COOK
				BBCV6589		YES MINISTER-MORAL DIMENSION	7.48	10.99	TCOM
20TH CENTURY FOX HOME ENT.									
1713C	U	CAROUSEL	8.84	12.99	MUSI	BECKMANN VIDEO			
1025C	U	DR DOLLITTLE	8.84	12.99	MUSI	BSA058	E	WHITBREAD ROUND THE WORLD RACE 97/8	27.23 39.99
1001C	U	HELLO DOLLY	8.84	12.99	MUSI				
1004C	U	KING AND I	8.84	12.99	MUSI	BFI FILMS			
8166C	U	MY FAIR LADY	8.84	12.99	MUSI	8FV039	U	BAG OF RICE	8.84 12.99
2788S	E	NBA-GIVE ME FIVE:CHICAGO BULLS	8.84	12.99	SPBA	8FV040	PG	BOY WHO STOPPED TALKING	8.84 12.99
7020C	U	OKLAHOMA	8.84	12.99	MUSI	8FV030	U	CHESS PLAYER	10.89 15.99
8904C	U	SOUND OF MUSIC	8.84	12.99	MUSI	8FV021	PG	PHANTOM OF THE OPERA (ORIGXCOLOUR)	10.89 15.99
7045C	U	SOUTH PACIFIC	8.84	12.99	MUSI	8FV020	18	UNDER THE SKIN	10.89 15.99
6100S	PG	SPEED 2:CRUISE CONTROL	8.84	12.99	AJAD				
6100W	PG	SPEED 2:CRUISE CONTROL	(WS)	9.53	13.99	AJAD			
1348C	U	STATE FAIR	8.84	12.99	MUSI	BLACK DIAMOND			
6039S	12	VOLCANO	8.84	12.99	AJAD	800183	E	SPLAT	10.21 14.99
6039W	12	VOLCANO	(WS)	9.53	13.99	AJAD	800153	E	STILL TRIPPIN'/TRADE OUT (2 TPS)
60396100P	12	VOLCANO/SPEED 2	13.62	19.99	AJAD				
4 FRONT VIDEO ENTERTAIN.TODAY									
3574403	18	CARRINGTON	4.08	5.99	DRA	BLUELIGHT VIDEO			
3574383	15	CIRCLE OF FRIENDS	4.08	5.99	COM	BL08	U	MOTHER AND SON	(WS) 10.89 15.99
3549063	18	COMPANY OF WOLVES	4.08	5.99	HOR				
3574463	PG	LOCH NESS	4.08	5.99	FAM	BMG VIDEO			
3565903	18	MAKING LOVE 1&2 (4 FRONT)	4.08	5.99	ADUE	74321509433	E	ANDY MCNAB-THE ULTIMATE WARRIOR	6.80 9.99
3574423	18	MULHOLLAND FALLS	4.08	5.99	DRA	74321500683	PG	EMMERDALE-DINGLES DOWN UNDER	4.08 5.99
5306343	18	PHANTOM OF THE OPERA (1989)	4.08	5.99	HOR	74321546263	PG	HEARTBEAT-CHANGING PLACES	4.08 5.99
3574363	15	PRIEST	4.08	5.99	DRA	74321546403	PG	PRODUCERS	4.08 5.99
3574323	18	TOMMY-THE MOVIE	4.08	5.99	MUSI				
A & M RECORDS									
		VVL				CAT III - EASTERN HEROES			
3579623	E	DEL AMTRI-BEST OF	8.84	12.99	MUSP	EH0089	18	GIRL ON FIRE +	9.53 13.99
						EH0075	18	POWER OF LOVE +	(WS) 9.53 13.99
A.D.VISION									
34SDP002D	12	DIRTY PAIR FLASH (EPS.3&4)	8.84	12.99	JAF	CHANNEL 5 KIDS			
34HSEV010D	12	NEON GENESIS EVANGELION 0.10	3.84	12.99	JAF	0470303	U	CALL OF THE WILD (C5 KIDS)	2.04 2.99
						0582183	U	COUNT OF MONTE CRISTO (C5 KIDS)	2.04 2.99
						0582203	U	HAPPY ENDING STORIES VOL.1	2.04 2.99
