



廣播事務管理局
Broadcasting Authority

中文譯本

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立法會資訊科技及廣播事務委員會秘書處
余天寶女士

余女士:

本地免費電視節目服務牌照中期檢討

資訊科技及廣播事務委員會在二零零九年六月三十日的會議上，討論有關上述事宜。廣播事務管理局（廣管局）向委員會作出以下回應。

本地免費電視節目服務牌照條款

廣管局應委員會的要求，隨函附上亞洲電視有限公司（亞視）及電視廣播有限公司（無綫）的牌照供委員參閱。兩台的牌照亦已上載於商務及經濟發展局的網站(<http://www.cedb.gov.hk/ctb/chi/broad/licences.htm>)供市民查閱。

亞視的反競爭投訴

廣管局現正按既定程序，向有關的持牌機構索取資料，以便局方研究有關事宜。

年度公聽會

廣管局得悉有委員提議局方應每年舉辦公聽會，以蒐集公眾對兩家持牌機構服務的意見。廣管局就電視台牌照進行中期檢討時，會考慮上述建議。

廣播事務管理局行政主管鄭美施

二零零九年九月二十五日

副本送: 商務及經濟發展局局長(經辦人: 廖廣翔先生)

No. of **THREE ORIGINALS**

Domestic Free Television Programme Service Licence

Broadcasting Ordinance (Cap.562)

Asia Television Limited

Renewed Licence

12 November 2002

**Department of Justice
The Hong Kong Special Administrative Region**

In exercise of the powers conferred by section 11(1) of the Broadcasting Ordinance (Cap.562) and all the powers enabling him in that behalf, the Chief Executive in Council hereby renews the licence (“this Licence”) granted on 1 December 1988 to Asia Television Limited (“the Licensee”, which expression shall include its lawful successors and assigns), a company formed and registered under the Companies Ordinance (Cap.32), whose registered office is situated at 81 Broadcast Drive, Kowloon, Hong Kong, and as subsequently amended and renewed, on the following conditions.

Interpretation

- 1.1 Save where the contrary intention appears expressly or by necessary implication in this Licence, words and expressions used in this Licence shall bear the same meaning, if any, as in the Broadcasting Ordinance and in the Interpretation and General Clauses Ordinance (Cap. 1), and in the event of any conflict or inconsistency between their meanings, the meaning in the Broadcasting Ordinance shall prevail over that in the Interpretation and General Clauses Ordinance.
- 1.2 The headings and index used in this Licence shall not in any way vary, limit or extend the interpretation of this Licence.
- 1.3 This Licence shall receive such fair, large and liberal construction and interpretation as will best ensure the attainment of its objects according to its true intent, meaning and spirit.
- 1.4 The Schedule(s) hereto, shall form part of this Licence.
- 1.5.1 Save where the contrary intention appears expressly or by necessary implication in this Licence, the following words and expressions mean:

“auditor”	a professional accountant registered and holding a practising certificate under the Professional Accountants Ordinance (Cap. 50), who is neither an employee of the Licensee or its associate nor a person who is required to devote the whole or substantially the whole of his practice to the affairs of the Licensee or its associate.
“Capital Investment Plan”	an investment plan as approved by the Broadcasting Authority regarding the Licensee’s commitment of capital expenditure to be spent on the Service for the period from 1 January 2004 to 31 December 2009, which is contained in the letter dated 10 October 2002 from the Licensee to the Broadcasting Authority, and as may be subsequently revised or modified pursuant to the directions of the Broadcasting Authority.
“commencement date”	the date on which the period of validity commences.
“day”	a period of 24 hours beginning at midnight.

“digital form”	An arrangement of signals transmitted by telecommunications and represented by digits or similar discrete form as may be authorised or approved by the Secretary for Commerce, Industry and Technology as a digital form for reception by viewers.
“digital television programme service”	a television programme service with television programmes in digital form.
“period of validity”	the period specified by the Chief Executive in Council in a notice in the Gazette issued pursuant to section 4 of Schedule 4 to the Broadcasting Ordinance or such period as may be renewed or extended pursuant to section 11 of the Broadcasting Ordinance.
“relevant Authority”	(a) the Broadcasting Authority in connection with either a condition of this Licence in respect of which the Broadcasting Authority is the regulator or similarly empowered under any law, Ordinance, determination, consent, notice, direction, authorisation or approval;

- (b) the Telecommunications Authority in connection with either a condition of this Licence in respect of which the Telecommunications Authority is the regulator or similarly empowered under any law, Ordinance, determination, consent, notice, direction, authorisation or approval; or

- (c) the Secretary for Commerce, Industry and Technology in connection with either a condition of this Licence in respect of which that Secretary is the regulator or similarly empowered under any law, Ordinance, determination, consent, notice, direction, authorisation or approval.

“Service” the domestic free television programme service which the Licensee is authorised and required to provide in accordance with this Licence and any law or Ordinance, which shall include any digital television programme service that the Licensee may be authorised and required to provide during the period of validity.

“the Licensee’s Proposal” all statements and representations (including statements of intention) made to the Broadcasting Authority and the Government by or on behalf of the Licensee in its application for renewal of this Licence, including but not limited to the application dated 30 November 2001, the Capital Investment Plan, and the letters dated 10 October 2002, etc.

1.5.2 The word “person” bears the same meaning as in section 3 of the Interpretation and General Clauses Ordinance and includes “the Government”.

1.5.3 The expressions “telecommunications”, “telecommunications installation”, “telecommunications line” and “telecommunications service” bear the same meaning as in the Telecommunications Ordinance (Cap.106).

1.6 In this Licence, save where the contrary intention appears expressly or by necessary implication, words and expressions:

- (a) which import one gender include the 2 other genders;
- (b) which import the singular include the plural and vice versa; and
- (c) extend to their grammatical variations and cognate expressions where those words and expressions are defined herein or by reference to any other definition.

1.7 If at any time any condition of this Licence is or becomes illegal, invalid or unenforceable in any respect, the legality, validity or enforceability of the remaining conditions shall not in any way be affected or impaired.

1.8 In this Licence, a reference to an Ordinance, whether the word is used by itself or as part of any title to an Ordinance, shall mean the Ordinance for the time being in force as well as any modification or substitution thereof, in whole or in part, and all subsidiary legislation, regulations, directions, codes of practice and instruments made thereunder and for the time being in force.

1.9 In forming an opinion or making a determination, direction or decision under this Licence, the relevant Authority shall:

- (a) only do so on reasonable grounds and having regard to relevant considerations; and
- (b) provide reasons for it in writing.

**Terms of
Licence**

- 2.1
- (a) this Licence authorises and requires the Licensee to provide a Service in accordance with this Licence.
 - (b) the Secretary for Commerce, Industry and Technology may by notice served on the Licensee require the Licensee to provide the Service in both the existing analogue form and the digital form from a date as specified in the notice, the date being not less than 18 months of the date of the service of the notice.
 - (c) the Secretary for Commerce, Industry and Technology may by notice served on the Licensee require the Licensee to provide the Service in digital form in the entirety from a date as specified in the notice, the date being not less than 18 months of the date of the service of the notice.

2.2

This Licence is renewed subject to:

- (a) the provisions of the Broadcasting Ordinance, the Telecommunications Ordinance, the Broadcasting Authority Ordinance (Cap. 391) and, without limitation, any other Ordinance; and
- (b) the performance and observance of the several terms and conditions contained in the licence from time to time in force before the period of validity (“the Previous Licence”) and on the Licensee’s part to be performed and observed and of the provisions from time to time in force of the Broadcasting Ordinance, the Telecommunications Ordinance and any Ordinance enacted in place or substitution thereof and all subsidiary legislation, regulations, directions and Codes of Practice made thereunder during the term of the Previous Licence.

**Commencement
date and period
of validity of
Licence**

- 3.1 Subject to the conditions of this Licence and any law or Ordinance, this Licence shall be valid for the period of validity.
- 3.2 Pursuant to section 4 of Schedule 4 to the Broadcasting Ordinance, this Licence may be reviewed by the Chief Executive in Council within such period after 1 December 2009 as may be specified by the Chief Executive in Council by notice in the Gazette.

Power to amend

- 4.1 The Chief Executive in Council may, if he considers it is in the public interest to do so, vary this Licence in accordance with the Broadcasting Ordinance.
- 4.2 Without prejudice to the aforesaid, the Chief Executive in Council may vary this Licence with the prior consent in writing of the Licensee at any time and from time to time during the period of validity.

Saving of rights granted

5. This Licence shall not in any way whatsoever abrogate or interfere with any rights, whether exclusive or otherwise, granted under any law or Ordinance to any person other than the Licensee.

Publication of Licence

- 6.1 Subject to Condition 6.3, the Licensee shall make available for inspection by members of the general public, free of charge, a certified true copy of this Licence at:
- (a) its registered office and principal place of business; and
 - (b) the principal office of the Television and Entertainment Licensing Authority.
- 6.2 The Government may in its discretion make this Licence publicly available in any manner it thinks fit, in whole or in part.

6.3 For the purposes of Condition 6.1 and without prejudice to Condition 6.2, the Licensee's Proposal may be excluded in the Licensee's discretion.

**Notification of
place of
business**

7. The Licensee shall promptly notify the Broadcasting Authority of any change in the address of its registered office or principal place of business, as the case may be.

**Prohibition on
assignment of
Licence**

8. This Licence or any interest in this Licence shall not be transferred, in whole or in part.

**Directions etc.
by the
Broadcasting
Authority and
Telecommunica
tions Authority**

- 9.1 Where any determination, consent, notice, direction, authorisation or approval of or from the relevant Authority is required for the doing of any matter or thing by or on behalf of the Licensee, or a notice or notification is required to be given by or on behalf of the Licensee to the Broadcasting Authority, the Telecommunications Authority or the Secretary for Commerce, Industry and Technology, that determination, consent, notice, direction, authorisation, approval or notification is valid only if given in writing and signed by a person with authority to do so and, subject to Condition 9.2, given before the doing of the said matter or thing in question. If a digital signature is used, it shall be supported by a recognised certificate under the Electronic Transactions Ordinance (Cap. 553). For the purpose of this Condition, “digital signature” shall bear the same meaning as in the Electronic Transactions Ordinance.
- 9.2 The relevant Authority may generally or specifically in relation to a particular matter or thing referred to in Condition 9.1 by notice in writing to the Licensee waive the requirement for its or his, as the case may be, determination, consent, notice, direction, authorisation or approval to be given before the doing of the matter or thing in question, provided that no such waiver shall estop the relevant Authority from withdrawing the waiver, with prospective effect, in whole or in part, or from requiring that the determination, consent, notice, direction, authorisation or approval, as the case may be, be required timeously in relation to other matters or things.
- 9.3 Without any limitation whatsoever on the rights and powers conferred by any law or Ordinance, where a relevant Authority gives any determination, consent, notice, direction, authorisation or approval to the Licensee, the same may be:

- (a) withdrawn, modified or replaced from time to time by the relevant Authority, in the same circumstances, and with the same effect, as if the withdrawal, modification or replacement were the giving of a determination, consent, notice, direction, approval or authorisation and the Licensee shall comply therewith;
- (b) given once or from time to time; and
- (c) made subject to such conditions as the relevant Authority may impose.

9.4 All references in this Licence to the doing of any matter or thing by a relevant Authority include any delegate thereof, or other agents, authorised in that regard by or under any law or Ordinance.

9.5 Unless otherwise provided by any law or Ordinance, any determination, consent, notice, direction, authorisation or approval moving from the relevant Authority to the Licensee shall be deemed validly served or given if:

- (a) it complies with the manner prescribed in section 40 of the Broadcasting Ordinance;
- (b) it is dispatched by facsimile transmission to the designated number of the Licensee; or
- (c) it is delivered by hand to the registered office or principal place of business of the Licensee.

**Licensee to
comply with
statements**

- 10.1 Subject to Conditions 10.2 and 10.4, the Licensee shall comply at all material times with the Licensee's Proposal. In the event that any part of the Licensee's Proposal is inconsistent with the conditions of this Licence, any law or Ordinance, the conditions of this Licence, the law and Ordinance shall prevail and the Licensee's Proposal shall be construed accordingly.
- 10.2 The Broadcasting Authority may generally or specifically in relation to a particular statement or representation referred to in Condition 10.1 by notice to the Licensee waive the requirement for the Licensee to comply with the said statement or representation and the proviso referred to in Condition 9.2 shall apply thereto mutatis mutandis.
- 10.3 The Licensee represents and warrants that the Licensee has the right to make use of the information and technology described as available to it in the Licensee's Proposal.
- 10.4 Without prejudice to any statutory and other regulatory requirements regarding the legal and beneficial interest in the voting control and shares in the Licensee, the Licensee shall inform the Broadcasting Authority about any change and series of changes:
- (a) involving 10% or more of the voting shares in the Licensee; and
 - (b) involving 1% or more of the voting shares in the Licensee of any person who holds 10% or more of the voting shares in the Licensee

within 14 days after:

- (i) the change or series of changes, as the case may be, takes place; or;
- (ii) the Licensee becomes aware of the change or series of changes,

whichever is earlier.

Waiver

11.1 Subject to any law or Ordinance and Condition 11.2, the Broadcasting Authority may by notice to the Licensee waive the requirement for the Licensee to observe or perform any of the conditions of this Licence for such period as the Broadcasting Authority sees fit if and so long as the Licensee satisfies the Broadcasting Authority that the failure to observe or perform those conditions is caused by an unforeseen event which:

- (a) renders it impossible for the Licensee to observe or perform the conditions;
- (b) is not caused or contributed to by the Licensee, or any officer, employee or associate of the Licensee; or any other person acting for or on behalf of the Licensee; and
- (c) in respect of which the Licensee has taken all actions as may be required, with due diligence and speed, to observe or perform the conditions of this Licence.

- 11.2 The Broadcasting Authority may, if it considers that the event referred to in Condition 11.1 has ceased to render it impossible for the Licensee to observe or perform the conditions of this Licence, direct by notice that the waiver given under Condition 11.1 shall cease to have any effect from the date specified in the notice notwithstanding that the period specified in the notice given under Condition 11.1 has not expired, and the Licensee shall (and without prejudice to the Licensee's obligations under this Licence), as soon as practicable and with due diligence and speed, take all actions as may be required to observe or perform the conditions of this Licence.

Liability of Licensee for contraventions

12. The Licensee shall ensure that the officers, employees and associates of the Licensee, and any other person acting for or on behalf of the Licensee, shall not act or permit any contravention of:
- (a) any provision of the Broadcasting Ordinance, the Telecommunications Ordinance or the Broadcasting Authority Ordinance;
 - (b) any provision of any Code of Practice; or
 - (c) any condition of this Licence,

and shall not be relieved from any liability notwithstanding that the contravention is due to the act or omission of the officers, employees or associates of the Licensee or any other person acting for or on behalf of the Licensee.

Indemnity

13. The Licensee shall indemnify and keep indemnified the Chief Executive, the Government, the Executive Council, the Broadcasting Authority, the Telecommunications Authority and the Secretary for Commerce, Industry and Technology against any and all losses, claims, charges, expenses, actions and demands whatsoever which he or it may incur or be subject to, as the case may be, as a result of or in relation to:
- (a) any breach or alleged breach of or failure or alleged failure to observe or perform any condition of this Licence by or on behalf of the Licensee; or
 - (b) any act or omission by or on behalf of the Licensee in the actual or purported operation or performance of the Service or the conditions of this Licence.

Licence fee

- 14.1 The Licensee shall pay to the Government every year during the period of validity such licence fee in advance as may be prescribed from time to time by regulation made under section 42 of and section 13 of Schedule 4 to the Broadcasting Ordinance.
- 14.2 The Licensee shall pay such other fees and charges as may be prescribed from time to time by regulation made under section 42 of and section 13 of Schedule 4 to the Broadcasting Ordinance.
- 14.3 In the event of a revocation, surrender or suspension of this Licence, no licence fees or other fees and charges paid or payable by the Licensee before the said revocation, surrender or suspension shall be repaid or cease to be payable, as the case may be.

Investment

- 15.1 Subject to Condition 15.2 and without affecting the generality of Condition 10.1, the Licensee shall implement the Capital Investment Plan and comply at all material times with the statements (including statements of intention) and representations made by or on its behalf in or with reference to the Capital Investment Plan. In the event that any part of the Capital Investment Plan is inconsistent with the conditions of this Licence, any law or Ordinance, the conditions of this Licence, the law and Ordinance shall prevail and the Capital Investment Plan shall be construed accordingly.
- 15.2 The Broadcasting Authority may generally or specifically in relation to a particular statement or representation referred to in Condition 15.1 by notice to the Licensee waive the requirement for the Licensee to comply with the said statement or representation and the proviso referred to in Condition 9.2 shall apply thereto mutatis mutandis.
- 15.3 The Licensee shall submit for approval by the Broadcasting Authority further information and updated investment plan in relation to the provision of new television programme services, including but not limited to the provision of digital television programme services, as may be directed by the Broadcasting Authority from time to time.

The provision of a domestic free television programme service

- 16.1 The Licensee shall at all material times provide the Service in such manner as to enable the Service to be received throughout Hong Kong to the satisfaction of the BA.
- 16.2 The BA may, by notice in writing served on the licensee, exempt the licensee from complying with Condition 16.1 in relation to any parts of Hong Kong specified in the notice and during any period specified in the notice.
- 16.3 The Licensee shall ensure that each television programme service channel shall have a television programme service channel identification which, in the opinion of the Broadcasting Authority, is not confusingly similar to any existing channel identification of any television programme service licensed or deemed to be licensed under the Broadcasting Ordinance or of any sound broadcasting licensees licensed under the Telecommunications Ordinance.
- 16.4 The Licensee shall apply up-to-date technology to perfect the sounds and images that it broadcasts.

Comments and complaints

- 17.1 The Licensee shall receive and consider any comment or complaint from or on behalf of any person who believes himself to have been treated unjustly or unfairly in any material on the Service, or who comments or complains about the whole or part, in substance or in form, of the content, production, service coverage, technical aspects or time of viewing of the Service, without limitation, the quality of the sounds and images that it provides, the service afforded the complainant, or customer service.

- 17.2 The Licensee shall implement a procedure for dealing with comments and complaints from the public as may be required from time to time by the Broadcasting Authority.
- 17.3 The Licensee shall keep a complete record, in a form and manner approved by the Broadcasting Authority, of complaints received by it and submit the same to the Broadcasting Authority on a regular basis and on demand. The record shall be retained by the Licensee for not less than 2 years.
- 17.4 The Licensee shall comply with directions as may be given by the Broadcasting Authority to publish, in relation to the Licensee's domestic free television programme service and within such period as may be specified by the Broadcasting Authority in that direction, a summary of any comment or complaint referred to in Condition 17.1. The form and content of such summary shall be subject to approval by the Broadcasting Authority.
- 17.5 The Licensee shall supply recordings of good quality of all material on the television programme service that it provided during such period, and in such form, as the Broadcasting Authority may direct and require for examination.

**Television
programmes,
publicity
material and
announcements
in the public
interest**

- 18.1 The Licensee shall include in its Service such:
- (a) publicity material in order to promote knowledge and understanding of the activities and functions of the Broadcasting Authority; and
 - (b) television programmes and other material in the public interest including but not limited to weather programmes and weather forecasts provided by the Government,
- as the Broadcasting Authority may provide or direct and at such time, within such period, on such channel, within or without such programme and in such language or dialect as the Broadcasting Authority may direct.
- 18.2 The publicity material referred to in Condition 18.1(a) may be directed to be broadcast twice daily for a total of not more than one minute on each language channel between the hours of 6:00 p.m. and 11:00 p.m. subject to a maximum limit of 5 minutes in aggregate each week on each channel. This publicity material shall not be treated as counting towards the one minute total in Condition 18.3.
- 18.3 Notwithstanding Condition 18.1, the Licensee shall broadcast on each channel such announcements as the Broadcasting Authority shall require to be broadcast provided that such announcements shall not exceed one minute in total in any clock hour on each channel.
- 18.4 For the avoidance of doubt, the Licensee shall not, in the performance of this Condition, be:
- (i) responsible for the contents of the material included in the Service; and

- (ii) entitled to charge the Broadcasting Authority or the Government.

