

商務及經濟發展局  
通訊及科技科

香港添馬添美道二號  
政府總部西翼二十一樓



COMMUNICATIONS  
AND TECHNOLOGY BRANCH  
COMMERCE AND ECONOMIC  
DEVELOPMENT BUREAU

21/F, West Wing  
Central Government Offices  
2 Tim Mei Avenue  
Tamar, Hong Kong  
Tel: 2810 2722

Fax: 2519 9780

本函檔號 Our Ref. :

來函檔號 Your Ref. :

1 April 2015

**BY HAND AND  
BY FAX (2833 9132)**

Dr Hon Elizabeth QUAT, JP  
Chairman  
Panel on Information Technology and Broadcasting  
Legislative Council  
Room 606, Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear *Chairman,*

**Asia Television Limited (“ATV”)’s  
Application for Renewal of its  
Domestic Free Television Programme (“free TV”) Service Licence**

With reference to ATV’s application dated 29 November 2013 for renewal of its free TV service licence (“Licence”), which is due to expire on 30 November 2015, I write to inform you that the CE in Council at his meeting of 1 April 2015 decided that –

- (a) having regard to the recommendations of the Communications Authority submitted under section 11(3) of the Broadcasting Ordinance (Cap. 562) (“BO”), the relevant representations and all relevant latest developments, Asia Television Limited (“ATV”)’s domestic free television programme (“free TV”) service licence (Licence) not be renewed under section 11(5) of the BO;

- (b) the notice of non-renewal of the Licence (at **Annex A1** to the enclosed Legislative Council brief (“LegCo brief”)) be approved and served on ATV as required under section 8(1)(a) of Schedule 4 to the BO;
- (c) for the purpose of complying with the requirement as to length of notice of non-renewal of the Licence under section 8(1)(a) of Schedule 4 to the BO, the term of the Licence be extended, under section 8(2) of Schedule 4 to the BO, for a period from 1 December 2015 to a date that is 12 months after the said notice in (b) above is served on ATV (both dates inclusive) (Extended Validity Period); and
- (d) the draft gazette notice (at **Annex A2** to the LegCo brief) specifying the Extended Validity Period of ATV’s Licence pursuant to section 4(1)(a) of Schedule 4 to the BO be approved.

The CE in Council has caused the Non-renewal Notice (at **Annex A** to the LegCo brief) to be served on ATV today pursuant to section 8(1)(a) of Schedule 4 to the BO. During the 12-month period from now until 1 April 2016, it remains incumbent on ATV to comply at all times with all the relevant statutory requirements under the BO and the provisions in its Licence.

We will hold a press conference later today to announce the CE in Council’s decision mentioned above. I enclose at **Enclosure** a bilingual copy of the relevant Legislative Council brief and press release for your reference. Thank you for your attention.

Yours sincerely,



( Miss Susie HO )

Permanent Secretary

for Commerce and Economic Development  
(Communications and Technology)

Encls.

c.c. Clerk to Panel (Attn.: Ms Yue Tin-po)  
(Fax: 2840 0269)

Chairman, Communications Authority (Attn.: Mr Ambrose Ho)  
(Fax: 2507 2219)

## LEGISLATIVE COUNCIL BRIEF

Broadcasting Ordinance  
(Chapter 562)

### **Renewal of Domestic Free Television Programme Service Licence of Asia Television Limited**

#### INTRODUCTION

At the meeting of the Executive Council (ExCo) on 1 April 2015, the Council ADVISED and the Chief Executive (CE) ORDERED that –

- (a) having regard to the recommendations of the Communications Authority submitted under section 11(3) of the Broadcasting Ordinance (Cap. 562) (BO), the relevant representations and all relevant latest developments, Asia Television Limited (ATV)'s domestic free television programme (free TV) service licence (Licence) not be renewed under section 11(5) of the BO;
- (b) the notice of non-renewal of the Licence at **Annex A1** be approved and served on ATV as required under section 8(1)(a) of Schedule 4 to the BO;
- (c) for the purpose of complying with the requirement as to length of notice of non-renewal of the Licence under section 8(1)(a) of Schedule 4 to the BO, the term of the Licence be extended, under section 8(2) of Schedule 4 to the BO, for a period from 1 December 2015 to a date that is 12 months after the said notice in (b) above is served on ATV (both dates inclusive) (Extended Validity Period); and
- (d) the draft gazette notice at **Annex A2** specifying the Extended Validity Period of ATV's Licence pursuant to section 4(1)(a) of Schedule 4 to the BO be approved.

#### JUSTIFICATIONS

##### **The Statutory Framework in Processing the Renewal Application**

2. Section 11 of the BO sets out the regime for extension or renewal of licences granted under the BO. In respect of a free TV service licence, the CA shall

as soon as is practicable after the receipt of an application and, in any case, not later than 12 months before the expiry of the period of validity of the licence, submit recommendations to the CE in Council in relation to the extension or non-extension or renewal or non-renewal of the licence, and where appropriate, the conditions subject to which the licence may be extended or renewed. The CE in Council shall consider the recommendations and as soon as is practicable extend or renew the licence to which they relate subject to such conditions as he thinks fit specified in the extended or renewed licence, or decide not to extend or renew the licence.

3. Where the CE in Council decides not to extend or renew a licence, he shall cause notice in writing of the decision to be served on the licensee (Non-renewal Notice) at least 12 months before the expiry of the validity of the licence (section 8(1)(a) of Schedule 4 to the BO). Where it is necessary for the purpose of complying with the requirement as to length of such Non-renewal Notice, the CE in Council may extend the term of the licence concerned (but no such extension shall continue in force any exclusive right to provide the licensed service) (section 8(2) of Schedule 4 to the BO).

#### **ATV's Application for Renewal**

4. The CE in Council renewed ATV's Licence in November 2002, with a validity period of 12 years from 1 December 2003 to 30 November 2015 (both dates inclusive). Following the order made by the CE in Council pursuant to sections 4(1)(b) and 4(2)(b)(ii) of Schedule 4 to the BO and Condition 3.2 of ATV's Licence, the former Broadcasting Authority completed in 2010 a mid-term review of ATV's Licence, covering its performance during the period from 2003 to 2009. Pursuant to section 11(2) of the BO, ATV submitted its application for renewal of its Licence (Renewal Application) to the CA on 29 November 2013. The CA processed the Renewal Application in accordance with the BO and the established procedures, and submitted the CA's Recommendations on 4 November 2014. The CA also provided updates to the CE in Council on 3 February and 16 February 2015 on developments subsequent to the submission of the CA's Recommendations (see paragraphs 13-20 below).

5. In the Renewal Application, ATV intends to continue with the existing channel line-up and programming strategy for 2016 to 2021 if its Licence is to be renewed. In support of its Renewal Application, ATV has submitted to the CA a proposed six-year investment plan for 2016 to 2021 as follows –

<b>Investment Plan for 2016-2021</b>	<b>Amount (\$ Million)</b>
Capital investment	300
Programming investment	2,400
<b>Total</b>	<b>2,700</b>

ATV's proposed investment plan for 2016 to 2021 represents an overall increase in committed investment of almost 15% when compared to its commitment of \$2,351 million for 2010 to 2015. For programming investment, there would be a 10% increase in the proposed expenditure for 2016 to 2021 (i.e. \$2,400 million) as compared with \$2,178 million for 2010 to 2015.

### **CA's Assessment against Criteria for Renewal**

6. In accordance with the established procedures and practice, the CA has carried out a comprehensive assessment on the performance of ATV. The CA has considered the following factors in its assessment –

- (a) ATV's compliance with the statutory requirements, the licence conditions and the codes of practice promulgated by the CA in respect of the following –
  - (i) programming requirements and standards;
  - (ii) requirements and standards on advertising and non-programme materials;
  - (iii) technical requirements and standards;
  - (iv) the investment plans for 2004 to 2015 on capital and programming expenditure; and
  - (v) regulatory requirements on corporate and administrative matters;
- (b) the financial commitment of ATV for 2016 to 2021 and its financial capability to deliver the commitment; and
- (c) public views on ATV's performance in the provision of its free TV service.

In addition to the above assessment, the CA has also taken into account the relevant policy and technical considerations of government bureaux/departments on the regulatory approach when making recommendations to the CE in Council.

### **Summary of CA's Recommendations**

7. Based on its assessment of ATV's performance on the basis of all the relevant factors and available information, **the CA considers that the overall performance of ATV is unsatisfactory.** The CA notes that the performance of ATV in various aspects has clearly deteriorated after the mid-term review of its

Licence. The CA has serious doubts as to whether ATV would be capable of making the necessary improvements, and whether it has the financial capability to deliver its investment plans, and indeed to continue as a going concern. The CA has considered the relevant factors set out in paragraph 6 above, viz. (a) compliance with the regulatory requirements; (b) the financial commitment and financial capability to deliver the commitments; and (c) the public views on the performance of ATV in the provision of its free TV service. In summary –

(a) Compliance with Regulatory Requirements

While ATV has complied with a fair number of statutory and licensing requirements, serious compliance issues remain in respect of its investment commitments and corporate and management matters. ATV's financial position has deteriorated significantly from 2009 onwards and it has failed to demonstrate that it has invested at a sufficient rate to meet its investment commitments over the period of 2010 to 2015. Moreover, notwithstanding the CA's specific direction that it should do so, ATV has failed to address the CA's concerns about the lack of effective corporate governance at ATV, which has manifested itself in repeated contraventions of regulatory requirements;

(b) Ability to Meet its Financial Commitment

The sharp reduction in ATV's advertising revenue and mounting net current liabilities, coupled with the repeated winding-up petitions against it all signify the poor financial health of ATV. Given its bleak financial condition, ATV's capability to continue its operation and deliver its proposed investment commitments for 2016 to 2021 (\$2,700 million in total) is called into question. ATV has failed to provide sufficient assurance to the CA that it would be able to bring in adequate resources from outside the free TV business, without further increasing its debts, to meet its investment commitments for 2016 to 2021 (\$2,700 million in total), to make such further improvements as necessary to address the public concern over ATV's programming capability and strategy; and

(c) Public Views on the Performance of ATV

The public consultation exercise revealed strong adverse public opinions on the programming of ATV and on its poor performance in various other aspects which are also reflected in the low viewership of ATV's channels. In particular, 45% of the respondents in the territory-wide opinion survey collecting public views on ATV's free TV service conducted by the independent survey firm commissioned

by the CA (CA's Free TV Survey) consider the service of ATV not satisfactory, a high dissatisfaction level which is considered abnormal as per the advice of the survey firm commissioned by the CA to conduct the survey.