						0582243	U	HERCULES (C5 KIDS)	2.04 2.99
						0582263	U	JOURNEY TO THE CENTRE OF THE EARTH	2.04 2.99
						0585203	U	PRINCE & THE PAUPER (C5 KIDS)	2.04 2.99
						0582103	U	SCHOOL ZONE-ANIMALS & SHAPES	2.04 2.99
						0582143	U	SCHOOL ZONE-BIG LETTERS & COLOURS	2.04 2.99
						0582123	U	SCHOOL ZONE-SMALL LETTERS & NUMBERS	2.04 2.99
						0582223	U	SWISS FAMILY ROBINSON (C5 KIDS)	2.04 2.99
ALLIED FILMS									
37025	15	CRASH DIVE	6.80	9.99	THR				
37029	18	DEAD FIRE	7.48	10.99	SCI				
37023	12	FIELD OF HONOUR (ALLIED)	7.48	10.99	DRA				
37006	18	SECRETS OF SUMMER SCHOOL TEACHERS	6.12	8.99	ADUF				
37005	18	SECRETS OF YOUNG NURSES	6.12	8.99	ADUF				
37026	15	STEEL SHARKS	6.80	9.99	THR				
34S4111	E	WESTERN TRIPLE PACK	17.01	24.99	DHIS				
APEX MUSIC GROUP									
35P004	E	DISENGAGE 9801	5.44	7.99	SPMI	CIC VIDEO			
						VHR4565	18	EVENT HORIZON	9.53 13.99
						VHR4704	18	EVENT HORIZON	(WS) 10.21 14.99
						VHR4667	U	RUGRATS-BEDTIME BASH	6.12 8.99
ARTHOUSE PROD.									
34A3005	18	SCANDALOUS LIAISONS	8.84	12.99	ADUF	CIC VIDEO			
						VHR4610	PG	STAR TREK-DEEP SPACE 9 V71 (6.9)	9.53 13.99
						VHR4643	PG	STAR TREK-NEXT GEN.(1.7)(EPS.19-22)	6.80 9.99
						VHR4650	PG	STAR TREK-VOYAGER 4.9-RETROSPECT	9.53 13.99
IBC VIDEO									
3BCV6261		BOTTOM-THE VERY BEST OF BOTTOM	8.84	12.99	TCOM				
3BCV6523	18	BRAVO TWO ZERO	10.21	14.99	T/DR				
3BCV6576		CHALK-SUZY ARRIVES/INTERVIEW/STAFF	7.48	10.99	TCOM				
3BCV6543	15	CLASSIC ROMANCE (BOX SET)	34.03	49.99	T/DR	CIC-4 FRONT ENTERTAINM.TODAY			
3BCV6583		DAD'S ARMY-TURKEY DINNER	7.48	10.99	TCOM	BRP2951	PG	ADDAMS FAMILY VALUES	4.08 5.99
3BCV6584		DEAR JOHN-LAST TO KNOW/ANY PROBLEMS	7.48	10.99	TCOM	BRP1383	PG	BURBS	4.08 5.99
3BCV6567		DOCTOR WHO-PLANET OF FIRE	8.16	11.99	SCOR	BRP1612	PG	DEATH BECOMES HER	4.08 5.99
3BCV6586		LAST OF SUMMER WINE-FULL STEAM	7.48	10.99	TCOM	BRP1774	15	PAPER	4.08 5.99
3BCV6539	UC	POSTMAN PAT'S BIG SURPRISE	6.80	9.99	CHI	BRP4165	PG	SHANE	4.08 5.99
3BCV8510	E	READY STEADY COOK-BEEF & LAMB	3.40	4.99	COOK	BRP1365	PG	TWINS	4.08 5.99
3BCV6511	E	READY STEADY COOK-CURRIES	3.40	4.99	COOK				
3BCV6588		RONNIE BARKER-BEST OF (BBC)	7.48	10.99	TCOM				
3BCV6538	UC	TOYBOX 4	6.80	9.99	CHI				
3BCV6805	E	TV COOKS-KEN MOM: NOODLES & RICE	4.76	6.99	COOK				