**Intellectual
property rights**

- 19. The Licensee shall not do, or permit, any act or conduct in relation to the Service which is an infringement of any intellectual property right, including but not limited to any copyright.

**Books and
accounts to be
in
English or
Chinese**

- 20. All of the books and accounts of the Licensee shall be written in either the English or Chinese language.

**Licensee to
formulate
general
guidelines for
employees and
agents**

- 21.1 The Licensee shall formulate written guidelines for all its officers, employees and agents concerned with the content of the Service stating the Licensee's principles regarding its responsibilities to the public, with particular reference to its obligations under the Codes of Practice relating to programme and advertising standards.

21.2 The Licensee shall ensure that all its officers, employees and agents are aware, and shall refresh their memory at reasonably regular intervals, of the guidelines referred to in Condition 21.1 and the Codes of Practice.

21.3 For the avoidance of doubt, nothing in Condition 21 shall relieve the Licensee from any obligation or liability to comply with the Codes of Practice.

Discipline and training

22. The Licensee shall ensure good discipline and training among its staff, officers, consultants and contractors, including script-writers, as regards adherence to the Codes of Practice relating to programme, advertising and technical standards.

Codes of practice

23. The Licensee shall monitor and ensure strict compliance with the Codes of Practice, and technical standards and directions issued by the Telecommunications Authority.

Interference with other services

24.1 The Licensee shall not use or operate any apparatus or equipment or permit or cause the same to be used or operated in any manner which causes interference with any authorised broadcasting or telecommunications services or apparatus operating in or outside Hong Kong.

24.2 In case of any such interference, the Licensee shall comply with all instructions given to it by the relevant Authority in respect of the use and operation of the apparatus and equipment.

Information to be provided

25.1 The Licensee shall provide the relevant Authority within the period specified such information as the relevant Authority may properly require.

25.2 The Licensee shall submit to the Broadcasting Authority not later than 30 April in each year or upon request by the Broadcasting Authority a certified true copy of the latest annual audited accounts of the Licensee prepared by an auditor.

Provision of testing facilities

26.1 Without prejudice to section 38 of the Broadcasting Ordinance, the Telecommunications Authority may, for the purpose of exercising his functions under this Licence, require the Licensee to demonstrate to him that in establishing, providing or operating any means of telecommunications, telecommunications installation, telecommunications line or telecommunications service, if any, or any equipment, in relation to the Service, the Licensee is not in breach of any law, Ordinance, codes of practice, directions or conditions of this Licence.

26.2 For the purpose of Condition 26.1, the Licensee shall provide adequate testing instruments and operating staff.

**Standby
equipment and
spare parts**

27. The Licensee shall provide and maintain adequate standby equipment (including but not limited to spare parts) and staff to ensure that any interruption to the Service under this Licence is avoided or minimised, and that necessary repairs or replacements are made or provided promptly.

**Transmission
of Service**

28. Save where the contrary intention appears expressly or by necessary implication in this Licence including the requirement for the authorisation or approval of the Secretary for Commerce, Industry and Technology of a digital form, the Licensee may employ the means of transmission and the transmission arrangements for the Service as stated in the Licensee's Proposal. The Licensee shall apply to the Broadcasting Authority for approval for any substantial change in the means of transmission or transmission arrangements.

**Other
requirements**

29. For the avoidance of doubt, the Licensee shall apply for such other licences, permissions, approvals, agreements or grants as may be required under any law or Ordinance if any such licence, permission, approval, agreement or grant is or becomes necessary for or in connection with the provision of the Service.

Granted on 1 December 1988
Amended on 7 October 1999
Renewed on 12 November 2002

Clerk to the Executive Council

COUNCIL CHAMBER

Accepted by :

Signature :

Capacity :

Date :

(#284586v1)

FIRST SCHEDULE

THIS SCHEDULE GOVERNS THE CHANNELS TRANSMITTED IN ANALOGUE FORM OF THE LICENSEE'S SERVICE. IT SHALL FORM AND BE READ AS AN INTEGRAL PART OF THIS LICENCE.

General Provisions

1. The Licensee shall :
 - (a) entertain, inform and educate; and
 - (b) ensure that its programming is balanced in content and provides an adequate and comprehensive service which is responsive to the diverse needs and aspirations of the community.

Language of Broadcast

- 2.1 Subject to Conditions 2.2 and 2.3 of this Schedule, the Licensee shall provide one language service in the English language ("the English language service") and one language service in the Cantonese dialect ("the Chinese language service").
- 2.2 The Licensee may, with the prior approval in writing of the Broadcasting Authority and subject to such conditions as may be imposed by it, provide the whole or any part of its language services in any other language or languages or dialect.
- 2.3 The Licensee may, with the prior approval in writing of the Broadcasting Authority and subject to such conditions as may be imposed by it, provide the whole or part of its language services using one or more accompanying sound channels in one or more languages.

Subtitling

- 3.1 The Licensee shall provide subtitling for its Service, as may be directed in writing by the Broadcasting Authority from time to time after consultation with the Licensee.
- 3.2 The Licensee may, with the prior approval in writing of the Broadcasting Authority and subject to such conditions as may be imposed by it, deviate from the requirements in Condition 3.1 of this Schedule.

News Programmes

4. Subject to the proviso, the Licensee shall provide on each language service a minimum of two comprehensive news bulletins, each of not less than 15 minutes duration, each evening between 6:00 p.m. and 12:00 midnight provided that upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting news bulletins.

Documentary Programmes

- 5.1 The Licensee shall provide a minimum of 60 minutes of documentary programmes each week on each language service between the hours of 6:00 p.m. and 12:00 midnight, of which not less than 30 minutes are to be wholly of Hong Kong origin. For the purposes of this Licence “wholly of Hong Kong origin” means :
- (a) produced
 - (i) in substance and in form in Hong Kong; or

- (ii) by the Licensee, by any employee of the Licensee, by any company or employee of any company which, in relation to the Licensee, is a subsidiary company within the meaning given by section 2(1) of the Broadcasting Ordinance, or by any other independent production company engaged by the Licensee in or outside Hong Kong; and
- (b) the Broadcasting Authority is satisfied that it is produced primarily for the Hong Kong market.

- 5.2 For the purposes of Condition 5.1 of this Schedule, programmes other than travelogues and such other subjects as the Broadcasting Authority may determine, may be “documentary” if they are factual and consist wholly or substantially of real events.
- 5.3 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting documentary programmes.

Current Affairs Programmes

- 6.1 The Licensee shall provide a minimum of two half-hour current affairs programmes each week on each language service between the hours of 6:00 p.m. and 12:00 midnight of which not less than 30 minutes are to be wholly of Hong Kong origin.
- 6.2 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting current affairs programmes.

Children's Programmes

7.1 Subject to the requirements regarding family viewing hours stipulated in the Code of Practice on Programme Standards and to any directions issued by the Broadcasting Authority, the Licensee shall provide:

- (a) two blocks of programmes intended and suitable for children in Hong Kong up to and including the age of 15 years ("children's programmes") of a minimum period of :
 - (i) 1.5 hours daily on each language service between 4:00 p.m. and 7:00 p.m. and
 - (ii) 30 minutes daily on each language service between 9:00 a.m. and 7:00 p.m. and
- (b) on the Chinese language service, at least 30 minutes of programmes daily which are wholly of Hong Kong origin in the blocks of children's programmes referred to in paragraph (a)(i); and
- (c) on the English language service, a minimum of 2 hours of programmes per week with educational values targeting teenagers between the hours of 5:00 p.m. and 7:00 p.m.. Notwithstanding any other provisions in this Licence, English subtitles shall be provided for programmes provided pursuant to this paragraph from 1 December 2004 and thereafter. For the purposes of paragraph (a)(i), programmes provided under this paragraph shall count towards the blocks of children's programmes referred to in that paragraph.

7.2 By a direction the Broadcasting Authority may on the application in writing of the

Licensee waive or modify the requirements specified in paragraph (a) and (c) in Condition 7.1 of this Schedule in accordance with the terms of the direction.

- 7.3 The Licensee shall repeat the provision of any or all of the children's programmes referred to in paragraph (a) in Condition 7.1 of this Schedule at such times as may be directed by the Broadcasting Authority from time to time.
- 7.4 Apart from the repeats referred to in Condition 7.3 of this Schedule, children's programmes shall not be repeated more frequently than as may be specified by the Broadcasting Authority from time to time.
- 7.5 The Licensee shall inform the Broadcasting Authority in writing of the programme types and transmission schedules for children's programmes one week in advance of broadcasting. The Broadcasting Authority may waive the requirement of notification.

**Programmes
for Young
Persons**

- 8.1 Subject to the requirements regarding family viewing hours stipulated in the Codes of Practice on Programme Standards and to any directions issued by the Broadcasting Authority, the Licensee shall include on the Chinese language service a minimum of one half-hour programme per week, between the hours of 8:00 a.m. and 12:00 midnight, which is intended and suitable for the education and proper development of young people in Hong Kong aged 16 years to 24 years (inclusive).
- 8.2 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting the programming at Condition 8.1 of this Schedule.

