

ANNEX

RULES OF PROCEDURE

I. Before normal application is made, a final script or detailed synopsis must be submitted to the agencies (China Film Co-Production Corporation in the case of China and Telefilm Canada in the case of Canada) which administer the Agreement on behalf of their respective competent authorities. These agencies shall communicate their suggestions or decisions to each other within forty (40) days of the submission of the above-mentioned final script or detailed synopsis and inform the co-producers at the same time.

II. After the final script or the detailed synopsis of the co-production is agreed upon by the agencies mentioned in the first paragraph, China Film Co-Production Corporation and the film studio empowered by the China Film Co-Production Corporation and the production company of Canada will agree and sign the co-production contract and submit to both competent authorities an application, drafted in English or French in the case of Canada and in Chinese in the case of the People's Republic of China, which shall include:

- A. A document providing proof that the copyright for the co-production has been legally acquired.
- B. The draft co-production contract which shall include:
 1. The title of the co-production;
 2. The name of the author of the script, or that of the adapter if it is drawn from a literary source;
 3. The name of the director (a substitution clause permitted to provide for his replacement if necessary);
 4. The budget;
 5. The financing plan;
 6. The distribution of receipts and markets;
 7. The respective shares of the co-producers in any over or under expenditure; which shares shall in principle be proportional to their respective contributions, or arrangements for a completion bond;
 8. A clause providing that admission to benefits under this Agreement does not bind the competent authorities in either country to permit public exhibition of the co-production;
 9. A further clause prescribing the measures to be taken where: