

Press Releases

Government approves disqualified persons to exercise control of
ATV

The Government today (June 5) announced that the Chief Executive in Council had approved six individuals, who were disqualified persons under the Broadcasting Ordinance, to exercise control of Asia Television Limited (ATV) when the two acquisitions of ATV's shares proposed by new investors take effect.

The six individuals are as follows. The reasons for them being disqualified persons are at Annex A.

- (a) Mr Payson Cha Mou-sing;
- (b) Mr Johnson Cha Mou-daid ;
- (c) Mr Sun Yalei;
- (d) Mr Yang Gang;
- (e) Mr Louis Rajkumar Page; and
- (f) Mr David Roberts.

"The Administration approved ATV's applications for Mr Payson Cha to become the Chairman and Director of ATV, and other five individuals to become directors of the company. This would allow new shareholders to invest substantively in a long-standing free TV broadcaster in Hong Kong, thereby enhancing the competition in Hong Kong's free television market. This is positive to the development of the broadcasting industry and the economy of Hong Kong," a spokesman for the Commerce, Industry and Technology Bureau said.

The disqualified person issue in respect of the above six individuals arises as a result of their association with television programme service licences in Hong Kong and advertising agencies in the Mainland.

In assessing the possible risk of media concentration arising from approving these six persons to exercise control of ATV, the Administration noted that the two non-domestic television programme service licensees and the eight Mainland advertising agencies concerned did not operate, or exert much influence, in Hong Kong; and the two other licensable television programme service licensees involved provided television services in only three hotels in Hong Kong as an ancillary service to the hotel guests. Thus, all these media and advertising companies are operating in different markets as compared to ATV, one of the two domestic free television programme service licensees in Hong Kong.

"The disqualified persons in question are controllers or associates of controllers of the media and advertising companies either operating outside Hong Kong or having an extremely limited scale of service in Hong Kong. Granting the approval for them to exercise control over ATV will not cause any negative impact on the competition in the Hong Kong's free-to-air television market, and will not affect the diversity of programme choices available to Hong Kong viewers. It will not pose any risk of media concentration or editorial uniformity either.

"On the other hand, the injection of working capital from

the new investors will help make ATV financially healthier, and will assist ATV to improve the quality of its television programme service in terms of choice and variety and implement its digital terrestrial television plan to launch four more standard-definition television channels and some high-definition television contents shortly. This indirectly enriches the programme choice of local viewers," the spokesman said.

The six disqualified people in question were appointed to exercise control of ATV by some new investors, who propose to acquire shares of ATV in the following manner:

(a) Alnery No. 112 Limited, the voting shares of which being either directly or indirectly held by Mr Payson Cha, Mr Johnson Cha, Mr Louis Page and ABN AMRO N.V. (Hong Kong Branch), to acquire 47.58% of ATV's shares;

(b) Panfair Holdings Limited, the voting shares of which being directly held by Mr Payson Cha and Mr Johnson Cha, to acquire 10.75% of ATV's shares; and

(c) China Light Group Limited, the voting shares of which being indirectly held by CITIC Group, to acquire 14.81% of ATV's shares.

The new investors had proposed that their planned acquisitions of ATV's shares were subject to the CE-in-Council's approval for the disqualified persons under application to exercise control of ATV. A brief account of the purposes of the disqualified persons provisions under the Ordinance, and the factors that the Chief Executive in Council should take into account when considering the applications for disqualified persons to exercise control of a domestic free television programme service licensee, is at Annex B.

The Broadcasting Authority, the independent broadcasting industry regulator, has also approved the proposed acquisition of ATV's shares by China Light Group Limited in accordance with the "unqualified voting controllers" provisions of the ordinance, which required voting controllers who were not ordinarily resident in Hong Kong to seek the authority's prior approval before acquiring 2% or more of shares in a domestic free television programme service licensee. The Broadcasting Authority also granted a waiver to ATV under its domestic free television programme service licence and non-domestic television programme service licences to effect the change of ATV's overall shareholding and corporate structure.

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Reasons for being a disqualified person to exercise control of Asia Television Limited

(a) Mr Payson Cha Mou-sing is an independent non-executive director of Hong Kong International Theme Parks Limited (a controller of an other licensable television programme service licensee) as well as an independent non-executive director of New World Development Company Limited (an associate of a person exercising control of an other licensable television programme licensee and three Mainland advertising agencies in Beijing and Shanghai);

(b) Mr Johnson Cha Mou-daid is brother (an associate) of Mr Payson Cha Mou-sing;

(c) Mr Sun Yalei is a director of CITIC Group and some of its subsidiary companies (an associate exercising control of three Mainland advertising agencies operating in Beijing and two non-domestic television service programme licensees, viz. Skywave TV Company Limited and Auspicious Colour Limited);

(d) Mr Yang Gang is a director of CITIC Guaon Group and some of its subsidiary companies (a controller and an associate of a person exercising control of the three Mainland advertising agencies in (c) above, and an associate of a person exercising control of the two non-domestic television programme service licensees in (c) above));

(e) Mr Louis Rajkumar Page is a director of Soft-trek Corporation (an associate of a person exercising control of two Mainland advertising agencies in Shanghai and Zhejiang); and

(f) Mr David Roberts is a director of an associated corporation of Soft-trek Corporation (an associate of a person exercising control of the two Mainland advertising agencies in (e) above).

A Brief Account of Disqualified Persons Provisions under the Broadcasting Ordinance

Under the Broadcasting Ordinance, disqualified persons referred to another licensee under the Ordinance, a sound broadcasting licensee under Part IIIA of the Telecommunications Ordinance, an advertising agency (including an agency in Hong Kong or in any other jurisdiction) and a proprietor of a newspaper printed or produced in Hong Kong, as well as their controllers and associates. The purposes of these provisions are to avoid conflict of interest, the build-up of monopoly in the media and editorial uniformity across different media platforms.

A disqualified person shall not exercise control of a domestic free television programme service licensee or a domestic pay television programme service licensee unless the CE-in-Council, upon application by the licensee, is satisfied that the public interest so requires and approves otherwise.

In considering an application the CE-in-Council shall take account of, but not limited to, four factors as stipulated under the Broadcasting Ordinance, namely the effect on competition in the relevant service market; the extent to which viewers will be offered more diversified television programme choices; the impact on the development of the broadcasting industry; and the overall benefits to the economy.