**Programmes
for Senior
Citizens**

- 9.1 Subject to the requirements regarding family viewing hours stipulated in the Codes of Practice on Programme Standards and to any directions issued by the Broadcasting Authority, the Licensee shall include on the Chinese language service a minimum of 60 minutes of programming per week, between the hours of 8:00 a.m. and 12:00 midnight, which is intended and suitable for the particular requirements of senior citizens in Hong Kong over the age of 60 years in relation (but not necessarily limited) to their well being.
- 9.2 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting the programming at Condition 9.1 of this Schedule.

**Arts and
Culture
Programmes**

- 10.1 Subject to any directions issued by the Broadcasting Authority, the Licensee shall include on the Chinese language service between the hours of 8:00 a.m. and 12:00 midnight a minimum of 60 minutes of programming each week intended and suitable for promoting the development and appreciation of the literary, performing and visual arts and other topics or activities of cultural value of which not less than 15 minutes are to be wholly of Hong Kong origin.
- 10.2 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting the programming at Condition 10.1 of this

Schedule.

Annual Reports

- 11.1 The Licensee shall submit reports to the Broadcasting Authority on or before 31 March each year on the extent to which the programmes and programming provided in the previous calendar year ending on 31 December pursuant to Conditions 7, 8, 9 and 10 of this Schedule have been able to achieve the respective intended objectives as set out in the aforesaid Conditions provided that the Licensee shall not be required to submit any such report for the year 2003.
- 11.2 The Broadcasting Authority may in its discretion make the reports publicly available in any manner as it thinks fit, in whole or in part.

Obligations of Licensee

12. The obligations and requirements imposed upon the Licensee to provide certain programmes at certain times and for certain periods pursuant to Conditions 4, 5, 6, 7, 8, 9 and 10 of this Schedule shall not be discharged or satisfied to the extent the programmes so provided comprise or include programmes produced, commissioned or supplied by Government.

Programmes for Schools

- 13.1 The Licensee shall pursuant to section 19 of the Broadcasting Ordinance include in the Service such programmes for schools supplied by the Government as may be required by the Broadcasting Authority.

13.2 The programmes required under Condition 13.1 of this Schedule:

- (a) shall not exceed four hours per day unless the Broadcasting Authority otherwise requires by serving upon the Licensee a notice in writing of not less than 30 days; and
- (b) may be provided as part of the English language service unless the Broadcasting Authority otherwise requires by serving upon the Licensee a notice in writing of not less than 30 days.

SECOND SCHEDULE

Unless the Broadcasting Authority otherwise approves or directs, the requirements and standards stipulated in the FIRST SCHEDULE of this Licence shall apply to the digital television programme service to be provided by the Licensee, whether it is being provided as part of its simulcast or otherwise.

(#284559v1)

No. of THREE ORIGINALS

Domestic Free Television Programme Service Licence

Broadcasting Ordinance (Cap.562)

Television Broadcasts Limited

Amended Licence

7 December 2004

**Department of Justice
The Hong Kong Special Administrative Region**

In exercise of the powers conferred by section 11(1) of the Broadcasting Ordinance (Cap.562) and all the powers enabling him in that behalf, the Chief Executive in Council hereby renews the licence (“this Licence”) granted on 1 December 1988 to Television Broadcasts Limited (“the Licensee”, which expression shall include its lawful successors and assigns), a company formed and registered under the Companies Ordinance (Cap.32), whose registered office is situated at TV City, Clear Water Bay Road, Kowloon, Hong Kong, and as subsequently amended and renewed, on the following conditions.

Interpretation

- 1.1 Save where the contrary intention appears expressly or by necessary implication in this Licence, words and expressions used in this Licence shall bear the same meaning, if any, as in the Broadcasting Ordinance and in the Interpretation and General Clauses Ordinance (Cap. 1), and in the event of any conflict or inconsistency between their meanings, the meaning in the Broadcasting Ordinance shall prevail over that in the Interpretation and General Clauses Ordinance.
- 1.2 The headings and index used in this Licence shall not in any way vary, limit or extend the interpretation of this Licence.
- 1.3 This Licence shall receive such fair, large and liberal construction and interpretation as will best ensure the attainment of its objects according to its true intent, meaning and spirit.
- 1.4 The Schedule(s) hereto, shall form part of this Licence.
- 1.5.1 Save where the contrary intention appears expressly or by necessary implication in this Licence, the following words and expressions mean:

“auditor”	a professional accountant registered and holding a practising certificate under the Professional Accountants Ordinance (Cap. 50), who is neither an employee of the Licensee or its associate nor a person who is required to devote the whole or substantially the whole of his practice to the affairs of the Licensee or its associate.
“Capital Investment Plan”	an investment plan as approved by the Broadcasting Authority regarding the Licensee’s commitment of capital expenditure to be spent on the Service for the period from 1 January 2004 to 31 December 2009, which is contained in the letter dated 23 August 2002 from the Licensee to the Broadcasting Authority, and as may be subsequently revised or modified pursuant to the directions of the Broadcasting Authority.
“commencement date”	the date on which the period of validity commences.
“day”	a period of 24 hours beginning at midnight.

“digital form”	An arrangement of signals transmitted by telecommunications and represented by digits or similar discrete form as may be authorised or approved by the Secretary for Commerce, Industry and Technology as a digital form for reception by viewers.
“digital television programme service”	a television programme service with television programmes in digital form.
“period of validity”	the period specified by the Chief Executive in Council in a notice in the Gazette issued pursuant to section 4 of Schedule 4 to the Broadcasting Ordinance or such period as may be renewed or extended pursuant to section 11 of the Broadcasting Ordinance.
“relevant Authority”	(a) the Broadcasting Authority in connection with either a condition of this Licence in respect of which the Broadcasting Authority is the regulator or similarly empowered under any law, Ordinance, determination, consent, notice, direction, authorisation or approval;

- (b) the Telecommunications Authority in connection with either a condition of this Licence in respect of which the Telecommunications Authority is the regulator or similarly empowered under any law, Ordinance, determination, consent, notice, direction, authorisation or approval; or

- (c) the Secretary for Commerce, Industry and Technology in connection with either a condition of this Licence in respect of which that Secretary is the regulator or similarly empowered under any law, Ordinance, determination, consent, notice, direction, authorisation or approval.

“Service” the domestic free television programme service which the Licensee is authorised and required to provide in accordance with this Licence and any law or Ordinance, which shall include any digital television programme service that the Licensee may be authorised and required to provide during the period of validity.

“the Licensee’s Proposal” all statements and representations (including statements of intention) made to the Broadcasting Authority and the Government by or on behalf of the Licensee in its application for renewal of this Licence, including but not limited to the application dated 30 November 2001, the Capital Investment Plan, and the letters dated 23 August 2002, etc.

1.5.2 The word “person” bears the same meaning as in section 3 of the Interpretation and General Clauses Ordinance and includes “the Government”.

1.5.3 The expressions “telecommunications”, “telecommunications installation”, “telecommunications line” and “telecommunications service” bear the same meaning as in the Telecommunications Ordinance (Cap.106).

1.6 In this Licence, save where the contrary intention appears expressly or by necessary implication, words and expressions:

- (a) which import one gender include the 2 other genders;
- (b) which import the singular include the plural and vice versa; and
- (c) extend to their grammatical variations and cognate expressions where those words and expressions are defined herein or by reference to any other definition.

1.7 If at any time any condition of this Licence is or becomes illegal, invalid or unenforceable in any respect, the legality, validity or enforceability of the remaining conditions shall not in any way be affected or impaired.

1.8 In this Licence, a reference to an Ordinance, whether the word is used by itself or as part of any title to an Ordinance, shall mean the Ordinance for the time being in force as well as any modification or substitution thereof, in whole or in part, and all subsidiary legislation, regulations, directions, codes of practice and instruments made thereunder and for the time being in force.

1.9 In forming an opinion or making a determination, direction or decision under this Licence, the relevant Authority shall:

- (a) only do so on reasonable grounds and having regard to relevant considerations; and
- (b) provide reasons for it in writing.

- 2.1
- (a) this Licence authorises and requires the Licensee to provide a Service in accordance with this Licence.
 - (b) the Secretary for Commerce, Industry and Technology may by notice served on the Licensee require the Licensee to provide the Service in both the existing analogue form and the digital form from a date as specified in the notice, the date being not less than 18 months of the date of the service of the notice.
 - (c) the Secretary for Commerce, Industry and Technology may by notice served on the Licensee require the Licensee to provide the Service in digital form in the entirety from a date as specified in the notice, the date being not less than 18 months of the date of the service of the notice.

2.2

This Licence is renewed subject to:

- (a) the provisions of the Broadcasting Ordinance, the Telecommunications Ordinance, the Broadcasting Authority Ordinance (Cap. 391) and, without limitation, any other Ordinance; and
- (b) the performance and observance of the several terms and conditions contained in the licence from time to time in force before the period of validity (“the Previous Licence”) and on the Licensee’s part to be performed and observed and of the provisions from time to time in force of the Broadcasting Ordinance, the Telecommunications Ordinance and any Ordinance enacted in place or substitution thereof and all subsidiary legislation, regulations, directions and Codes of Practice made thereunder during the term of the Previous Licence.

Commencement date and period of validity of Licence

- 3.1 Subject to the conditions of this Licence and any law or Ordinance, this Licence shall be valid for the period of validity.
- 3.2 Pursuant to section 4 of Schedule 4 to the Broadcasting Ordinance, this Licence may be reviewed by the Chief Executive in Council within such period after 1 December 2009 as may be specified by the Chief Executive in Council by notice in the Gazette.

Power to amend

- 4.1 The Chief Executive in Council may, if he considers it is in the public interest to do so, vary this Licence in accordance with the Broadcasting Ordinance.
- 4.2 Without prejudice to the aforesaid, the Chief Executive in Council may vary this Licence with the prior consent in writing of the Licensee at any time and from time to time during the period of validity.

Saving of rights granted

5. This Licence shall not in any way whatsoever abrogate or interfere with any rights, whether exclusive or otherwise, granted under any law or Ordinance to any person other than the Licensee.