8. On top of ATV's sub-standard performance, more fundamentally, the CA has doubts on whether ATV can continue its business as a going concern. According to ATV's latest audited accounts for the year 2013, ATV had recorded significant loss per year since 2009, as well as total current liabilities which cannot be met by its current assets. **The CA considers ATV's ability to sustain its operation precarious. There is insufficient assurance for the CA to be satisfied of ATV's capability to deliver the proposed investment commitments for 2016 to 2021. The CA also doubts if ATV's proposed investment commitments are sufficient to make necessary improvements to its programming to meet the demands and aspirations of the community.**

9. The CA's assessment is that the current management and structure of ATV, and in particular deep divisions among different shareholder groups within the ATV Board, mean that it is **very unlikely that ATV would be able to improve its service to a level that would both meet the demands and aspirations of the community and attract advertising revenue to enhance its financial capability.** On a macro level, a renewal of ATV's Licence for another 12 years would send an erroneous message to the industry that poor performance would be rewarded with licence renewal. There would also likely be **great disappointment and indignation among the viewing public if ATV's Licence were to be renewed** given the considerable public dissatisfaction with ATV's performance. On the basis of its assessment of ATV's performance including its financial position and taking into account the views of the public, **the CA recommends that the Licence of ATV should not be renewed.**

10. In drawing up its recommendations, the CA is mindful of the fact that ATV continues to be supported by a certain number of viewers, and that ATV is the very first TV licensee with a 57-year history of serving the Hong Kong community. Moreover, non-renewal may give rise to a situation where the free TV market is left with only one broadcaster until the gap is filled by other new entrants. Having regard to these considerations, the CA has considered the option of a partial renewal of ATV's Licence for a period less than 12 years (e.g. three to six years) and/or with a reduction in the proposed scope of service sought by ATV (e.g. keeping only two analogue channels together with simulcast channels) (various options collectively referred to as "partial licence renewal").



11. The CA recognises that a partial licence renewal may allow more time for ATV to address the fundamental problems relating to its operational efficiency, management and finances, while at the same time serving ATV's viewers and maintaining the viewing public's choice of two free TV services. It may also be seen as a partial response to some of the adverse views of the public and accordingly be less unacceptable than simply maintaining the status quo, especially given that the option of renewing ATV's Licence with a reduced assignment of spectrum has been raised during the public consultation. The above notwithstanding, **the CA considers that the option of a partial licence renewal is not justified** for the following reasons –

- (a) **a partial licence renewal is not an outcome that would be consistent with the CA's overall assessment of ATV's performance and the general public dissatisfaction with ATV's service** as revealed in the public consultation exercise and the CA's Free TV Survey. If ATV's performance falls short of the required standard and does not warrant a "full" licence renewal, it is difficult to argue that its Licence should be renewed, albeit for a shorter period or with a limited scope;
- (b) there is **no evidence that a partial licence renewal would be conducive to addressing the fundamental problems of ATV**, viz. its poor current and projected financial position and its poor corporate governance rooted in the deep divisions among its shareholders. Indeed, a partial licence renewal may well aggravate ATV's financial difficulties, as investors, advertisers and other business partners may view this as an indication that the authority granting the Licence does not consider the licensee to have a viable business in the long term;
- (c) at the moment there is no sign of improvement in the programme quality, financial position and overall management of ATV. Simply extending the licence term and giving more time to ATV would unlikely result in material improvement as its problems are largely systematic and structural in nature. Since the mid-term review of its Licence, ATV has been given ample opportunities to improve its service and management, but its performance in many key aspects has continued to deteriorate. **Given ATV's past performance, under the current management, it is unlikely that ATV would improve the standard of its service to a level that would meet the demands and aspirations of the viewing public even if it were granted a Licence with a shorter licence term.** On the other hand, the uncertainty about ATV's future that would result from a shorter licence period would very likely increase the pressure on ATV in a number of key areas, including access to and terms of finance and staff retention;
- (d) **it is doubtful whether a reduction in the service scope of ATV would improve its financial position.** Instead it may serve to aggravate its financial position as a result of the loss of income arising from carrying

the turnaround channels<sup>1</sup> –

- (i) the number of digital channels provided by ATV may not be the major reason for its unsatisfactory programming strategy and capability. ATV is not mandated by the CA to provide a specific number of channels and it has always been given full flexibility in deciding on its channel line-up;
- (ii) unless ATV changes its programming strategy and capability significantly, it is unlikely to deliver the improvements needed to meet the demands and aspirations of the community which would in turn attract advertising revenue;
- (iii) as pointed out by the economic consultant commissioned by the CA, London Economics Limited, ATV has been operating at a loss. ATV would likely face sustained and significant financial pressure in the medium term, which would significantly affect its financial capability to deliver improvements in its service; and
- (iv) cost savings from a reduced scope of service would be limited as two out of the four digital channels of ATV are turnaround channels and one of its channels only broadcasts old programmes.

### **ATV's Representations on CA's Recommendations**

12. ATV submitted to the CA both written representations and oral representations before the CA's Recommendations are finalised. Having carefully considered the representations of ATV, the CA is of the view that ATV has not satisfactorily addressed any of the major concerns or specific issues identified by the CA in its assessment, nor has it put forward any new evidence that warrants a change in the above assessment. The CA therefore maintains its position and finalised the CA's Recommendations with no material revisions thereto.

### **Developments Subsequent to Submission of the CA's Recommendations**

#### *Late Payment of Various Licence Fees*

13. Section 13(1) of Schedule 4 to the BO provides that a free TV service licensee shall pay annually to the CA a prescribed licence fee and such other fees as may be prescribed. According to sections 2(1)(a) and 3(1) of Schedule 1 to the

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<sup>1</sup> Apart from the two simulcast channels, ATV currently has four digital channels viz. Asia Channel, Classic Channel, CCTV-1 and SZTV. The latter two are turnaround channels with their signals directly re-transmitted by ATV.

Broadcasting (License Fees) Regulation (Cap. 562A) (BLFR), ATV shall pay annually to the CA a fixed licence fee of \$4,701,400 (Fixed Fee) not later than 14 days after the commencement of the licence year. According to sections 2(1)(b) and 3(2) of Schedule 1 to the BLFR, ATV is also required to pay annually to the CA a provisional amount of variable licence fee, which is calculated at specified rates and on the basis of the aggregate programme time of the television programmes broadcast in the licence year (Variable Fee), not later than 60 days after the commencement of the licence year. Besides, as ATV also holds a fixed carrier licence (FCL) issued by the CA under the Telecommunications Ordinance (Cap.106) (TO) for establishing, operating and maintaining a telecommunications network to transmit broadcasting signals for provision of its free TV service, it is required to pay a fee as calculated in accordance with Part 1 of Schedule 3 to the Telecommunications (Carrier Licences) Regulation (Cap. 106V) (TCLR) annually on the anniversary of the issue of the FCL (FCL Fee).

14. For the licence year from 1 December 2014 to 30 November 2015 (licence year 2014/2015), the Fixed Fee and Variable Fee of ATV's free TV licence were due for payment on 15 December 2014 and 30 January 2015 respectively, whilst the deadline for payment of the FCL Fee fell on 1 December 2014. No payment was made by ATV by these deadlines.

15. On 9 January 2015, ATV submitted an application for the CA's approval to pay the Fixed Fee and the FCL Fee for the licence year 2014/2015 by five instalments. On 3 February 2015, the CA wrote to update the CE in Council (at that having considered the circumstances of the case and ATV's representations, the CA had reached a final decision that ATV's failure to pay the Fixed Fee and the FCL Fee by the stipulated deadlines was in breach of the statutory provisions and licence conditions on licence fee payment, and that the CA had imposed -

- (a) a financial penalty of \$100,000 on ATV for its breach of Condition 14.1 of ATV's Licence<sup>2</sup>, section 13(1) of Schedule 4 to the BO and section 3(1) of Schedule 1 to the BLFR and
- (b) a financial penalty of \$100,000 on ATV for its breach of General Condition 4.1 of ATV's FCL<sup>3</sup> and Part 1 of Schedule 3 to the TCLR.

The CA also rejected ATV's application for settling the above Fixed Fee and FCL Fee by five instalments, and having considered ATV's representations, directed ATV

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<sup>2</sup> Condition 14.1 of its Licence provides that ATV shall pay to the CA every year during the period of validity such licence fee in advance as may be prescribed by regulation made under the BO.

<sup>3</sup> General Condition 4.1 of its FCL provides that ATV shall comply with the TO, regulations made under the TO, licence conditions or any other instruments which may be issued by the CA under the TO.

to settle the outstanding Fixed Fee and FCL Fee and interests incurred in two instalments, by 18 February 2015 and 18 March 2015, respectively. ATV settled the above financial penalties and outstanding licence fees (with interests) by the designated timeframes.

16. The CA also rejected ATV's application for the CA's approval for deferring the payment deadline of the outstanding Variable Fee from 30 January 2015 to 27 February 2015. Having considered the circumstances of the case and ATV's representations, the CA decided that ATV's failure to settle the Variable Fee by the stipulated deadline was in breach of the statutory and licence provisions on licence fee payment. Taking into account the severity, nature, and duration of the contravention, the CA had imposed a financial penalty of \$100,000 on ATV for its breach of Condition 14.1 of ATV's Licence, section 13(1) of Schedule 4 to the BO and section 3(2) of Schedule 1 to the BLFR. The CA also rejected ATV's application for deferring the payment deadline for the Variable Fee. Taking into account ATV's representations, the CA directed ATV to settle the full amount of the outstanding Variable Fee by 18 February 2015. ATV settled the outstanding Variable Fee and the above financial penalty by the designated timeframe.

17. The CA confirmed on 3 February 2015 and 16 February 2015 that the above sanctions in relation to ATV's late payment of licence fees would not have any material impact on the CA's Recommendations, i.e. the CA maintains its recommendation that ATV's Licence should not be renewed.

#### *Late Payment of Salaries to ATV's Staff*

18. ATV failed to pay wages to many employees for the months of July 2014 to January 2015 within seven days after the end of each wage period as required under the Employment Ordinance (Cap. 57) (EO). On ATV's late payment of wages for July 2014 to January 2015, the Labour Department (LD) laid a total of 184 summonses against ATV and the director concerned (ATV's Executive Director) in three batches on 31 December 2014, 27 January 2015 and 12 March 2015. These include 92 summonses against ATV for late payment of wages under sections 23<sup>4</sup> and 25<sup>5</sup> of EO, and another 92 summonses against ATV's Executive Director for committing wage offences with his consent, connivance or neglect under section 64B

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<sup>4</sup> Under section 23 of the EO, wages shall become due on the expiry of the last day of the wage period and shall be paid as soon as is practicable but in any case not later than 7 days thereafter.

<sup>5</sup> Under section 25(1) of the EO, where a contract of employment is terminated any sum due to the employee shall be paid to him as soon as is practicable and in any case not later than 7 days after the day of termination.

of the EO<sup>6</sup>. In the hearing on 13 February 2015, ATV pleaded guilty to the first two batches of 38 summonses in its capacity of a company and was imposed a penalty of \$380,000. ATV's Executive Director pleaded not guilty to all charges, and the proceeding is now underway. LD has recently completed the investigation on ATV's late payment of wages to other employees for January 2015 and is seeking advice from DoJ for consideration of taking out prosecution. For the month of February 2015, ATV managed to arrange for wage payment by the statutory deadline.

