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3 March 2009

Miss Yue Tin-po  
Clerk to Panel on  
Information Technology and Broadcasting  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

Dear Ms Yue,

**Panel on Information Technology and Broadcasting**

Thank you for your letter dated 19 February 2009 to the Secretary for Commerce and Economic Development. I am authorised to reply on her behalf.

The Government is fully aware that public concern has been raised over the domestic free television programme services arising from the recent restructuring of senior management of Asia Television Limited (ATV). There is also concern over layoffs that have taken place recently in both Television Broadcasts Limited (TVB) and ATV. We have been assured by ATV that changes in its senior management would not affect the operation of its service nor would there be any impact of the freedom of expression enjoyed by the station. Separately, the Government has appealed to the concerned licensees, as well as to other employers, to remind them that staff are a valuable asset hence they should not be laid off without very careful consideration even in these difficult economic times. The

Government has urged all companies to keep in close communication with their employees and consider if there is any better alternative other than lay-off.

The Government will also ensure the effective use of spectrum which is a scarce public resource. Like other jurisdictions, we have an established licensing and monitoring system under the existing Broadcasting Ordinance (BO) (Cap. 562) to ensure that free television broadcasters provide services to the public in compliance with the prevailing broadcasting standards. Licensees are required to comply with all the relevant statutory requirements under the BO and the provisions in their licence conditions. In order to monitor licensees' performance, free TV licensees are required to submit to the Broadcasting Authority (BA) annual returns on their audited accounts, a statement regarding their compliance with the programming and technical requirements as well as a declaration on compliance with various statutory requirements by their key personnel (i.e. whether they are fit and proper and comply with disqualified person requirements).

So far, we are satisfied that the two licensees are providing domestic free television programme in accordance with the statutory and licensing requirement. We note that both ATV and TVB have been investing in their businesses as scheduled, in particular in respect of the rollout of digital service in the past year.

In particular, we note that ATV has announced that a new shareholder has agreed to come on board, which will bring in new investment to strengthen the financial position of the company. On 21 February 2009, the BA approved ATV's application in respect of the proposed change in shareholding and ownership structure in accordance with established procedures. In response, ATV has noted that the shareholding changes are a significant step to ensure the ongoing operation and development of ATV. The injection of new capital by the new shareholders is a strong vote of confidence in ATV's future.

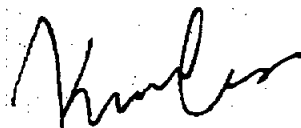
The domestic free television programme service licences are granted under the BO and are valid for 12 years. In general, the licences will be reviewed every six years. Pursuant to Section

4(2)(b)(i) of Schedule 4 to the BO and Condition 3.2 of the licences of ATV and TVB, the Chief Executive in Council may, in a period after 1 December 2009, review the licences of the two broadcasters effective from 1 December 2003. According to the established practice, the BA will review the two licensees' performance in this mid-term review. The BA is now asking the two licensees to submit relevant information including investment plans in the coming six years (2010 to 2015) for examination. The licensees shall implement their six-year plans as submitted. If the Government and the BA consider the performance or the future investment plans of the licensees not satisfactory, we may take appropriate action including not renewing or withdrawing the licences.

Please rest assured that the Government will continue to maintain close communications with the broadcasting licensees. The BA will continue to enforce the BO and the concerned broadcasting licence conditions.

Furthermore, the Government and the BA will consider carefully all views on this issue put forward by various parties during the mid-term review of television licences to be held in the middle of the year. We will brief the members of the LegCo Panel on Information Technology and Broadcasting on the details of the mid-term review in due course.

Yours sincerely,



( Kevin Choi )  
for Secretary for Commerce and  
Economic Development

c.c.

Secretary, the Broadcasting Authority (Attn.: Mr PL Po)