Publication of Licence

- 6.1 Subject to Condition 6.3, the Licensee shall make available for inspection by members of the general public, free of charge, a certified true copy of this Licence at:
- (a) its registered office and principal place of business; and
 - (b) the principal office of the Television and Entertainment Licensing Authority.
- 6.2 The Government may in its discretion make this Licence publicly available in any manner it thinks fit, in whole or in part.

- 6.3 For the purposes of Condition 6.1 and without prejudice to Condition 6.2, the Licensee's Proposal may be excluded in the Licensee's discretion.

**Notification of
place of
business**

7. The Licensee shall promptly notify the Broadcasting Authority of any change in the address of its registered office or principal place of business, as the case may be.

**Prohibition on
assignment of
Licence**

8. This Licence or any interest in this Licence shall not be transferred, in whole or in part.

**Directions etc.
by the
Broadcasting
Authority and
Telecommunica
tions Authority**

- 9.1 Where any determination, consent, notice, direction, authorisation or approval of or from the relevant Authority is required for the doing of any matter or thing by or on behalf of the Licensee, or a notice or notification is required to be given by or on behalf of the Licensee to the Broadcasting Authority, the Telecommunications Authority or the Secretary for Commerce, Industry and Technology, that determination, consent, notice, direction, authorisation, approval or notification is valid only if given in writing and signed by a person with authority to do so and, subject to Condition 9.2, given before the doing of the said matter or thing in question. If a digital signature is used, it shall be supported by a recognised certificate under the Electronic Transactions Ordinance (Cap. 553). For the purpose of this Condition, “digital signature” shall bear the same meaning as in the Electronic Transactions Ordinance.
- 9.2 The relevant Authority may generally or specifically in relation to a particular matter or thing referred to in Condition 9.1 by notice in writing to the Licensee waive the requirement for its or his, as the case may be, determination, consent, notice, direction, authorisation or approval to be given before the doing of the matter or thing in question, provided that no such waiver shall estop the relevant Authority from withdrawing the waiver, with prospective effect, in whole or in part, or from requiring that the determination, consent, notice, direction, authorisation or approval, as the case may be, be required timeously in relation to other matters or things.

- 9.3 Without any limitation whatsoever on the rights and powers conferred by any law or Ordinance, where a relevant Authority gives any determination, consent, notice, direction, authorisation or approval to the Licensee, the same may be:
- (a) withdrawn, modified or replaced from time to time by the relevant Authority, in the same circumstances, and with the same effect, as if the withdrawal, modification or replacement were the giving of a determination, consent, notice, direction, approval or authorisation and the Licensee shall comply therewith;
 - (b) given once or from time to time; and
 - (c) made subject to such conditions as the relevant Authority may impose.
- 9.4 All references in this Licence to the doing of any matter or thing by a relevant Authority include any delegate thereof, or other agents, authorised in that regard by or under any law or Ordinance.
- 9.5 Unless otherwise provided by any law or Ordinance, any determination, consent, notice, direction, authorisation or approval moving from the relevant Authority to the Licensee shall be deemed validly served or given if:
- (a) it complies with the manner prescribed in section 40 of the Broadcasting Ordinance;
 - (b) it is dispatched by facsimile transmission to the designated number of the Licensee; or
 - (c) it is delivered by hand to the registered office or principal place of business of the Licensee.

**Licensee to
comply with
statements**

- 10.1 Subject to Conditions 10.2 and 10.4, the Licensee shall comply at all material times with the Licensee's Proposal. In the event that any part of the Licensee's Proposal is inconsistent with the conditions of this Licence, any law or Ordinance, the conditions of this Licence, the law and Ordinance shall prevail and the Licensee's Proposal shall be construed accordingly.
- 10.2 The Broadcasting Authority may generally or specifically in relation to a particular statement or representation referred to in Condition 10.1 by notice to the Licensee waive the requirement for the Licensee to comply with the said statement or representation and the proviso referred to in Condition 9.2 shall apply thereto *mutatis mutandis*.
- 10.3 The Licensee represents and warrants that the Licensee has the right to make use of the information and technology described as available to it in the Licensee's Proposal.
- 10.4 Without prejudice to any statutory and other regulatory requirements regarding the legal and beneficial interest in the voting control and shares in the Licensee, the Licensee shall inform the Broadcasting Authority about any change and series of changes:
- (a) involving 10% or more of the voting shares in the Licensee; and
 - (b) involving 1% or more of the voting shares in the Licensee of any person who holds 10% or more of the voting shares in the Licensee

within 14 days after:

- (i) the change or series of changes, as the case may be, takes place; or;
- (ii) the Licensee becomes aware of the change or series of changes,

whichever is earlier.

Waiver

11.1 Subject to any law or Ordinance and Condition 11.2, the Broadcasting Authority may by notice to the Licensee waive the requirement for the Licensee to observe or perform any of the conditions of this Licence for such period as the Broadcasting Authority sees fit if and so long as the Licensee satisfies the Broadcasting Authority that the failure to observe or perform those conditions is caused by an unforeseen event which:

- (a) renders it impossible for the Licensee to observe or perform the conditions;
- (b) is not caused or contributed to by the Licensee, or any officer, employee or associate of the Licensee; or any other person acting for or on behalf of the Licensee; and
- (c) in respect of which the Licensee has taken all actions as may be required, with due diligence and speed, to observe or perform the conditions of this Licence.

11.2 The Broadcasting Authority may, if it considers that the event referred to in Condition 11.1 has ceased to render it impossible for the Licensee to observe or perform the conditions of this Licence, direct by notice that the waiver given under Condition 11.1 shall cease to have any effect from the date specified in the notice notwithstanding that the period specified in the notice given under Condition 11.1 has not expired, and the Licensee shall (and without prejudice to the Licensee's obligations under this Licence), as soon as practicable and with due diligence and speed, take all actions as may be required to observe or perform the conditions of this Licence.

Liability of Licensee for contraventions

12. The Licensee shall ensure that the officers, employees and associates of the Licensee, and any other person acting for or on behalf of the Licensee, shall not act or permit any contravention of:

- (a) any provision of the Broadcasting Ordinance, the Telecommunications Ordinance or the Broadcasting Authority Ordinance;
- (b) any provision of any Code of Practice; or
- (c) any condition of this Licence,

and shall not be relieved from any liability notwithstanding that the contravention is due to the act or omission of the officers, employees or associates of the Licensee or any other person acting for or on behalf of the Licensee.

Indemnity

13. The Licensee shall indemnify and keep indemnified the Chief Executive, the Government, the Executive Council, the Broadcasting Authority, the Telecommunications Authority and the Secretary for Commerce, Industry and Technology against any and all losses, claims, charges, expenses, actions and demands whatsoever which he or it may incur or be subject to, as the case may be, as a result of or in relation to:
- (a) any breach or alleged breach of or failure or alleged failure to observe or perform any condition of this Licence by or on behalf of the Licensee; or
 - (b) any act or omission by or on behalf of the Licensee in the actual or purported operation or performance of the Service or the conditions of this Licence.

Licence fee

- 14.1 The Licensee shall pay to the Government every year during the period of validity such licence fee in advance as may be prescribed from time to time by regulation made under section 42 of and section 13 of Schedule 4 to the Broadcasting Ordinance.
- 14.2 The Licensee shall pay such other fees and charges as may be prescribed from time to time by regulation made under section 42 of and section 13 of Schedule 4 to the Broadcasting Ordinance.
- 14.3 In the event of a revocation, surrender or suspension of this Licence, no licence fees or other fees and charges paid or payable by the Licensee before the said revocation, surrender or suspension shall be repaid or cease to be payable, as the case may be.

Investment

- 15.1 Subject to Condition 15.2 and without affecting the generality of Condition 10.1, the Licensee shall implement the Capital Investment Plan and comply at all material times with the statements (including statements of intention) and representations made by or on its behalf in or with reference to the Capital Investment Plan. In the event that any part of the Capital Investment Plan is inconsistent with the conditions of this Licence, any law or Ordinance, the conditions of this Licence, the law and Ordinance shall prevail and the Capital Investment Plan shall be construed accordingly.
- 15.2 The Broadcasting Authority may generally or specifically in relation to a particular statement or representation referred to in Condition 15.1 by notice to the Licensee waive the requirement for the Licensee to comply with the said statement or representation and the proviso referred to in Condition 9.2 shall apply thereto mutatis mutandis.
- 15.3 The Licensee shall submit for approval by the Broadcasting Authority further information and updated investment plan in relation to the provision of new television programme services, including but not limited to the provision of digital television programme services, as may be directed by the Broadcasting Authority from time to time.

The provision of a domestic free television programme service

- 16.1 The Licensee shall at all material times provide the Service in such manner as to enable the Service to be received throughout Hong Kong to the satisfaction of the BA.
- 16.2 The BA may, by notice in writing served on the licensee, exempt the licensee from complying with Condition 16.1 in relation to any parts of Hong Kong specified in the notice and during any period specified in the notice.
- 16.3 The Licensee shall ensure that each television programme service channel shall have a television programme service channel identification which, in the opinion of the Broadcasting Authority, is not confusingly similar to any existing channel identification of any television programme service licensed or deemed to be licensed under the Broadcasting Ordinance or of any sound broadcasting licensees licensed under the Telecommunications Ordinance.
- 16.4 The Licensee shall apply up-to-date technology to perfect the sounds and images that it broadcasts.

**Comments and
complaints**

- 17.1 The Licensee shall receive and consider any comment or complaint from or on behalf of any person who believes himself to have been treated unjustly or unfairly in any material on the Service, or who comments or complains about the whole or part, in substance or in form, of the content, production, service coverage, technical aspects or time of viewing of the Service, without limitation, the quality of the sounds and images that it provides, the service afforded the complainant, or customer service.
- 17.2 The Licensee shall implement a procedure for dealing with comments and complaints from the public as may be required from time to time by the Broadcasting Authority.
- 17.3 The Licensee shall keep a complete record, in a form and manner approved by the Broadcasting Authority, of complaints received by it and submit the same to the Broadcasting Authority on a regular basis and on demand. The record shall be retained by the Licensee for not less than 2 years.
- 17.4 The Licensee shall comply with directions as may be given by the Broadcasting Authority to publish, in relation to the Licensee's domestic free television programme service and within such period as may be specified by the Broadcasting Authority in that direction, a summary of any comment or complaint referred to in Condition 17.1. The form and content of such summary shall be subject to approval by the Broadcasting Authority.
- 17.5 The Licensee shall supply recordings of good quality of all material on the television programme service that it provided during such period, and in such form, as the Broadcasting Authority may direct and require for examination.