19. From the broadcasting regulatory perspective, ATV is required under its Licence to provide and maintain adequate staff resources to avoid or minimize any service interruption to the viewing public. Following the departure of some staff in its news department due to late payment of wages, ATV has reduced the amount of news services provided on its licensed service starting from 1 January 2015. ATV Home has since ceased to provide its regular two-hour morning news programme "Good Morning Asia", but continued to broadcast news programme at noon and two comprehensive news bulletins (each lasts about 23 minutes and 28 minutes) between 6:00 p.m. and 12:00 midnight each day. On ATV World, two regular comprehensive news bulletins have continued to be broadcast between 6:00 p.m. and 12:00 midnight each day<sup>7</sup>.

20. In its letter of 16 February 2015, the CA expressed its serious concerns about ATV's repeated failures to pay wages to its staff on time in the context of ATV's ability to comply with the statutory and licence requirements applicable to it under the BO and its Licence. The CA had since early December 2014 repeatedly requested ATV to exercise due care and to take actions as appropriate to comply with all the relevant requirements under the BO and the provisions in its Licence, including the provision of various specified types of programmes in accordance with the requirements relating to positive programmes, and ensuring that there will be no interruption of its licensed service to the viewing public. The CA noted that so far, ATV has been able to meet the regulatory requirements in respect of its programmes and would continue to closely monitor ATV's compliance with the various regulatory requirements.

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<sup>6</sup> Under section 64B(1) of the EO, where an offence under section 63B (related to the penalty clause of deduction of wages/refusal to follow the requests of public officers in carrying out inspection duties) or 63C (related to penalty clause of wage offences, including late payment of wages) committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, the director, manager, secretary or other similar officer shall be guilty of the like offence. Section 63C of the EO provides that any employer who wilfully and without reasonable excuse contravenes section 23, 24 or 25 commits an offence and is liable to a fine of \$350,000 and to imprisonment for 3 years.

<sup>7</sup> In respect of news services, ATV is required to provide on each of its Cantonese and English channels a minimum of two comprehensive news bulletins, each of not less than 15 minutes, between 6:00 p.m. and 12:00 midnight, unless otherwise approved by the CA upon ATV's application.

### *Possible Shareholding Changes in ATV*

21. The CE in Council noted the various developments since October 2014 on the purported **possible shareholding changes** of ATV. The CE in Council also noted the court order dated 17 December 2014 (“Court Order”) under which the Court appointed Mr. Lai Kar-yan, Derek and Mr. Darach E. Haughey as joint and several managers of ATV (“Managers”), who should find third parties independent of ATV’s current shareholders or directors to buy 10.75% of ATV’s shares held by Panfair Holdings Limited, and the Managers should be entitled to participate in the on-going process of ATV’s Renewal Application, including making submissions to the CE in Council.

22. The Managers wrote to the CE in Council on 2 January 2015 (Managers’ Letter), requesting that “a final decision in respect of ATV’s [Renewal Application], not be made without a full understanding of the planned transformation now underway at ATV”. However, the Managers’ Letter does not disclose any details of “the planned transformation now underway at ATV”.

23. The CE in Council, having taking into account the concerned legal advice, noted that ATV’s proposed “transformation” is relevant to the question of whether its Licence should be renewed, and the Managers’ Letter may be seen as representations on the part of ATV in relation to its Renewal Application. Having considered all relevant circumstances and documents then available to him, including the CA’s Recommendations and all relevant submissions/representations previously submitted by ATV (in particular, the Managers’ Letter), the CE in Council ordered that a deadline of 31 March 2015 be imposed on ATV for submission of a concrete restructuring programme on its “planned transformation” with implementation timetable (Restructuring Proposal) to facilitate timely processing of ATV’s Renewal Application. ATV and the Managers were informed that ATV must submit to the CE in Council, by 31 March 2015, concrete Restructuring Proposal and that the CE in Council would proceed to decide the Renewal Application based on all relevant information as available to him after 31 March 2015 without further reference to ATV.

24. The Managers’ letter of 31 March 2015 informed the CE in Council that “despite the best intentions, ATV is not yet ready to make the requested submission”. The letter mentions that “in the board meeting of ATV on 31 March 2015, it was reported by [IP] Ka Po, executive director of ATV, that [WONG] Ching and [WONG] Ben Koon had informed [the Managers] that they had decided to accept major terms offered by the chairman of [Hong Kong Television Network Limited], Ricky [WONG]”. However, despite the Managers’ request for a written copy of the relevant agreement, WONG Ching only verbally confirmed the agreement with Ricky WONG and “only agreed to update [the Managers] when he considered it

appropriate". In the circumstances, the Managers request that an extension until the end of May 2015 be granted to ATV to submit a concrete Restructuring Proposal. Separately, ATV, under the email account of IP Ka Po, wrote on 31 March 2015 to request the CE in Council's favourable consideration of ATV's Renewal Application. Hong Kong Television Network Limited issued a clarification announcement on 1 April 2015. On the same day, the CE in Council, when deliberating ATV's Renewal Application, received another letter from the Managers, enclosed therewith an indicative offer letter.

### **The CE in Council's Decision**

25. When coming to the decision in paragraph 1 above, the CE in Council noted the assessments in the CA's Recommendations against the factors in paragraph 6 above. Having considered the CA's Recommendations, the relevant representations and all relevant latest developments (including that all the information provided by the Managers up to the time of the ExCo meeting on 1 April 2015 afternoon failed to provide any concrete Restructuring Proposal as required), the CE in Council agreed with the CA that the overall performance of ATV was unsatisfactory and the CA's recommendation that the Licence should **not** be renewed.

### **Transitional Period**

26. From now until 1 April 2016 (Remaining Service Period), it remains incumbent on ATV to comply at all times with all the relevant statutory requirements under the BO and the provisions in its Licence. The Government will set up a **task force** (Task Force), to be chaired by the Permanent Secretary for Commerce and Economic Development (Communications and Technology) and comprising representatives from bureaux/departments concerned, to see to the speedy resolution of various issues that might arise from the non-renewal of ATV's Licence and to monitor and facilitate the early roll-out of new free TV services should the CE in Council decide to grant any new free TV service licence in due course. For around 600-700 ATV employees who may be affected by the non-renewal decision, the Task Force will liaise closely with Labour Department on necessary measures, including arranging briefings to the affected staff on their employment rights under the law and providing points of contact for those who may need Government's assistance.

### **IMPLICATIONS OF THE PROPOSAL**

27. The non-renewal of the Licence has economic, financial and civil service implications as set out at **Annex B**. It is in conformity with the Basic Law, including the provisions concerning human rights. It has no productivity, environmental or family implications. Assuming that new entrant(s) may be later introduced into the free TV service market, the sustainability implications will be transitional.

## **PUBLIC CONSULTATION**

28. The CA conducted a public consultation exercise in respect of the Renewal Application from 4 February 2014 to 3 April 2014 to collect public opinions. During the two-month public consultation exercise, public views were collected through three public hearings, four focus group discussions, and 6,706 written submissions received from members of the public. More than 300 written submissions were received after the end of the consultation period. The CA also commissioned an independent survey firm to conduct a territory-wide opinion survey to collect the views of 3,063 households on the free TV service of the two licensees. The Legislative Council (LegCo) Panel on Information Technology and Broadcasting was also consulted. The CA has considered carefully the public views gathered and, where appropriate, taken them into account in the formulation of the CA's Recommendations. A summary of such public views is at **Annex C**. All such public views and other unsolicited public submissions after submission of the CA's recommendations were submitted to the CE in Council for consideration.

## **PUBLICITY**

29. The Government will announce the CE in Council's decision on the Renewal Application by way of a press conference, a press release and a LegCo brief. A spokesman will be made available to answer enquiries from the media and the public.

## **ENQUIRIES**

30. For enquiries, please contact Mr Edward TO, Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology) A at 2810 2708.

Communications and Technology Branch  
Commerce and Economic Development Bureau  
1 April 2015



**URGENT  
BY HAND**

1 April 2015

Asia Television Limited,  
25-37 Dai Shing Street,  
Tai Po Industrial Estate,  
Tai Po, New Territories,  
Hong Kong.

(Attn.: Mr. Ip Ka Po

Executive Director and Senior Vice President)

Dear Sirs,

**Asia Television Limited (“ATV”)’s  
Application dated 29 November 2013 for Renewal of its  
Domestic Free Television Programme (“free TV”) Service Licence  
 (“Renewal Application”)**

We refer to the Renewal Application and our related letter of 26 February 2015 (“our Feb Letter”). Our Feb Letter required that ATV must submit to the Chief Executive (“CE”) in Council, by 31 March 2015, concrete proposals (with implementation timetable) on the transformation as referred to in the letter of 2 January 2015 issued by Mr. Lai Kar Yan, Derek, who is one of the two managers appointed by the Court on 17 December 2014 (“Managers”), for and on behalf of ATV. Our Feb Letter also informed ATV that the CE in Council would proceed to decide the Renewal Application based on all relevant information as available to him after 31 March 2015 without further reference to ATV. The renewal Application was considered at the meeting of the Executive Council held this afternoon. All the information provided by the Managers up to the time of the ExCo meeting this afternoon failed to provide any concrete proposals as required by our Feb Letter. The CE in Council also considered the request in the Managers’ submission for extension of the abovementioned “deadline” and the information made available this afternoon, but was not satisfied that the Managers have put forward a sufficient case to justify any further extension of time.

In the circumstances, the CE in Council at his meeting of 1 April 2015 decided that –

- (a) having regard to the recommendations of the Communications Authority submitted under section 11(3) of the Broadcasting Ordinance (Cap. 562) (“BO”) (“CA’s Recommendations”), the relevant representations and all relevant circumstances including the latest developments, ATV’s free TV service licence (“Licence”) **should not be renewed** under section 11(5) of the BO;
- (b) this notice of non-renewal of the Licence (“Non-renewal Notice”) be approved and served on ATV; and
- (c) for the purpose of complying with the requirement under section 8(1)(a) of Schedule 4 to the BO as to length of notice in (b) above, the term of the Licence be extended, under section 8(2) of Schedule 4 to the BO, from 30 November 2015 to a date that is 12 months after the Non-renewal Notice is served on ATV, i.e. 1 April 2016. However, such extension shall not continue in force an exclusive right to provide the Service (as defined in the Licence), if any.

Accordingly, notice is hereby given to ATV pursuant to section 8(1)(a) of Schedule 4 to the BO of the decisions of the CE in Council set out above.