INTERNAL MEMO

TO: Kerry Lee
Department: Operations
FROM: Chris Lok
DATE: 30 September 1998
REF: Parallel imports
TOTAL PAGES:

Dear Kerry,

1) New Release titles in December 1996 - VHS Sales - 92 Titles
LD Sales - 95 Titles
VHS Rental - 35 Titles
LD Rental - 48 titles

2) Parallel import issue

Twentieth Century Fox (Appendix 1) - First order placed in September 97. Very poor fill rate, received January 98. No list as to when and if the rest will arrive. No list of titles to which they have rights to in Hong Kong and what format it is available in. First order very late but have been helpful since their first delivery, need to work on rest of Fox back catalogue plus new releases-very difficult.

BVHE (Appendix 2) - Lead time between order and delivery is approx. 1 month. Due to varying licensing/Distribution agreements, they cannot supply me with all titles which is available in the UK e.g. Some Miramax pictures may be licensed to BVHE UK but not BVHE Hong Kong. Sometimes, they get confused as to which title they have rights to e.g. My order for 'Gordy' was accepted on November 27 1997 but not in July 10 1998. Maybe their licensing/distribution deal has elapsed? Major problems is with cost (No discount off dealer price-10% with S. Gold) and inability to supply me with current releases.

Polygram (Appendix 3) - First Barney order was faxed on June 20 1997, 15 months later still no videos! P.O.48567 was first faxed on August 6, still not received all videos and when/if it will arrive. No reply as to what they have rights to and lead time between order and delivery. Polygram UK have confirmed they have a company operating in Hong Kong and that they cannot authorize us to directly import videos from the UK. Sad thing is that I have showed them what sales they can obtain from the Mr. Bean series. Extremely unlikely I will be to obtain more videos from them for both Rental and sellthru'.

Warner Music (Appendix 4) - Still awaiting news of my 2 PO plus a reply from Richard Ewbank. Hopeless case.

BMG (Appendix 5) - Still no news concerning list of title availability. Hopeless case.

Panorama (Appendix 6) - No goods, No news, No hope. Problem is that they do not have direct contact with UK manufacturer, thereby unable to obtain goods at cost price and hence provide me with an offer.

Columbia (Appendix 7) - One order placed in January and after several phone calls. he is either out of town or still unable to confirm whether he will supply or will provide me with an approval to import.

INTERNAL MEMO

CIC (Appendix 8) - PO 65794 has been canceled as they cannot fulfill this order due to problems with obtaining supply from the UK. I have been informed that have been busy with SKG's releases and the release of CIC VCD in Hong Kong. Still awaiting reply as to when imported videos will be made available.

They tried to increase the price of imported videos 2 months after their final cost figures was sent to me December 97. In the end, I had to settle for a no increase in price but I had to pay for shrink wrap cost.

Warner (ERA) (Appendix 9) - They are very good (compared to other suppliers) at answering my faxes and I have obtained a number of letters authorizing me to import videos. Problem is that they determine which titles they have rights to in Hong Kong by the US catalogue no. (US uses NTSC system) whereas I provide them with UK catalogue no. (UK uses PAL system), hence they will inform me some titles are not available even though they have the rights e.g. Under Siege. In addition they have said that they have rights to Friends Series 1 & 3 but not Series 2???

Customer Order (Appendix 10) - Chris Britton has in the past sent several letters to MPIA requesting information on who has the license to sell these products in Hong Kong. I have not kept any copies of letters MPIA may have written to Chris. However, I had discussed the matter with Chris before and MPIA like other suppliers in Hong Kong seems to be playing a delaying tactic and is always delaying replies or provides us with an indefinite answer.

UK copyright owners/license (Appendix 11) - List of all UK suppliers I and Chris have written to and their response.

I can provide you with a catalogue of UK VHS releases and US laser and DVD releases if you would like to show journalists a list of title availability outside Hong Kong. I hope this is everything you need. Once again, I do not have all the current release details, but I have enclosed S. Gold's latest video release street dates.