**Television
programmes,
publicity
material and
announcements
in the public
interest**

- 18.1 The Licensee shall include in its Service such:
- (a) publicity material in order to promote knowledge and understanding of the activities and functions of the Broadcasting Authority; and
 - (b) television programmes and other material in the public interest including but not limited to weather programmes and weather forecasts provided by the Government,
- as the Broadcasting Authority may provide or direct and at such time, within such period, on such channel, within or without such programme and in such language or dialect as the Broadcasting Authority may direct.
- 18.2 The publicity material referred to in Condition 18.1(a) may be directed to be broadcast twice daily for a total of not more than one minute on each language channel between the hours of 6:00 p.m. and 11:00 p.m. subject to a maximum limit of 5 minutes in aggregate each week on each channel. This publicity material shall not be treated as counting towards the one minute total in Condition 18.3.
- 18.3 Notwithstanding Condition 18.1, the Licensee shall broadcast on each channel such announcements as the Broadcasting Authority shall require to be broadcast provided that such announcements shall not exceed one minute in total in any clock hour on each channel.

18.4 For the avoidance of doubt, the Licensee shall not, in the performance of this Condition, be:

- (i) responsible for the contents of the material included in the Service; and
- (ii) entitled to charge the Broadcasting Authority or the Government.

**Intellectual
property rights**

19. The Licensee shall not do, or permit, any act or conduct in relation to the Service which is an infringement of any intellectual property right, including but not limited to any copyright.

**Books and
accounts to be
in
English or
Chinese**

20. All of the books and accounts of the Licensee shall be written in either the English or Chinese language.

**Licensee to
formulate
general
guidelines for
employees and
agents**

- 21.1 The Licensee shall formulate written guidelines for all its officers, employees and agents concerned with the content of the Service stating the Licensee's principles regarding its responsibilities to the public, with particular reference to its obligations under the Codes of Practice relating to programme and advertising standards.
- 21.2 The Licensee shall ensure that all its officers, employees and agents are aware, and shall refresh their memory at reasonably regular intervals, of the guidelines referred to in Condition 21.1 and the Codes of Practice.
- 21.3 For the avoidance of doubt, nothing in Condition 21 shall relieve the Licensee from any obligation or liability to comply with the Codes of Practice.

Discipline and training

22. The Licensee shall ensure good discipline and training among its staff, officers, consultants and contractors, including script-writers, as regards adherence to the Codes of Practice relating to programme, advertising and technical standards.

Codes of practice

23. The Licensee shall monitor and ensure strict compliance with the Codes of Practice, and technical standards and directions issued by the Telecommunications Authority.

Interference with other services

24.1 The Licensee shall not use or operate any apparatus or equipment or permit or cause the same to be used or operated in any manner which causes interference with any authorised broadcasting or telecommunications services or apparatus operating in or outside Hong Kong.

24.2 In case of any such interference, the Licensee shall comply with all instructions given to it by the relevant Authority in respect of the use and operation of the apparatus and equipment.

Information to be provided

25.1 The Licensee shall provide the relevant Authority within the period specified such information as the relevant Authority may properly require.

25.2 The Licensee shall submit to the Broadcasting Authority not later than 30 April in each year or upon request by the Broadcasting Authority a certified true copy of the latest annual audited accounts of the Licensee prepared by an auditor.

Provision of testing facilities

26.1 Without prejudice to section 38 of the Broadcasting Ordinance, the Telecommunications Authority may, for the purpose of exercising his functions under this Licence, require the Licensee to demonstrate to him that in establishing, providing or operating any means of telecommunications, telecommunications installation, telecommunications line or telecommunications service, if any, or any equipment, in relation to the Service, the Licensee is not in breach of any law, Ordinance, codes of practice, directions or conditions of this Licence.

26.2 For the purpose of Condition 26.1 , the Licensee shall provide adequate testing instruments and operating staff.

Standby equipment and spare parts

27 The Licensee shall provide and maintain adequate standby equipment (including but not limited to spare parts) and staff to ensure that any interruption to the Service under this Licence is avoided or minimised, and that necessary repairs or replacements are made or provided promptly.

Transmission of Service

28. Save where the contrary intention appears expressly or by necessary implication in this Licence including the requirement for the authorisation or approval of the Secretary for Commerce, Industry and Technology of a digital form, the Licensee may employ the means of transmission and the transmission arrangements for the Service as stated in the Licensee's Proposal. The Licensee shall apply to the Broadcasting Authority for approval for any substantial change in the means of transmission or transmission arrangements.

Other requirements

29. For the avoidance of doubt, the Licensee shall apply for such other licences, permissions, approvals, agreements or grants as may be required under any law or Ordinance if any such licence, permission, approval, agreement or grant is or becomes necessary for or in connection with the provision of the Service.

Granted on 1 December 1988

Amended on 7 October 1999, 5 December 2000 and 9 July 2002
Renewed on 12 November 2002
Amended on 7 December 2004

Clerk to the Executive Council
COUNCIL CHAMBER

Accepted by :

Signature :

Capacity :

Date :

FIRST SCHEDULE

THIS SCHEDULE GOVERNS THE CHANNELS TRANSMITTED IN ANALOGUE FORM OF THE LICENSEE'S SERVICE. IT SHALL FORM AND BE READ AS AN INTEGRAL PART OF THIS LICENCE.

General Provisions

1. The Licensee shall :
 - (a) entertain, inform and educate; and
 - (b) ensure that its programming is balanced in content and provides an adequate and comprehensive service which is responsive to the diverse needs and aspirations of the community.

Language of Broadcast

- 2.1 Subject to Conditions 2.2 and 2.3 of this Schedule, the Licensee shall provide one language service in the English language ("the English language service") and one language service in the Cantonese dialect ("the Chinese language service").
- 2.2 The Licensee may, with the prior approval in writing of the Broadcasting Authority and subject to such conditions as may be imposed by it, provide the whole or any part of its language services in any other language or languages or dialect.
- 2.3 The Licensee may, with the prior approval in writing of the Broadcasting Authority and subject to such conditions as may be imposed by it, provide the whole or part of its language services using one or more accompanying sound channels in one or more languages.

Subtitling

- 3.1 The Licensee shall provide subtitling for its Service, as may be directed in writing by the Broadcasting Authority from time to time after consultation with the Licensee.
- 3.2 The Licensee may, with the prior approval in writing of the Broadcasting Authority and subject to such conditions as may be imposed by it, deviate from the requirements in Condition 3.1 of this Schedule.

News Programmes

4. Subject to the proviso, the Licensee shall provide on each language service a minimum of two comprehensive news bulletins, each of not less than 15 minutes duration, each evening between 6:00 p.m. and 12:00 midnight provided that upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting news bulletins.

Documentary Programmes

- 5.1 The Licensee shall provide a minimum of 60 minutes of documentary programmes each week on each language service between the hours of 6:00 p.m. and 12:00 midnight, of which not less than 30 minutes are to be wholly of Hong Kong origin. For the purposes of this Licence “wholly of Hong Kong origin” means :
- (a) produced
 - (i) in substance and in form in Hong Kong; or

(ii) by the Licensee, by any employee of the Licensee, by any company or employee of any company which, in relation to the Licensee, is a subsidiary company within the meaning given by section 2(1) of the Broadcasting Ordinance, or by any other independent production company engaged by the Licensee in or outside Hong Kong; and

(b) the Broadcasting Authority is satisfied that it is produced primarily for the Hong Kong market.

5.2 For the purposes of Condition 5.1 of this Schedule, programmes other than travelogues and such other subjects as the Broadcasting Authority may determine, may be “documentary” if they are factual and consist wholly or substantially of real events.

5.3 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting documentary programmes.

Current Affairs Programmes

6.1 The Licensee shall provide a minimum of two half-hour current affairs programmes each week on each language service between the hours of 6:00 p.m. and 12:00 midnight of which not less than 30 minutes are to be wholly of Hong Kong origin.

6.2 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting current affairs programmes.

Children's Programmes

7.1 Subject to the requirements regarding family viewing hours stipulated in the Code of Practice on Programme Standards and to any directions issued by the Broadcasting Authority, the Licensee shall provide:

- (a) two blocks of programmes intended and suitable for children in Hong Kong up to and including the age of 15 years ("children's programmes") of a minimum period of :
 - (i) 1.5 hours daily on each language service between 4:00 p.m. and 7:00 p.m. and
 - (ii) 30 minutes daily on each language service between 9:00 a.m. and 7:00 p.m. and
- (b) on the Chinese language service, at least 30 minutes of programmes daily which are wholly of Hong Kong origin in the blocks of children's programmes referred to in paragraph (a)(i); and
- (c) on the English language service, a minimum of 2 hours of programmes per week with educational values targeting teenagers between the hours of 5:00 p.m. and 7:00 p.m.. Notwithstanding any other provisions in this Licence, English subtitles shall be provided for programmes provided pursuant to this paragraph from 1 December 2004 and thereafter. For the purposes of paragraph (a)(i), programmes provided under this paragraph shall count towards the blocks of children's programmes referred to in that paragraph.

7.2 By a direction the Broadcasting Authority may on the application in writing of the

Licensee waive or modify the requirements specified in paragraph (a) and (c) in Condition 7.1 of this Schedule in accordance with the terms of the direction.