In coming to the above decisions, the CE in Council has taken into account all relevant circumstances and noted the assessments in the CA’s Recommendations against the following factors -

- (a) ATV’s compliance with the statutory requirements, the licence conditions and the codes of practice promulgated by the CA in respect of the following –
  - (i) programming requirements and standards;
  - (ii) requirements and standards on advertising and non-programme materials;
  - (iii) technical requirements and standards;

- (iv) the investment plans for 2004 to 2015 on capital and programming expenditure; and
  - (v) regulatory requirements on corporate and administrative matters;
- (b) the financial commitment of ATV for 2016 to 2021 and its financial capability to deliver the commitment; and
- (c) public views on ATV's performance in the provision of its free TV service.

The CE in Council noted that ATV had submitted to the CA both written and oral representations before the CA's Recommendations were finalised. Having considered the CA's Recommendations, the relevant representations and all relevant latest developments (including ATV's late payment of various licence fees for the licence year 2014/2015 and late payment of salaries to ATV staff for the months of July to January 2015), the CE in Council agreed with the CA that the overall performance of ATV was unsatisfactory and there are serious doubts as to whether ATV would be capable of making the necessary improvements. The CE in Council also agreed with the CA that there was insufficient assurance to be satisfied of ATV's capability (including financial capability) to deliver the investment commitments for 2016 to 2021 and also shared the CA's doubts if ATV's proposed investment commitment would be sufficient to make necessary improvements to its programming to meet the demands and aspirations of the community.

The CE in Council also noted that notwithstanding the CA's specific direction, ATV has failed to address the CA's concerns about the lack of effective corporate governance at ATV, which has manifested itself in repeated contraventions of regulatory requirements. The CE in Council concurred with the CA that given the current management and structure of ATV, and in particular deep divisions among different shareholder groups within the ATV Board, it would be very unlikely that ATV would be able to improve its service to a level that would both meet the demands and aspirations of the community and attract advertising revenue to enhance its financial capability. The public consultation exercise conducted by the CA also revealed strong adverse public opinions on the programming of ATV and on its poor performance in various other aspects. There would, in the CE in Council's and

the CA's views, likely be great disappointment and indignation among the viewing public if ATV's Licence were to be renewed given the considerable public dissatisfaction with ATV's performance.

The CE in Council noted from the CA's Recommendations that the option of a partial renewal of ATV's Licence for a period less than 12 years (e.g. three to six years) and/or with a reduction in the proposed scope of service sought by ATV (e.g. keeping only two analogue channels together with simulcast channels) (various options collectively referred to as "partial licence renewal") had also been considered. However, the CE in Council agreed with the CA that:

- (a) a partial licence renewal would not be an outcome consistent with the overall assessment of ATV's performance and the general public dissatisfaction with ATV's service, and therefore could not be justified;
- (b) there is no evidence that a partial renewal would be conducive to addressing the fundamental problems of ATV;
- (c) given ATV's past performance, under the current management, it is unlikely that ATV would improve the standard of its service to a level that would meet the demands and aspirations of the viewing public even if it were granted a licence with a shorter licence term; and
- (d) it is doubtful whether a reduction in the service scope of ATV would improve its financial position.

We wish to remind ATV that from now until expiry of the extended Licence (i.e. 1 April 2016) (the "Remaining Service Period"), it remains incumbent on ATV to comply at all times with all the relevant statutory requirements under the BO and the provisions in its Licence. In the event of any breach, the CA will take appropriate actions accordingly. During the Remaining Service Period, ATV should make the best possible arrangement to minimise any adverse impact on its staff and provision of the free TV service to the public.

For the avoidance of doubt, nothing in this letter shall prejudice the powers, remedies, interests, rights, authority and discretion of the CE in Council under the BO. Amongst others, the CE in Council reserves his rights to invoke the power under section 9 of Schedule 4 to the BO, and further communications may be made for such purposes as and when necessary.

Yours sincerely,



( Kinnie Wong )  
Clerk to the Executive Council

c.c.

Deloitte Touche Tohmatsu  
(Attn.: Mr. Lai Kar Yan, Derek  
and Mr. Darach E. Haughey) } by hand

Secretary for Commerce and Economic Development – by fax only: 2588 1421

Chairman, the CA – by fax only: 2598 5509

G.N.

BROADCASTING ORDINANCE (Chapter 562)

Notice is hereby given that pursuant to section 11(5) of the Broadcasting Ordinance, the Chief Executive in Council has decided that the domestic free television programme service licence of Asia Television Limited (“ATV”) should not be renewed. For the purpose of complying with the requirement in section 8(1)(a) of Schedule 4 to the Broadcasting Ordinance as to the length of advance notice to be served on ATV regarding such decision, the CE in Council has ordered that the term of ATV’s current domestic free television programme service (“Service”) licence originally expiring on 30 November 2015 be extended, under section 8(2) of Schedule 4 to the Broadcasting Ordinance, for a period from 1 December 2015 to 1 April 2016 (both dates inclusive) (but such extension shall not continue in force an exclusive right to provide the Service under the licence, if any). This Notice is also given pursuant to section 4(1)(a) of Schedule 4 to the Broadcasting Ordinance.

Council Chamber  
*1 April 2015*

WONG Kit-ye, *Kinnie Clerk to the Executive Council*

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第 號公告

《廣播條例》（第 562 章）

現依據《廣播條例》附表 4 第 11（5）條給予通知，行政長官會同行政會議已決定，不將亞洲電視有限公司（“亞視”）的本地免費電視節目服務牌照續期。為遵守《廣播條例》附表 4 第 8（1）（a）條所述關於上述決定須給予預先通知期的規定，亞視原於二零一五年十一月三十日到期的本地免費電視節目服務牌照，有效期限將依據《廣播條例》附表 4 第 8（2）條，由二零一五年十二月一日延展至二零一六年四月一日（包括首尾兩天）（但該項延展並不會使牌照下提供服務的獨家權利（若有的話）繼續有效）。此項通知亦依據《廣播條例》附表 4 第 4（1）（a）而給予。

行政會議廳  
2015 年 4 月 1 日

行政會議秘書 黃潔怡

### **ECONOMIC IMPLICATIONS**

The non-renewal of ATV's Licence will lead to a loss in investment and employment opportunities which may otherwise be provided by ATV upon renewal. The impact however is expected to be temporary, as new entrant(s) may eventually be introduced into the free TV market, which will bring about new investment and employment opportunities, increase competition in the free TV service contribute to the healthy and sustainable development of the industry.

### **FINANCIAL IMPLICATIONS**

2. ATV, being a holder of a free TV service licence under the BO, is required to pay an annual licence fee comprising a fixed fee of \$4,701,400 and a variable fee depending on the yearly total number of hours of television programme time provided by the licensee in the licence year at rates stipulated in Schedule 1 to the BLFR<sup>1</sup>, which are credited to the OFCA Trading Fund. Besides, ATV, being a holder of a fixed carrier licence under the TO, is also paying the OFCA Trading Fund an annual fee of about \$10 million, comprising a fixed fee of \$1 million and a variable spectrum fee of about \$9 million at rates stipulated in Schedule 3 of the TCLR. The variable spectrum fee is directly proportional to the amount of spectrum allocated to the licensee for providing its carrier services. Non-renewal of ATV's Licence would imply the losses of all the above-mentioned fees originally payable by ATV, but such losses may be recovered in due course if new entrant(s) is/are introduced into the free TV market and if spectrum is used for delivering their services.

3. With a view to facilitating the early commencement of free TV service provided by new entrant(s) to mitigate the loss of ATV's free TV service, we will explore if it is necessary to purchase the entirety of the property concerning the transmission of spectrum belonging to and used or kept by ATV and sort out the appropriate financial and approval arrangement accordingly.

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<sup>1</sup> Under section 4 of Schedule 1 to the BLFR, the rates of variable fee are \$13,200 per every 100 hours of television programme time for the first 17 000 hours of television programme time and \$1,630 per every 100 hours of television programme time after those 17 000 hours of television programme time. Television programme time for the analogue service and digital simulcast service will not be counted twice because the same offerings are provided on both of these services. Based on the above formula, the provisional annual variable fee paid by ATV was \$2,824,280 for the licence year 2014/2015.

## **CIVIL SERVICE IMPLICATIONS**

4. The additional workload arising from effecting various contingency measures (including the set-up and operation of the Task Force) in preparation for ATV's exit from and new operators' entry into the free TV market will be absorbed within existing resources of CEDB, OFCA and other relevant bureau/departments.



**Summary of the Public Views on Asia Television Limited**

The Communications Authority (CA) conducted a public consultation exercise between 4 February 2014 and 3 April 2014 to gauge public views on the performance of Asia Television Limited (ATV) and of the other free TV licensee in connection with their respective licence renewal applications. During the public consultation exercise, public views were collected through three public hearing sessions and four focus group discussions. A total of 7,078 written submissions (including 372 late written submissions) were received from members of the public. The CA also commissioned an independent survey firm to conduct a territory-wide opinion survey to collect public views on the free TV services of the two licensees. The views received in respect of ATV are summarised below.

## **Part 1. Quantitative Analysis of Data of the Public Opinion Survey**

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### **A. Objectives, Scope and Research Method**

1. Following the established practices, the CA commissioned an independent survey company to conduct a territory-wide opinion survey (Survey) to collect the public views on free TV services in Hong Kong, including standard, quality and diversity of programmes.

2. Public views were collected by interviews with households using a random sampling methodology. The fieldwork was conducted by the survey company between 30 November 2013 and 28 May 2014. A total of 3,063 respondents aged 15 or above were successfully interviewed, achieving an overall response rate of 59.8%. Where appropriate and available, the findings of the Survey are compared with those of the previous surveys conducted in 2007 and 2009.

### **B. Major Survey Findings**

3. Major findings of the Survey, particularly those concerning the free TV services of ATV, are summarised below.

#### Viewing Habits of Free TV

4. Viewers normally watched free TV from 6:00 pm to 11:59 pm. The average time spent on watching free TV per day was 2.7 hours, as compared to 3.2 hours in 2009 and 3.0 hours in 2007.

5. Amongst the existing six free TV channels of ATV, ATV Home was more frequently watched by viewers (3.4%), followed by ATV Asia (0.7%), CCTV Channel 1 (0.6%), ATV Classic (0.5%), ATV World (0.4%) and Shenzhen Satellite TV (0.3%).

#### Purpose of Watching Free TV

6. Viewers watched free TV mainly for “obtaining information such as news, weather, financial and traffic reports” (59.3%) and “seeking entertainment” (47.6%).

#### Programme Quality

7. 48.1% of viewers were dissatisfied with the programme quality of ATV, while 22.6% were satisfied. 15.5% found it average and 13.9% had no comment. (Comparison of the relevant figure could not be made as the question was not raised in the previous surveys.)