Regards,

Chris

Date: 23 October, 1997

SCHEDULE OF CORRESPONDENCE WITH IFPI

Subject	Letters sent	Reply Received	Remarks
Caroline International	30/7/97	7/8/97	None
Carlton Home Entertainment	31/7/97	7/8/97	Master Music Ltd. claims to be exclusive distributor. Follow up with Carlton for clarification.
Swissteo Holdings S Pte Ltd. (various labels)	6/8/97	21/8/97 11/9/97	<ul style="list-style-type: none"> ● BMG identified as local licensee for 3 titles. ● Warner Music claims exclusive rights for at least 1 title
Now 37 Compilation	6/8/97	7/8/97	IFPI unable to provide any information - claims insufficient information given as to titles.
Caroline International (various labels)	8/8/97	11/8/97	Local licensees identified for Mushroom, Neat, Neat Metal and Nervous Labels.
Caroline International (Earache)	8/8/97	11/8/97	None
Caroline International (Future Legend)	8/8/97	11/8/97	Only partial reply. Follow up letter sent 23/8/97.
Caroline International (New Millennium)	8/8/97	11/8/97	None
Caroline International (Almighty Records)	8/8/97	11/8/97	None
Caroline International (Backstage Records)	8/8/97	11/8/97	None
Caroline International (Future Legend)	23/8/97	25/8/97	IFPI unable to provide information in relation to compilations - claims insufficient information given.
Lightning Export Ltd. (113 labels)	10/9/97	22/9/97	<ul style="list-style-type: none"> ● Rock identified as local licensee for label nos. (5), (53) and (85). ● Golden Pony identified as local licensee for label nos. (13), (60), (98) and (99). ● Warner Music HK identified as local licensee for label no. (113). ● Universal Music identified as local licensee for label no. 43.
Music + Marketing (PILZ titles)	18/9/97	19/9/97	IFPI requested further information on track listing and performers/artists of each title.

COPYRIGHT CLEARANCES - File No. LE97.041

Date: 23 October, 1997

Music + Marketing (TRC Music titles)	18/9/97	22/9/97	IFPI requested further information on track listing and performers/artists of selected titles.
Caroline International (19 labels)	23/9/97	17/10/97	No IFPI member claims to be exclusive licensee on all 19 labels for Hong Kong.
Music + Marketing (Really Useful and TRC Music labels)	18/9/97	26/9/97	PolyGram Records Ltd. own the rights of original versions under the label of REALLY USEFUL. As to TRC Music, contact PolyGram for clarification.
Music + Marketing (track-lists for 7 titles)	09/10/97	17/10/97	No IFPI member claims to be exclusive licensee on the 7 titles for Hong Kong.
Music + Marketing (track lists for 5 titles)	17/10/97		

Date: 29 April 1998

SCHEDULE OF CORRESPONDENCE WITH MPIA

Subject	Letter sent	Reply Received	Remarks
S Gold & Sons (various labels)	23/8/97	25/8/97	Further letter sent on 25/8/97 to provide MPIA with more details.
IMC (34 titles)	27/8/97	10/9/97	All clear given on 9/9/97.
“Long Stree - Episode 1-4” (Bruce Lee)	9/9/97	15/9/97 22/9/97 25/9/97	<ul style="list-style-type: none"> ● MPIA asked for more information. ABC and Paramount might be copyright owners. ● CIC Video confirmed that the program was made in the 70's with 24 episodes from Paramount but not yet available in VHS nor LD format.
Customer Orders (57 titles)	13/10/97	No reply yet	
Marfina Krech (15 titles - mainly Bruce Lee)	13/10/97	17/10/97	MPIA asked for Chinese titles also.
Customer Orders (12 titles)	20/10/97	No reply yet	
Customer Orders (13 titles)	27/10/97	No reply yet	
Customer Orders (23 titles)	4/11/97	No reply yet	
Pro-tibet movies “Seven Years in Tibet”, “Kundus” and “Red Corner”	17/11/97	No reply yet	
“Cosmos Vo1.1-6” - FIRST INDEPENDENT label	6/2/98	No reply yet	
Customer Orders (10 titles)	31/3/98	No reply yet	
Customer Orders (55 titles)	8/4/98	20/4/98	<p>MPIA informed us of the rights owners of 10 titles out of the 55 titles in question and suggested us to contact them direct.</p> <ul style="list-style-type: none"> ● Era held the rights for “Black Beauty”; “Black Eagle”; “Bron X Tale”; “Corrina, Corrina” “Crimes and Misdemeanors”; “Doors”; “Jungle Book” and Universal Solder”. ● Seasonal Film held the rights for “No Retreat/No Surrender”. ● Panorama held the rights for “Killing Zoe”.