- 7.3 The Licensee shall repeat the provision of any or all of the children's programmes referred to in paragraph (a) in Condition 7.1 of this Schedule at such times as may be directed by the Broadcasting Authority from time to time.
- 7.4 Apart from the repeats referred to in Condition 7.3 of this Schedule, children's programmes shall not be repeated more frequently than as may be specified by the Broadcasting Authority from time to time.
- 7.5 The Licensee shall inform the Broadcasting Authority in writing of the programme types and transmission schedules for children's programmes one week in advance of broadcasting. The Broadcasting Authority may waive the requirement of notification.

**Programmes
for Young
Persons**

- 8.1 Subject to the requirements regarding family viewing hours stipulated in the Codes of Practice on Programme Standards and to any directions issued by the Broadcasting Authority, the Licensee shall include on the Chinese language service a minimum of one half-hour programme per week, between the hours of 8:00 a.m. and 12:00 midnight, which is intended and suitable for the education and proper development of young people in Hong Kong aged 16 years to 24 years (inclusive).
- 8.2 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting the programming at Condition 8.1 of this Schedule.

**Programmes
for Senior
Citizens**

- 9.1 Subject to the requirements regarding family viewing hours stipulated in the Codes of Practice on Programme Standards and to any directions issued by the Broadcasting Authority, the Licensee shall include on the Chinese language service a minimum of 60 minutes of programming per week, between the hours of 8:00 a.m. and 12:00 midnight, which is intended and suitable for the particular requirements of senior citizens in Hong Kong over the age of 60 years in relation (but not necessarily limited) to their well being.
- 9.2 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting the programming at Condition 9.1 of this Schedule.

**Arts and
Culture
Programmes**

- 10.1 Subject to any directions issued by the Broadcasting Authority, the Licensee shall include on the Chinese language service between the hours of 8:00 a.m. and 12:00 midnight a minimum of 60 minutes of programming each week intended and suitable for promoting the development and appreciation of the literary, performing and visual arts and other topics or activities of cultural value of which not less than 15 minutes are to be wholly of Hong Kong origin.
- 10.2 Upon application in writing by the Licensee the Broadcasting Authority may approve alternative arrangements for broadcasting the programming at Condition 10.1 of this Schedule.

Annual Reports

- 11.1 The Licensee shall submit reports to the Broadcasting Authority on or before 31 March each year on the extent to which the programmes and programming provided in the previous calendar year ending on 31 December pursuant to Conditions 7, 8, 9 and 10 of this Schedule have been able to achieve the respective intended objectives as set out in the aforesaid Conditions provided that the Licensee shall not be required to submit any such report for the year 2003.
- 11.2 The Broadcasting Authority may in its discretion make the reports publicly available in any manner as it thinks fit, in whole or in part.

Obligations of Licensee

12. The obligations and requirements imposed upon the Licensee to provide certain programmes at certain times and for certain periods pursuant to Conditions 4, 5, 6, 7, 8, 9 and 10 of this Schedule shall not be discharged or satisfied to the extent the programmes so provided comprise or include programmes produced, commissioned or supplied by Government.

Programmes for Schools

- 13.1 The Licensee shall pursuant to section 19 of the Broadcasting Ordinance include in the Service such programmes for schools supplied by the Government as may be required by the Broadcasting Authority.
- 13.2 The programmes required under Condition 13.1 of this Schedule:

- (a) shall not exceed four hours per day unless the Broadcasting Authority otherwise requires by serving upon the Licensee a notice in writing of not less than 30 days; and
- (b) may be provided as part of the English language service unless the Broadcasting Authority otherwise requires by serving upon the Licensee a notice in writing of not less than 30 days.

SECOND SCHEDULE

Unless the Broadcasting Authority otherwise approves or directs, the requirements and standards stipulated in the FIRST SCHEDULE of this Licence shall apply to the digital television programme service to be provided by the Licensee, whether it is being provided as part of its simulcast or otherwise.

THIRD SCHEDULE

Definitions

1. Save where the contrary intention appears expressly or by necessary implication in this Third Schedule, the following words and expressions mean:

“Appointed Day”

means such day prior to 28 December 2005 that may be appointed by the Broadcasting Authority to substitute the date of 28 December 2005.

“directly or indirectly”

includes but is not limited to in substance or in form.

“facilities or services”

include but are not limited to property, and rights under a contract of service and a contract for services, with respect to the production, programming or promotion of a television programme service.

“Galaxy”

a company known as Galaxy Satellite Broadcasting Limited, formed and registered under the Companies Ordinance (Cap.32), whose registered office is situated at TV City, Clear Water Bay Road, Kowloon, Hong Kong, including its lawful successors and assigns.

“Galaxy group”

- (a) before 1 March 2003, each and everyone of Galaxy and its associates (in any combination) unless the Broadcasting Authority otherwise directs or approves;
- (b) from 1 March 2003 to 27 December 2004, each and everyone of Galaxy and its associates (in any combination);
- (c) from 28 December 2004 to 27 December 2005 or the day immediately preceding the Appointed Day, whichever is earlier, each and everyone of Galaxy and its associates (in any combination) unless the Broadcasting Authority otherwise directs or approves in accordance with Condition 4A; and
- (d) from 28 December 2005 or the Appointed Day, whichever is earlier, each and everyone of Galaxy and its associates (in any combination).

“material transaction”
any transaction referred to in Condition 4.2.

“net assets”
the amount in each financial year by which the aggregate of the assets exceeds the aggregate of liabilities, taking both assets and liabilities to be as at the end of the preceding financial year.

“transaction”
any accord, agreement, arrangement, bargain, deal, consensus, contract, exchange, loan, pact, payment, plan, promotion of station, channel or programme, settlement, transfer, understanding, whether it has legal effect or not, and includes a series of transactions and any associated operations.

“TVB group”

- (a) before 1 March 2003, each and everyone of the Licensee and its associates (in any combination) unless the Broadcasting Authority otherwise directs or approves;
- (b) from 1 March 2003 to 27 December 2004, each and everyone of the Licensee and its associates (in any combination);
- (c) from 28 December 2004 to 27 December 2005 or the day immediately preceding the Appointed Day, whichever is earlier, each and everyone of the Licensee and its associates (in any combination) unless the Broadcasting Authority otherwise directs or approves in accordance with Condition 4A; and
- (d) from 28 December 2005 or the Appointed Day, whichever is earlier, each and everyone of the Licensee and its associates (in any combination).

Ownership and management control

- 2. The Licensee shall ensure that:
 - 2.1 (a) from 1 March 2003 to 27 December 2004 and (b) from 28 December 2005 or the Appointed Day, whichever is earlier, the TVB group shall not, directly or indirectly:
 - (a) hold or acquire;
 - (b) exercise or permit to be exercised;
 - (c) beneficially own; or
 - (d) possess or exercise the voting power with respect to,

50% or more than 50% in the aggregate of the total voting control of Galaxy;

2.2 directors of Galaxy who are:

(a) also directors or principal officers of the TVB group; or

(b) appointed or nominated by the TVB group,

shall refrain from participating in any discussion or decision that affects any transaction between or concerning the Galaxy group and the TVB group with respect to the Service, the domestic pay television programme service of Galaxy or the market for television programme service in Hong Kong;

2.3 the TVB group shall not act in concert with the voting controllers and beneficial owners of the voting shares of Galaxy other than the TVB group on matters affecting any transaction between or concerning the Galaxy group and the TVB group with respect to the Service, the domestic pay television programme service of Galaxy or the market for television programme service in Hong Kong;

2.4 the principal officers of the TVB group shall be different from and independent of those principal officers of Galaxy;

2.5 a majority of the directors who actively participate in the management of the business of Galaxy shall not be directors of the TVB group and shall be independent of the TVB group;

2.6 a director or principal officer of the TVB group shall not be the chief executive officer or managing director, or hold any similar office or have a similar role to that of a chief executive officer or managing director, in the Galaxy group;

2.7 notwithstanding anything contained in the memorandum or articles of association of Galaxy, where the TVB group holds, acquires, beneficially owns or possesses 50% or more than 50% in the aggregate of the total voting control of Galaxy (a) from 1 March 2003 to 27 December 2004 and (b) from 28 December 2005 or the Appointed Day, whichever is earlier, the TVB group shall not exercise, or permit to be exercised, any voting power attached thereto;

2.8 (a) notwithstanding anything contained in the memorandum or articles of association of Galaxy, where the total votes cast by or on behalf of the TVB group on a poll at any general meeting of Galaxy equal or exceed the total votes cast by or on behalf of the registered shareholders of Galaxy other than the TVB group, the total votes

cast by or on behalf of the TVB group shall, for the purpose of determining any question or matter that affects any transaction between or concerning the Galaxy group and the TVB group with respect to the Service, the domestic pay television programme service of Galaxy or the market for television programme service in Hong Kong, be reduced by multiplying those votes by the percentage determined by the following formula:

$$\frac{1}{B} \times \frac{(49 \times A)}{51} \times 100$$

Where

A=the percentage of the total votes cast by or on behalf of the registered shareholders of Galaxy, other than the TVB group, on the poll at the general meeting; and

B=the percentage of the total votes cast by or on behalf of the TVB group on the poll at the general meeting.

For the avoidance of doubt, this Condition shall not apply if no vote has been cast on the poll at the general meeting other than by or on behalf of the TVB group;

(b) The Broadcasting Authority may at any time before, at or during a general meeting of Galaxy, direct the Licensee orally or by notice to conduct a poll upon any resolution that affects any transaction between or concerning the Galaxy group and the TVB group with respect to the Service, the domestic pay television programme service of Galaxy or the market for television programme service in Hong Kong and, where such a direction is given, the Licensee shall comply with it;

2.9 except where it is necessary for the sole and exclusive purpose of complying with this Licence and any law or Ordinance,

(a) no general meeting of Galaxy shall be held; and

(b) no resolution (whether written, circulatory or otherwise) shall be passed by the shareholders of Galaxy,

for the purpose of determining any question or matter that affects any transaction between or concerning the Galaxy group and the TVB group with respect to the Service, the domestic pay television programme service of Galaxy or the market for television programme service in Hong Kong if and so long as Galaxy is a wholly-owned subsidiary of the TVB group;

2.10 in the event of a breach of Condition 2.8 and without prejudice to

any other powers of the Broadcasting Authority,

- (a) the Broadcasting Authority may by notice served on the Licensee, give such directions as appear to it to be required to remedy the breach, and the Licensee shall ensure that the directions are complied with within the period specified in the notice; and
- (b) the Licensee shall ensure that any resolution passed in breach of this Condition shall not take effect or be enforced.