## Programme Variety

8. 54.8% of viewers considered that the level of programme variety of free TV services was satisfactory (versus 54.7% for analogue or simulcast digital channels<sup>1</sup> and 55.0% for other digital channels<sup>2</sup> in 2009 and 56.2% in 2007), and 18.5% found it average (versus 30.6% for analogue or simulcast digital channels and 29.3% for other digital channels in 2009 and 34.1% in 2007). 22.3% expressed dissatisfaction on the programme variety of free TV services (versus 11.8% for analogue or simulcast digital channels and 9.1% for other digital channels in 2009 and 6.6% in 2007). 4.4% had no comment (versus 3.0% for analogue or simulcast digital channels and 6.5% for other digital channels in 2009 and 3.1% in 2007).
9. Viewers considered the following types of programmes of free TV services insufficient –
- (a) science, nature and wildlife programmes (28.3%, versus 41.8% for analogue or simulcast digital channels and 36.3% for other digital channels in 2009);
  - (b) documentaries (24.7%, versus 38.7% for analogue or simulcast digital channels and 32.6% for other digital channels in 2009);
  - (c) education programmes (20.9%, versus 36.1% for analogue or simulcast digital channels and 32.7% for other digital channels in 2009);

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<sup>1</sup> Analogue channels referred to the four existing analogue channels (i.e. TVB Jade, TVB Pearl, ATV Home and ATV World). Simulcast digital channels referred to the digital simulcast of the four existing analogue channels.

<sup>2</sup> Other digital channels referred to the other digital programming channels including TVB HD Jade, TVB J2, TVB iNews, ATV Asia, ATV Classic, CCTV Channel 1 and Shenzhen Satellite TV.

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- (d) travelogues/ magazine programmes/ talk shows/ food programmes (19.3%, versus 13.2% for analogue or simulcast digital channels and 14.6% for other digital channels in 2009);
- (e) films (18.6%, versus 27.6% for analogue or simulcast digital channels and 32.2% for other digital channels in 2009);
- (f) sports programmes (15.8%, versus 20.6% for analogue or simulcast digital channels and 24.0% for other digital channels in 2009);
- (g) arts and culture programmes (15.8%, versus 23.5% for analogue or simulcast digital channels and 17.8% for other digital channels in 2009);

#### HDTV Programmes

- 10. 35.0% viewers considered the HDTV programmes provided by ATV insufficient in quantity. 19.0% found it sufficient. 46.0% had no comment. (Comparison of the relevant figure could not be made as the question was not raised in the previous surveys.)

#### Local Productions

- 11. 65.0% of viewers considered the quantity of local productions on ATV insufficient, while 13.6% considered it sufficient. 6.7% found it average and 14.7% had no comment. (Comparison of the relevant figure could not be made as the question was not raised in the previous surveys.)

### Repeat Programmes

12. 51.2% of viewers considered the broadcasting arrangement of repeat programmes of ATV dissatisfactory, while 19.1% expressed satisfaction. 9.7% found it average and 20.0% had no comment. (Comparison of the relevant figure could not be made as the question was not raised in the previous surveys.)

### Current Broadcast Standard

13. 70.6% of viewers had not come across offensive programme materials on free TV services (versus 73.7% for analogue or simulcast channels and 89.1% for other digital channels in 2009 and 69.3% in 2007), whereas 29.4% had encountered offensive programme materials on free TV services (versus 26.3% for analogue or simulcast channels and 10.9% for other digital channels in 2009 and 30.7% in 2007). The key concerns were related to “indecent materials”, “misleading contents” and “partial views, biased contents”.
14. 90.3% of viewers had not encountered offensive advertising materials on free TV services (versus 87.0% for analogue or simulcast channels and 94.7% for other digital channels in 2009 and 82.6% in 2007) whereas 9.7% had encountered offensive advertising materials on free TV services (versus 13.0% for analogue or simulcast channels and 5.3% for other digital channels in 2009 and 17.4% in 2007). The key concerns were related to “misleading contents”, “disgusting scenes/horror shots” and “materials with bad examples to children”.

## Overall Satisfaction

15. 44.9% of viewers were dissatisfied with the free TV services of ATV<sup>3</sup>, whereas 27.9% considered it satisfactory. 15.4% found it average and 11.8% had no comment. Among those who expressed dissatisfaction with the free TV service of ATV, the reasons were as follows –
- (a) reasons related to repeat programmes (e.g. too many repeat programmes, outdated repeat programmes, no subtitle for repeat programmes, etc.) (42.2%);
  - (b) reasons related to programme contents (e.g. not entertaining enough, biased stands, uncreative, etc.) (35.3%);
  - (c) there is a lack of local production of ATV (34.8%);
  - (d) programmes are not diversified enough (e.g. insufficient quantity for certain programmes, such as sports programmes, documentaries and variety shows, or excessive quantity for certain programmes, such as travelogues and dramas) (21.6%); and
  - (e) reasons related to quality programmes (e.g. quality of production not up to standard, low quality of actors) (17.2%)

(Comparison of the relevant figure could not be made as the question was not raised in the previous surveys)

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<sup>3</sup> A dissatisfaction level as high as over 40% is abnormal. From past observations, consumer surveys would generally show a level of customer dissatisfaction with services or products ranging from 5% to 15%.

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**Part 2. Comments Collected from Public Hearings and Focus Group Discussions and Written Submissions by Individuals and Organisations**

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**1. Programme Diversity**

(a) Programme Types

- 1.1. Free television (“TV”) stations should broadcast a greater variety of programmes of different genres, including entertainment programmes, news, variety shows, etc. in order to broaden the choices of viewers. The same type of programmes should not account for an overly high proportion on the same channel, e.g. there were too many talk shows, dramas, Korean programmes and entertainment news.
- 1.2. The English channels of free TV stations were predominated by financial programmes, which were not consistent with the terms of service which were expected of an English channel. The station should provide more variety of movies as there were too many sci-fi, horror and violent movies.
- 1.3. Programme genres that should be increased included —
- Programmes for young persons: programmes with healthy and positive themes which contributed to the development of youth, drama that were based on stories of kinship and love of young persons.
  - Programmes for senior citizens: television was a main source of entertainment for the elderly. Free TV stations should continue to broadcast Mandarin and Cantonese classic movies and in particular, allocate two hours daily to these nostalgic movies at night.
  - Music programmes: local and foreign music programmes; programmes on classical music or Chinese music, etc.
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- Information programmes: programmes on Chinese history, Asian history, European history and world history; culture programmes such as music videos featuring music in China, Taiwan and overseas; geomagazine-type programmes featuring landscapes, heritage, religion, wild animals of China as well as other countries; programmes on foreign affairs, etc.
- Talk shows: programme hosts should have sufficient experience for engaging the guest artiste in small talks and improve viewers' understanding of the artiste concerned.
- Others: HD programmes; science studies, social programmes and travelogues; locally produced dramas and animation; comedies; educational programmes; interschool quiz programmes; programmes for learning a foreign language; Chinese, Japanese and Taiwanese programmes and dramas; game-variety shows; programmes on specified topics such as environmental protection, national education, safety issues, opposition to superstition, triad and gambling; programmes on university lectures; programmes on government departments' operation and services.

1.4. Favourable comments on ATV included —

- ATV's programmes were diversified. There were talk shows, current affairs programmes, programmes on health information, programmes on history and culture, etc. (e.g. "Memories of the Century", "News Bar Talk", "Newslines" and "Hong Kong History Decode").
- Some opined that ATV was willing to accept public views and make improvement in programming. For example, ATV produced "Babies Growth Diary" and planned to launch new drama programme ("Reincarnated") and programme on Wing Chun coaching in order to bring something new to viewers.

- ATV's CCTV-1 not only enhanced Hong Kong people's understanding of China but also served as a platform for diversified programming.

1.5. Opinions expressing dissatisfaction with the programme variety of ATV included —

- There was a lack of self-produced programmes. ATV produced less than 200 hours of programmes each year and ceased producing dramas. More self-productions, especially dramas, should be broadcast in different time slots to reduce the vicious cycle of frequent repeats of programmes.
- New productions of ATV were unappealing. Apart from news programmes, other programmes were not worth for viewing.
- ATV Classic broadcast old productions as a substitute for new productions. There was a lack of sincerity and creativity and the station could not give new ideas and concepts to audiences in Hong Kong.
- It was not factually correct for ATV to claim that ATV had fulfilled its commitment to increase the amount of locally produced programmes because the latter consisted mainly of repeat programmes. As there was no general requirement for the locally produced programmes to be fulfilled by first-run, the unscrupulous use of repeat programmes by ATV was permissible.
- Based on the programme schedule of 10 February 2014 at ATV's website, ATV Home featured more than 30 programmes and a substantial amount of them were acquired or repeat programmes. Other than routine programmes (e.g. news, weather reports, financial programmes, etc.), the remaining 20 programmes (including repeats) were boring and silly.
- There were too many talk shows and current as well as public affairs programmes (e.g. "News Bar Talk", "Views

on Hong Kong”, “Blog the World” and “Hong Kong 100 VIPs”, etc.), particularly at prime time slots. Some commented that the proliferation of talk shows was primarily intended for cost cutting.

- ATV continued to broadcast and repeat the broadcast of a substantial amount of acquired programmes, which were of varying qualities. As acquired dramas could be available for viewing on the Internet, the frequent re-run of so many programmes was a waste of resources. However, there were also opinions that the broadcasting arrangement could facilitate viewers to watch Korean and Mainland dramas for free.
- The programming of ATV consisted mainly of variety shows, foreign productions (e.g. Korean and Mainland dramas) and old programmes at prime time slots. It failed to meet the needs and expectation of viewers in Hong Kong.
- There was a lack of music programmes, local dramas and sports programmes. ATV had not acquired the live broadcast rights of major sports events for Hong Kong people.
- There were insufficient information and educational programmes and documentaries. Those broadcast by ATV were largely programmes acquired from the Mainland and outdated programmes.
- ATV broadcast too many horse racing programmes.

#### 1.6. Programme genres that should be provided by ATV —

- Programmes enhancing the audiences’ understanding of the developments of the Mainland as well as youngsters’ knowledge of the Mainland and the Basic Law; programmes on history and national education; programmes featuring the developments of the Mainland and Taiwan.

- Programmes promoting youth entrepreneurship and featuring youngsters who successfully started their own business, as well as programmes on the daily lives of exchange students from the Mainland and overseas.
- Programmes on Cantonese operas to cater for the needs of the senior citizens and opera fans.
- Dramas and variety shows acquired from the Mainland, Taiwan, Korea and Japan to improve the overall quality of ATV programmes. Movies acquired from local, Mainland or overseas.
- Travelogues that were co-produced with travel agencies.
- Soccer matches that were jointly broadcast with now TV.
- Programmes that offered practical information (e.g. programmes on learning and domestic skills); programmes on world technology and health care.
- A greater variety of programmes, e.g. reality shows, documentaries, entertainment, current politics, current affairs, and programmes for the youth and the elderly.
- Adult programmes and movies should be broadcast daily between 12:00 midnight and 6:00 a.m., whereas infotainment programmes should be scheduled to broadcast at the remaining time slots.
- Programmes that catered for the modern taste and lifestyle of viewers. ATV should employ new artistes, produce more innovative programmes or re-make old programmes. There was a lack of game shows or variety shows which enhanced the audience's sense of engagement.
- Music programmes featuring a new generation of band sound music.
- Programmes on the local and international non-governmental organisations.