2.11 Where it appears to the Broadcasting Authority that a purpose of the holding, acquiring or exercising of voting control of the voting shares of Galaxy by a person is to avoid a restriction imposed on the Galaxy group or the TVB group under this Licence, the Broadcasting Authority may by notice served on the Licensee, give such directions as appear to it to be necessary to:

- (a) effect a cesser of the holding, acquisition or exercise; and
- (b) ensure compliance with the restriction,

and the Licensee shall ensure that the directions are complied with within the period specified in the notice.

**Programme materials
etc.**

3. The Licensee shall ensure that:

3.1 The TVB group shall not, directly or indirectly, enter into or permit any transaction with the Galaxy group with respect to the Service, the domestic pay television programme service of Galaxy or the market for television programme service in Hong Kong except:

- (a) in the ordinary course of business; and
- (b) on such terms as might be expected to be made in a transaction at arm's length between persons not associated in any way with each other;

3.2 The TVB group shall not, directly or indirectly, on a non-exclusive basis:

- (a) acquire or obtain from the Galaxy group any right to include any television programme or television programme service channel as part of the Service, or exercise the right thereto in the case of any right acquired or obtained in the period from 4

July 2000 to the 5 December 2000; or

- (b) supply to the Galaxy group any television programme or television programme service channel for inclusion as part of the domestic pay television programme service of Galaxy, or permit the Galaxy group to exercise the right thereto in case of any right acquired or obtained in the period from 4 July 2000 to the 5 December 2000,

unless the television programme or the television programme service channel, as the case may be, is offered or made available to all other licensees on no less favourable terms;

3.3 the TVB group shall not, directly or indirectly, on an exclusive basis:

- (a) acquire or obtain from the Galaxy group any right to include any television programme or television programme service channel as part of the Service, or exercise the right thereto in the case of any right acquired or obtained in the period from 4 July 2000 to the 5 December 2000; or
- (b) supply to the Galaxy group any television programme or television programme service channel for inclusion as part of the domestic pay television programme service of Galaxy, or permit the Galaxy group to exercise the right thereto in case of any right acquired or obtained in the period from 4 July 2000 to the 5 December 2000,

without conducting an open bidding process as approved by the Broadcasting Authority;

3.4 (a) the Licensee shall not, directly or indirectly,

- (i) unreasonably withhold or delay access by; or
- (ii) offer or make available terms less favourable than those offered or made available to the Galaxy group, to

any other licensee for the supply, use or enjoyment of facilities or services, which are supplied to, or made available for the use or enjoyment by, the Galaxy group;

- (b) when the Licensee, directly or indirectly, supplies facilities or services to the Galaxy group or makes the use or enjoyment of the facilities or services available to the Galaxy group, the Licensee shall make available to all other licensees upon request and free of charge a rate card setting out the terms and

conditions, including charges, upon which the facilities or services are supplied, used or enjoyed;

3.5 unless the Broadcasting Authority otherwise approves in the public interest, the Licensee shall not, within 12 months of the relevant date, include as part of the Service any television programme wholly or substantially produced by the Galaxy group, and which has been included as part of the domestic pay television programme service of Galaxy. For the purpose of this Condition, “relevant date” means the last date on which Galaxy included such television programme as part of the domestic pay television programme service of Galaxy;

3.6 (a) the Licensee shall not engage in, or permit to be done, any conduct that affects the Service, the domestic pay television programme service of Galaxy or the market for television programme service in Hong Kong, and which, in the opinion of the Broadcasting Authority, shows undue preference to, or undue discrimination against, any particular person or person of any class or description with respect to:

(i) the supply of, or the acquisition or obtaining of any right to a television programme or television programme service channel;

(ii) the supply, use or enjoyment of facilities or services; or

(iii) the promotion of any television programme, television programme service or television programme service channel comprised in a television programme service;

(b) without prejudice to the generality of Condition 3.6(a), the Licensee shall be considered to have shown such undue preference or undue discrimination, as the case may be, if it, in the opinion of the Broadcasting Authority, unfairly favours to a material extent any business directly or indirectly connected with any television programme service carried on by the Galaxy group, in relation to any conduct referred to in Condition 3.6(a);

(c) for the avoidance of doubt, nothing done or permitted to be done in any manner by the Licensee shall be regarded as undue preference or undue discrimination if and to the extent that the Licensee is required to do, or permit that thing to be done, in that manner by or under any condition of this Licence, any law or Ordinance;

(d) for the purpose of this Condition, “preference” or “discrimination” includes but is not limited to any preference or discrimination with respect to:

- (i) charges, except to the extent that the preference or discrimination only makes reasonable allowance for difference in the cost or likely cost in relation to any conduct referred to in Condition 3.6(a);
- (ii) performance characteristics; or
- (iii) other terms or conditions;

3.7 the Licensee shall without delay notify all other licensees of all the material details of the transactions referred to in Conditions 3.2, 3.3 and 3.4, in a manner approved by the Broadcasting Authority.

Financial

4.1 (a) Without prejudice to Condition 4.3, the Licensee shall ensure that the TVB group shall not, in the opinion of the Broadcasting Authority, unfairly subsidise or cross-subsidise the Galaxy group, or permit the TVB group to be unfairly subsidised or cross-subsidised by the Galaxy group. For the purpose of Condition 4.1, “subsidise”, “subsidy”, “cross-subsidise” and “cross-subsidy” include but are not limited to giving, permitting the giving of or procuring a guarantee, surety or indemnity in respect of any obligations, debts or liabilities of another.

(b) Where it appears to the Broadcasting Authority that the TVB group is unfairly subsidising or cross-subsidising the Galaxy group, or permitting the TVB group to be unfairly subsidised or cross-subsidised by the Galaxy group, the Broadcasting Authority may, by notice served on the Licensee, give such directions as appear to it to be required for the purpose of remedying the situation, including but not limited to making or enforcing any arrangement, remedying, refunding or cancelling the unfair subsidy or cross-subsidy, and the Licensee shall ensure that the directions are complied with within the period specified in the notice.

4.2 The Licensee shall notify the Broadcasting Authority, within one month of entering into each transaction between the Galaxy group and the TVB group, the consideration or value of which exceeds HK\$1 million or 0.03% of the net assets of the Licensee, whichever is higher.

4.3 Except where the Broadcasting Authority otherwise approves, the overall financial investment in or contribution to the Galaxy group (whether in the form of property, including but not limited to cash

and loan advances), directly or indirectly made by the TVB group shall not exceed 20% of the net assets of the Licensee (excluding for this purpose the net assets of the Galaxy group).

- 4.4 Except where the Broadcasting Authority otherwise approves, the Licensee shall ensure that the main details of each material transaction are recorded in the accounts of or including the Licensee.
- 4.5 The Licensee shall implement such accounting practices as directed by the Broadcasting Authority from time to time provided that such accounting practices shall be consistent with generally accepted accounting principles in Hong Kong, and may include but not limited to accounting practices which provide for:
- (a) the identification of the costs and charges for different services or types or kinds of services; and
 - (b) the basis of recording the material transactions.
- 4.6 The Licensee shall submit to the Broadcasting Authority not later than the end of the month of April in each year or upon request by the Broadcasting Authority:
- (a) a certificate by the auditor of the Licensee as to whether Condition 4.2 has been complied with; and
 - (b) a certified true copy of the latest annual audited accounts of the Licensee prepared by the auditor of the Licensee.
- 4.7 There shall not constitute a breach of Conditions 3.1, 4.1 and 4.3 where the Licensee issues a guarantee in favour of a bank for the sole and exclusive purpose of guaranteeing the liabilities of the bank under a performance bond which is required to be procured by Galaxy under the domestic pay television programme service licence of Galaxy.
- 4.8 (a) The Licensee shall invest not less than HK\$2.2 billion annually in the TVB group (excluding the Galaxy group) during the first 6 years of the period of validity, of which not less than HK\$56 million shall be incurred annually as capital expenditure for providing the Service, and these amounts referred to in this Condition shall be adjusted on an annual basis in accordance with the forecast movement of Government Consumption Expenditure Deflator for the year of publication, published by Government in the most recent edition of “Economic Prospects” or any similar Government publications containing the forecast movement of Government Consumption Expenditure Deflator.

- (b) The Licensee shall submit to the Broadcasting Authority not later than the end of April in each year a certificate by the auditor of the Licensee as to whether Condition 4.8(a) has been complied with.

Changes of Corporate Structures of TVB Group and Galaxy Group

- 4A.
 - (a) For the purpose of defining “TVB group” and “Galaxy group” under Condition 1, the Licensee shall submit the proposed lists of associated corporations identifying which corporations not forming the TVB group and Galaxy group respectively as at 28 December 2004 to the Broadcasting Authority for approval.
 - (b) From 28 December 2004 to 27 December 2005 or the day immediately preceding the Appointed Day, whichever is earlier, no change shall be made to the lists of associated corporations identifying which corporations not forming the TVB group and Galaxy group respectively as at 28 December 2004 as approved by the Broadcasting Authority, unless with the approval of the Broadcasting Authority upon the Licensee’s written request.

Enforceability of Condition

- 5. The Broadcasting Authority may direct that Conditions 2, 3, 4 and 4A shall cease to have effect on a date to be specified by the Broadcasting Authority if the Licensee satisfies the Broadcasting Authority that the TVB group can not and does not exercise control of Galaxy or vice versa.