1.7. ATV should introduce —

- A round-the-clock news channel: duration of news bulletin on such channel should be at least 1 hour.
- A “gambling entertainment” channel: programmes provided all the relevant information on horse racing and soccer betting organised by the Hong Kong Jockey Club.

(b) Independent Productions

1.8. Free TV stations should broadcast, say, one hour daily of programmes produced by independent production houses to help improve the overall diversity of programming.

1.9. Although the CA’s guideline stipulated the programming hours of locally produced programmes, there were no specific requirements on whether such programmes must be self-produced or acquired from other companies. There were suggestions that the CA should prescribe the proportion of self-productions and independent productions respectively. This would help nurture local talents and foster the development of production companies.

1.10. The CA should encourage television stations to acquire more programmes from local production companies or independent producers. This would foster the development of and competition in the creative sector in order to provide more choices of programmes to viewers and enhance programme quality.

(c) Programmes for Ethnic Minority Groups or Minority Audience

1.11. Free TV stations should provide more programme genres as follows —

- Programmes targeting ethnic minorities: re-transmission of Pakistan news channels, sports channels featuring cricket matches (e.g. the Cricket World Cup in

Bangladesh) and commentaries of the Hong Kong Cricket Association on the game. There were suggestions to broadcast a number of hours per week of programmes for ethnic minorities.

- Programmes for the disabled/hearing impaired: more information programmes should be produced to reflect the cultural views and cater for special needs of the hearing impaired. In addition, more programmes for the disabled, either hosted or performed by the disabled as far as possible, should be provided. These programmes helped promote integration of disabled persons into the community.

## **2. Positive Programme Requirements**

- 2.1. The arts and cultural programmes, and programmes for children and senior citizens of free TV stations were insufficient. The CA should introduce a new provision requiring the licensees to broadcast not less than 20 hours per week of arts and culture programmes, programmes for children and senior citizens in Chinese, Putonghua and English languages respectively.

### (a) Comments on Arts and Culture Programmes

- 2.2. Free TV stations should increase the broadcast of arts and culture programmes in order to encourage viewers to appreciate arts and culture.
- 2.3. Free TV stations should broadcast history and/or cultural programmes on the Chinese channels for not less than 5 hours per week. These programmes should not be mixed with entertainment elements, and not be packaged in an impish way.
- 2.4. Arts and culture programmes should be broadcast at the late hours to cater for viewers who could not stay up early.

### (b) Comments on Children's Programmes

- 2.5. The broadcast time of children's programmes should keep up with the school hours of the students. Children's programmes should be either broadcast at a later time slot (i.e. between 6 p.m. and 6:30 p.m.) or rescheduled to be broadcast on digital channels.
- 2.6. The broadcast hours of children's programmes on the Chinese channels (i.e. less than 3 hours a day) was relatively low and should be extended.
- 2.7. Children's programmes were dreary, outdated and repetitive in content.

- 2.8. “Q & A Lessons” broadcast on ATV Home changed the usual production mode of children’s programmes. It focused on information and practicality.
- 2.9. Free TV stations should provide more educational and informational programmes targeting children aged 4 to 13.
- 2.10. There were comments that in view of the decline in child population and the implementation of the full-time primary school programme, the broadcast hours of children's programmes should be reduced to 45 minutes per day. On the other hand, niche channels could be exempted.
- 2.11. Viewers should be reminded of any risk that animations might include content that was unsuitable for children’s viewing.

(c) Comments on Programmes for Senior Citizens and Programmes for Young Persons

- 2.12. Free TV stations should broadcast more programmes for senior citizens and young persons.

(d) Comments on Documentaries

- 2.13. Free TV stations should broadcast more locally produced documentaries.



### **3. Editorial Freedom and Independence of News Reports**

- 3.1. Some considered that the news reports of ATV were detailed, accurate and objective. However, there were also opinions that the news reports of ATV were untruthful, repeatedly inaccurate, misleading, biased, and denied the public's right to know.
- 3.2. In 2011, there were public concerns after ATV Home erroneously reported the death of former national leader Mr Jiang Zemin, and turned its station logo into dark grey. Although ATV apologised for the misreporting incident afterwards and punished its staff concerned, the inaccurate news reporting on the matter was not acceptable. This also indicated that the station did not take the news reporting serious.

#### **4. Accuracy, Impartiality and Fairness**

- 4.1. Spectrum was scarce public resource. Broadcasters should not be permitted to abuse public resources for self interests by propagandizing the stations' views or attacking competitors. While free TV stations should be allowed to express their own viewpoints, they should not exploit the spectrum to promote their own interests and express views which were biased and unfair. Also, some opined that free TV stations should not express their own political stances in their programmes and must not interfere into the operation of news departments. The Government should neither interfere into the operation of free TV stations nor probe the political stances of the free TV stations. In determining whether a licence should be renewed, the relevant authority should take into account the impartiality of the views expressed in the programmes of the station and whether the conduct of the station was professional, including whether or not the station had misused the spectrum to promote its interest should also be taken into consideration.
- 4.2. Some called for more stringent regulation on the presentation of political commentaries in programmes. Free TV station should not be allowed to present one-sided views without providing suitable opportunity for response to the programme. On the other hand, some did not support regulation on the grounds that this would encourage the broadcaster to exploit some loopholes in the law to circumvent a restriction.
- 4.3. The relevant authority should regulate the accuracy of information contained in infotainment programmes. Currently, infotainment programmes were not subject to the regulation of production guidelines of news programmes. There were times when these programmes reported inaccurate facts but were not sanctioned.
- 4.4. There was room for improvement in the editing and interview standards. Free TV stations should encourage

the widest possible airing of views and probe into the truth of the matters.

- 4.5. ATV's programmes were able to analyse the affairs in the Mainland and the world from various perspectives and were positive in nature.
  - 4.6. Some were dissatisfied with ATV's senior management serving either as hosts or producers of the programmes. Whether or not senior management should intervene into the content and production of the programmes was controversial. The move also confused the audience, who found it difficult to identify whether one's views presented in the programme was made on behalf of himself or the TV station.
  - 4.7. Opinions expressing dissatisfaction with ATV's news, current affairs programmes and talk shows included —
    - Some programmes, e.g. "Caring Hong Kong's Future" and "ATV Focus", were biased, defamatory, provocative, inaccurate and misleading.
    - In "Blog the World", ATV repeatedly attacked its competitor, Mr Ricky Wong, making groundless accusations against him but did not give him an opportunity to defend himself. ATV's conduct was an abuse of mass media platform to promote its own interest and amounted to disseminating false information.
    - ATV's "The Award Ceremony of the Hong Kong Loving Hearts Campaign" made use of public resources for self interests.
    - There was dissatisfaction with an ATV's investor who expressed his political views in ATV's programmes to advance his own interests.
    - ATV's recent talk shows failed to discuss current affairs in an impartial manner. These kinds of biased and
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inaccurate programmes would exert an adverse effect on immature young persons.

- ATV made use of its programmes for propagandizing the views of the station and some political bodies. These programmes were partial and denigrating the opposing parties without giving an opportunity for response.
- Members of the senior management often interfered into the production of programmes and news reports, raising serious concerns on the accuracy of the information provided by ATV.
- Most of the new productions aimed to please the Hong Kong Government and the Central Government. ATV failed to play the role of the Fourth Estate to monitor the conduct of the Government.
- ATV's programmes continued to reflect the ideology of the Mainland. Since Mr Wong Ching controlled ATV, the viewpoints of ATV's programmes had been extremely pro-leftist and rejected multiculturalism and values. The situation is even worse than that of CCTV.

4.8. Opinions expressing satisfaction with "ATV Focus" included —

- "ATV Focus" made sensible analysis and reasonable comments on social issues. In particular, on the issue of universal suffrage in the chief executive election, while some people in the society and the pan-democrats suggested electoral means which did not comply with the Basic Law, "ATV Focus" corrected their fallacies, educated the public and assisted the Government in enforcing its policies. The programme was a blessing to the audience and the community.
- Mr Tong Man's views were generally fair and impartial. However, as most viewers would not want to listen to only one person's views every day, the programme should include views from different commentators.

- “ATV Focus” was outspoken, analytic, unbiased and fair. Re-running “ATV Focus” could enable members of the public to watch the programme after work. The views expressed in “ATV Focus” could balance the biased views of Radio Television Hong Kong and Commercial Radio Hong Kong.
- The 40,000 public complaints relating to “ATV Focus” were aiming at prohibiting the programme to express opinions freely. The programme should therefore be retained to avoid suppressing freedom of speech.

4.9. Opinions expressing dissatisfaction with “ATV Focus” included —

- The contents of “ATV Focus” were superficial and did not sum up various views. It failed to bear the responsibility of the media to remain impartial. “ATV Focus” was broadcast during the family viewing hours and the time-slots of children’s programmes. It would adversely affect the children in thinking in multiple perspectives.
- The programme made use of public resources for its own interest. The so-called informational programme broadcast through free spectrum attacked persons, organisations and bodies who had different viewpoints from ATV as well as those who had criticised the poor quality of ATV. For example, in criticising Scholarism, the programme obviously took a one-sided stance on the issue of national education and generated over 40,000 public complaints.
- “ATV Focus” was mimicking the Mainland programme “Focus Report”. Its commentaries were vague and superficial, and of low standards which were on par with primary school students’ writing.

- The hosts of “ATV Focus” were biased and one-sided. The programme should invite guests from different political backgrounds to balance the hosts’ views.
  - The programme contained one-sided comments. Only opinions in support of their own views were broadcast and opposing viewpoints were excluded. The programme failed to provide opportunities for the opposite side to defend.
- 4.10. ATV’s programmes, such as “Views on Hong Kong”, were impartial and with a clear stance. They offered platform for people of different backgrounds and stances to express their views to balance the anti-government views in the society. If ATV failed to get its licence renewed, the voice of the patriots would be muted.
- 4.11. “News Bar Talk” was overall a good programme, however, it should avoid inviting representatives from the National People's Congress and The Chinese People's Political Consultative Conference too frequently.

## 5. Programme Standards

- 5.1. The programmes of free TV stations contained bad language and indecent and obscene elements, which exerted negative impact on young people. Restrictions on free television programmes should be tightened to avoid naked scenes outside the late-night hours. Family viewing hours should be extended to 9:30 p.m.
- 5.2. "M" programmes should be rescheduled to be broadcast in a later time slot, i.e. between 12 a.m. and 4 a.m.
- 5.3. The programme classification "PG" should be subdivided into "programmes for those aged 12 or above" and "programmes for those aged 15 or above".
- 5.4. The frequent special interviews about fung shui and palm reading were superstitious and encouraged idol worshipping.
- 5.5. The portrayal of scantily dressed female contestants in the television shows disrespected women. There were suggestions that women should put on one-piece swimming suits (as opposed to bikini) which could also show their figures and gracefulness.
- 5.6. The programmes of the free TV stations over-advocated materialism resulting in moral degradation in the society.
- 5.7. The broadcasting time of non-Cantonese programmes should be restricted. For example, ATV's Shenzhen Satellite TV and CCTV-1 channels were not dubbed in Cantonese, which did not cater for the needs of the local community.
- 5.8. It was requested that "Do not indulge in gambling" and related warnings should be broadcast before each session of racing programmes, football odds or predictions and drawings of Mark Six.

- 5.9. Advertisements and promos which contain adult themes should be prohibited from broadcasting during family viewing hours.
- 5.10. Adult programmes, such as “Lively Colour Brings Forth Fragrance” (literal translation) and “Celebrity Talk Show”, should not be aired on ATV Classic.
- 5.11. The hosts of “ATV Focus” were not modest and their pronunciation was inaccurate, exerting a bad influence on young people.
- 5.12. Some of ATV’s programmes abetted the public in betting on horses and speculating in the stock market, which was distasteful.
- 5.13. Some of ATV’s self-produced programmes did not use Cantonese as the main broadcasting language, which was against its claim of “Cantonese channel”.
- 5.14. Many programmes were hosted in Mandarin or mispronounced Cantonese, for example, in one of the episodes of “News Bar Talk”, the host and the guest communicated in non-Cantonese throughout the programme.



## 6. Programme Quality

- 6.1. Some were dissatisfied that the coverage of Mainland and international news in the news reports of free TV stations was seriously inadequate.
- 6.2. Some were dissatisfied that free TV stations had adopted the style of entertainment programmes in producing financial programmes and property information programmes.
- 6.3. Some were satisfied with the programme quality of ATV. They considered that ATV was conscience-conscious; not demagogic; did not broadcast programmes of bad themes; promoted social harmony and there was less portrayal of violence and cheating. Other reasons included:
- The programmes of ATV were comprehensive in content. The commended programmes included “ATV Loving Hearts”, “Step on Stage of ATV CNY Show”, “Asian Wave”, “Director Ko’s Blog”, “ATV Focus”, “News Bar Talk”, “Views on Hong Kong”, “Babies Growth Diary”, “ScientistHome”, “Hong Kong History Decode”, “One Day”, “Paul Merton in Europe”, “Worldwide Encyclopedia: Sensory World” (literal translation), “News Tease”, “Hong Kong 100 VIPs”, “Cool Met Stuff”, “News Magazine”, “Adventure For The Herbal Medicine”, “Blog The World”, news reports and financial reports, etc.
  - ATV produced a number of educational programmes with positive themes, e.g. “ATV Hong Kong Loving Hearts”, “Family Wisdom”, “Good Deeds” (literal translation), “Hong Kong People Cannot Rule Hong Kong” and the programmes on the struggle of Chinese people. These types of programmes were rarely seen on other TV channels.

- Some commended the Classic Channel, which could provide an opportunity for viewers to review old dramas. Many senior citizens loved watching old dramas.
- ATV's old dramas (e.g. "My Date With a Vampire", "Fist of Fury", "Flaming Brothers", "Fated Love", "Dynasty", "The Good Old Days", "Forrest Cat", "Justice Pao", "The Legendary Fok", "Chen Zhen") and the cookery programmes hosted by Ms Fong were of high quality and should be re-run.
- ATV's "Q & A Lessons" introduced a new category of children's programmes.
- Some commended the documentaries of ATV World which featured people and current affairs (e.g. the monarchy of the United Kingdom and the history on Japanese invasion of China).
- ATV had produced many classic programmes (e.g. "Hong Kong Today" and "Who Wants to Be a Millionaire?").
- Some considered that ATV's programmes were of good quality, creative, and conveyed positive messages to the community (e.g. "ATV Hong Kong Loving Hearts Campaign").
- The broadcast of Mainland programmes provided the best opportunity for Hong Kong people who worked in the Mainland to understand the situation in the Mainland.
- The participants of ATV's "Miss Asia Pageant" were from different countries, making the programme more entertaining. "Mr. Asia Contest" was creative and its participants were of high-quality.
- ATV's acquired dramas were worth watching (e.g. "Turbulence of the Mu Clan", "Cliff" and "Mother-in-law Has Come").

- Livecast of Sunday worship service on ATV World could provide an opportunity for those who were otherwise unable to attend church gatherings to join the service.
- 6.4. Some were dissatisfied with the programme quality of ATV. They considered that ATV's programmes were of poor quality; boring; low-budgeted; produced in a rough and sloppy manner; and failed to achieve the objective of entertaining the audience. Other reasons included:
- In recent years, most of the self-produced programmes were filmed in the studio, with very few outdoor filming. Audience expected programmes of better quality instead of programmes with just backdrops, moderators and footages.
  - Self-produced programmes were of poor quality. Programmes of poor production standards were acquired for cost-saving reason.
  - As one of the two free TV stations, ATV lacked locally-produced programmes and could not shoulder the responsibility of nurturing talents. ATV's programmes had not received any international awards. Most of the Hong Kong people did not watch programmes of ATV at all.
  - ATV's programmes were too Mainland-oriented and could not cater for the taste of Hong Kong viewers. There was a big gap between ATV's programmes and its viewers. Members of the public knew nothing about ATV's programmes and ATV failed to produce any programmes which were influential or appealing. For reducing cost, ATV acquired dramas that had low viewership in the country of origin, and broadcast Mainland dramas that had never been broadcast in the Mainland or had low viewership during prime time.
  - Programmes on ATV Home were primarily talk shows and they were formulaic.

- There was a shortage of new artistes, while the performance of existing artistes was poor.
- The anniversary gala and major events of ATV were frequently held in the Mainland and mainly conducted in Putonghua. The taste of the general public in Hong Kong was ignored (e.g. “The First Chinese Television Station in the World - ATV 55th Anniversary cum the 15th Anniversary of the Hong Kong Special Administrative Region Ceremony” held in the Mainland).
- There were frequent mistakes in “Caring Hong Kong’s Future”, “ATV Focus” and “Sports Bulletin” as well as subtitles in these programmes. This showed that the programmes were sloppily produced.
- The contents of programmes were of low standard. For example, the contestants in “Mr Asia Contest” were required to parade down the street in their underpants to promote the programme.
- Some were dissatisfied with ATV’s programmes which focused on discussing the politics of the Mainland.
- There were frequent mistakes in announcing the results of Mark Six.
- The casting of Mr Chim Pui-chung in “Views on Hong Kong” was unsatisfactory. The contents of the programme were nonsense.
- ATV produced a programme featuring the visit of executives of a business institution to ATV’s studio. The content was totally irrelevant to the local audience.
- ATV broadcast many so-called healthcare programmes which claimed to foster innovation and promote healthcare (e.g. “ScientistHome”). These programmes actually promoted the sale of forged personal care products to the elderly and the ignorant, thereby amounting to advertising.

- 6.5. Some were dissatisfied with the performance of the World Channel. ATV World was full of re-runs, horse racing programmes, low-budget productions and Mandarin programmes. But news and current affairs programmes were of acceptable quality.
- 6.6. The broadcast of dubbed Chinese old programmes on ATV World was a waste of the English channel.

## **7. Programme Scheduling**

### **(a) Overall Approach**

- 7.1. Free TV stations should be required to broadcast locally-produced programmes during prime time, e.g. at least 2 hours a day.
- 7.2. Free TV stations should be prohibited to re-transmit foreign or Mainland channels. Free TV stations should be required to use the spectrum to transmit locally produced programmes only.
- 7.3. There was dissatisfaction with the weekend programme scheduling of free TV stations, which offered limited choices to the audience.
- 7.4. Main news bulletins (in particular evening and late night news) should last for at least 60 minutes, and news about the Mainland should account for at least 15 minutes, while international news should also account for at least 15 minutes.
- 7.5. The broadcasting time of programmes on ATV's CCTV1, e.g. "Treasure Hunting" (literal translation), was irregular. The programme schedule of the TV station was inaccurate and annoying.
- 7.6. Some were upset that ATV ceased to broadcast "Money Talks" without prior notification to viewers.
- 7.7. Evening news reports on the Chinese channels of free TV stations were both scheduled from 6 p.m. to 6:30 p.m. There were suggestions that the broadcasting time of the news reports should be rescheduled to 7 p.m. or after to cater for the needs of citizens nowadays.
- 7.8. Same programme should not be broadcast on different channels at the same time-slot.

## (b) Repeat of Programmes

- 7.9. The number, frequency and broadcasting time of repeat programmes should be restricted, for example, repeat programmes could only be broadcast during late night hours or non-prime time. There were comments that airtime of such programmes should not exceed 1/3 of the total airtime, while the same programme should not be broadcast more than twice in a year.
- 7.10. Old programmes that had been re-run for a number of times should not be broadcast from 7 a.m. to 12 noon and from 2 p.m. to 6 p.m.
- 7.11. It was suggested that movies should not be re-run for more than three times. Re-runs of documentaries should be restricted because the information of some documentaries might be outdated and misled the public. There were suggestions that repeat of dramas should be restricted, e.g. dramas that were broadcast two years ago could not be re-run. If they were re-run, only two episodes could be re-run every week.
- 7.12. Some were dissatisfied with the repeat programmes of ATV. Reasons included:
- ATV had been repeatedly rerunning a programme for a long period of time, for example, "News Bar Talk" was repeated as much as four times a day, which severely limited viewers' choice, and was of poor taste, annoying and made the audience feel being cheated.
  - Repeat of programmes hindered the development of artistes, and resulted in overall decline of the entertainment business in Hong Kong.
  - It was a waste of spectrum to broadcast repeat programmes during prime time in the evening. ATV was unable to provide diversified and new entertainment and information programmes to members of the public.

- ATV did not show sincerity in supporting local creation, which was detrimental to the development of the creative industry in Hong Kong.
  - Repeat of programmes showed ATV's lack of resources to produce programmes. However, ATV shirked its responsibility by claiming that the arrangement of repeat programmes catered for the needs of viewers who might wish to watch these programmes after work. In fact, ATV could set up a website to allow the public to view its programmes online, instead of keep repeating the programmes on TV channels.
  - It was disappointing that the number and frequency of repeat programmes on channels 11 and 12 were too high. It could be said that there was no difference even if there was no such TV station.
- 7.13. ATV should reduce the frequency of repeat programmes. For example, a programme should not be repeated for more than once a day.
- 7.14. The CA should impose a condition in the renewed licence of ATV, requiring that 70% of ATV's programmes should be newly and station-produced.
- 7.15. Some opined that in response to public views ATV had broadcast more locally-produced programmes and adjusted re-run schedules.
- 7.16. Those who were satisfied with the schedule of the repeat programmes considered that the arrangement was user-friendly as it enabled viewers with various viewing habits to watch programmes and review classic programmes. Those who were dissatisfied with ATV considered that the programme scheduling of ATV in the past years was chaotic and adversely affect the trust of the viewing public and advertisers. For example, a number of programmes which were being showcased from 2000 to 2010 by ATV did not turn out eventually.



### (c) Programme Types

- 7.17. In the information age, time restriction on the broadcast of news report should be removed, and the TV stations should instead be requested to broadcast a 20-minutes news report in the morning, afternoon and evening so as to give them more flexibility in scheduling programmes.

### (d) Channel Line-up

- 7.18. Free TV stations should not be allowed to make use of the precious spectrum to carry too many re-transmitted channels from overseas.
- 7.19. A TV station should not provide more than 5 channels, including at least 2 HD channels, in order to reduce the demand for and burden of bandwidth as well as to provide more choices for viewers.
- 7.20. As currently a TV station use foreign channels to replace locally produced channels, there were suggestions that the number of retransmitted channels acquired from overseas should not exceed 30% of the total number of channels of a TV station.
- 7.21. Comments on ATV Classic channel included:
- Those who were dissatisfied with ATV Classic considered the channel a wastage of channel capacity. ATV seldom invested in programming and ceased producing new programmes. It exploited a loophole in the law by repeatedly broadcasting its old programmes. On the other hand, there were also opinions that ATV Classic was acceptable as the repeated programmes could meet the needs of different viewers.
  - ATV should employ more channels (i.e. from channel number 1 to channel number 10) to broadcast a greater variety of classic programmes, dramas and movies.

- There were suggestions that an “uncut” version of news reports of “One Day” should be re-run to cater for the needs of nostalgic viewers. The broadcast of “One Day” on ATV (i.e. around 2 minutes) was too short.
  - ATV should re-run old variety shows or some of them in the format of episode highlights.
  - ATV should re-run children’s programmes.
- 7.22. The broadcast of a large number of SD programmes on the HD channel of ATV was a waste of spectrum.
- 7.23. The positioning of ATV was weird and inexplicable. ATV adopted “differentiated” programming and this resulted in cessation or reduction of the broadcast of popular infotainment programmes (e.g. “Hong Kong Gossip” and “Cheers Hong Kong”). Meanwhile, it increased the broadcast of the so-called cultural talk shows which were boring, poorly received and with low viewership during prime time (e.g. “News Bar Talk”, “East Wing West Wing”, “I want to be CE”, “I want to be CE 2 Debate Special”, “The Policy Debate” and “Asia Policy Unit”, etc.).
- 7.24. Retransmitted channels from the Mainland were a waste of spectrum. If ATV licence was to be renewed, it should be prohibited from re-transmission of channels from the Mainland or should reduce the number of such channels. On the other hand, there were views that there should be more Mainland channels for public reception free of charge.
- 7.25. The two retransmitted channels from the Mainland on ATV did not suit the taste of viewers in Hong Kong. It was suggested that the two retransmitted channels should be replaced by “Hunan TV World”.
- 7.26. Since the launch of digital TV, ATV changed the number and contents of its TV channels many times without explaining to the viewing public. It showed that the

change of channel line-up by ATV was not primarily based on public interest. Channel line-up was changed for administrative and financial convenience, which was unfair to the public.

## **8. Subtitling/Sign Language**

### **(a) Subtitling for the Hearing Impaired**

- 8.1. There were calls for providing subtitles to all pre-scheduled programmes.
- 8.2. The CA should impose a new provision in the renewed licence to require free TV stations to provide subtitles on a 24-hour basis (including all live news coverage) to enable the hearing impaired to receive up-to-date information.
- 8.3. In the news bulletin, dialogues between anchors should be fully-subtitled.
- 8.4. Free TV stations should provide subtitles for the hearing impaired as well as for Cantonese vernacular.
- 8.5. Subtitles should be added to the programmes re-run on "ATV Classic".
- 8.6. When ATV re-run its old programmes, subtitles sometimes occupied half of the screen, which showed that ATV lacked the necessary techniques and incentives to improve. Moreover, some considered that the subtitles of the rerun programmes were small. The appearance of subtitles and the screen were not in sync and the picture quality was poor.

### **(b) Sign Language Interpretation**

- 8.7. At present, only news programmes were required to carry subtitles. However, due to different textual perception of the hearing-impaired, it was necessary to provide sign language interpretation to supplement messages not delivered by text via the movement and facial expression of sign language interpreters. Therefore, it was suggested that news programmes in all mainstream TV channels should provide sign language interpretation and subtitles at least once a day. Various organisations for the hearing

impaired requested that the TV stations should be required to provide sign language interpretation for news programmes.

- 8.8. Weather reports and current affairs programmes should also provide sign language interpretation.
- 8.9. The hearing impaired suggested that in the case of breaking news and important government announcements (e.g. the Policy Address, financial budget and the Q&A sessions in the Legislative Council) for which subtitles might not be available, sign language and news summaries should be provided to enable them to receive these messages.

## **9. Advertising**

### **(a) Programme Sponsorship**

- 9.1. Restrictions of programme sponsorship should be relaxed to increase advertising revenue for free TV stations.

### **(b) Indirect Advertising within Programmes**

- 9.2. Restrictions of indirect advertising should be relaxed to increase the advertising revenue for free TV stations. Indirect advertising also appeared in Japanese and Korean dramas, which were flooded with new cell phones and fashion brands, while indirect advertising to promote vehicles and computer products could also be found in some high-quality European and American soap operas. Advertising revenue directly influenced the quality of TV programmes and was conducive to the survival of existing and future broadcasters. When Hong Kong's programmes were broadcast overseas, Hong Kong's brands could also be promoted internationally via indirect advertising. This would benefit Hong Kong economy and enhance the image of Hong Kong.
- 9.3. Those opposed to in-programme advertising considered that if indirect advertising was accepted, different products would be featured on screen at the same time to increase exposure, which would compromise the quality of programmes.
- 9.4. The CA should review relevant regulations of indirect advertising. The existing regulations stipulated that no undue prominence should be given to a product of a commercial nature. However, there was no clear definition of "undue". This was unfair to the TV stations.
- 9.5. Indirect advertising that promoted the supernatural, feng shui and superstition should be prohibited.

- 9.6. Restrictions on the duration of product placement and/or the proportion of a product appearing on screen, etc. should be imposed.

(c) Specific Categories of Advertisement

- 9.7. It was suggested that restrictions on advertisements should be relaxed to enable free TV stations to increase their revenue. For example, political, medical and religious advertisements should be allowed to be broadcast as long as they were broadcast outside the family viewing hours and carried warning notices.
- 9.8. Restrictions on advertisements for hospice care and funeral services should be relaxed provided that they did not refer to death and terror.
- 9.9. There were actors playing dentists stating that “90% dentists use the product” in advertisements for dental implant and toothpaste. The CA should investigate whether there was any breach of laws or related codes.
- 9.10. Advertisements on financial services often encouraged consumers to buy luxury goods and go travelling by lending, and promoted easy lending. These advertisements should carry a warning against excessive lending, just like the health warnings on cigarettes packaging.
- 9.11. Advertisements of financial derivatives and other complex investment products (e.g. covered warrants, products with default risk) should cease to be broadcast in order to avoid misleading investors.

(d) Advertising Time

- 9.12. It was suggested that the restrictions on advertising time should be relaxed. Free TV stations should be allowed to broadcast advertisement for a time not exceeding 15% of the total broadcast time of the channel. Moreover, the broadcasting intervals of advertisements should also be

relaxed. Free TV stations could choose to broadcast all advertisements before the start of the programme or inserted them in the middle of the programme subject to their needs.

- 9.13. During the advertising break, a countdown timer should be displayed in the corner of the advertisement. The same restriction had already been imposed in many different countries.
- 9.14. No advertisements should be inserted during the broadcast of news reports, dramas and movies.
- 9.15. There were too many advertisements during the broadcast of sports programmes, which affected viewing pleasure.

(e) Advertising Standards

- 9.16. Advertisements should be scheduled and broadcast having regard to emotional needs of the audience, and should avoid terrifying and misleading the audience.
- 9.17. There should be more restrictions on advertisements containing indecent and erotic materials.



## **10. Technical Issues**

### **(a) Quality of Picture and Sound**

- 10.1. Retransmission of CCTV-1 Channel by ATV in 4:3 aspect ratio had affected the viewing pleasure of those using 16:9 aspect ratio TV sets. ATV should re-transmit CCTV-1 Channel in 16:9 aspect ratio to avoid wasting the valuable spectrum for the broadcasts.
- 10.2. The picture quality of the retransmitted channels from the Mainland was poor.
- 10.3. ATV persistently displayed its logo and programme name on screen, which disrupted the viewing pleasure. Logos of ATV's channels were too flamboyant.
- 10.4. ATV's picture quality was of lower standards. SD programmes were often aired on HD channels to deceive the audience.
- 10.5. ATV was still using the SD standard, which had a lower image quality and failed to meet the requirements for HD broadcasting.
- 10.6. All digital channels should achieve the standards of HD broadcasting after the switch-off of analogue broadcasting.
- 10.7. HD broadcast of free TV stations only enhanced the image sharpness. There were no layering, cinematic feel and surround sound in HD programmes. The quality of picture and sound lagged far behind that of their counterparts in Japan, Korea and Taiwan, etc.

### **(b) Reception of Signal**

- 10.8. The reception signal of digital TV in Central and Western district was unstable.

- 10.9. The reception signal of southern part of Lantau Island was weak and not satisfactory. Transmitting station at Cheung Chau was not functioning well, and should be relocated to Shek Kwu Chau.
- 10.10. Mongkok was suffered from unsatisfactory reception. "Snowing" was commonly found in TV pictures.

## **11. Investment and Financial Capability of ATV**

- 11.1. Given its persistently low viewership, ATV would not have resources in providing different types of programmes. The situation became perplexing when ATV claimed that it had already invested billions of dollars on programming. Although ATV was committed to investing billions of dollars in the production of new programmes and dramas for the benefit of its audience, it had not been materialised. In fact, ATV introduced the Classic Channel with practically “zero” cost.
- 11.2. Given its low viewership, ATV had no advertising clients and was making a loss of more than \$200 million each year. On the other hand, ATV proposed, in the context of licence renewal application, to invest \$2.7 billion during the period from 2016 to 2021. Concerns were expressed over the financial capability of ATV to deliver the proposed commitments and that such commitments were nothing but empty promises.
- 11.3. There were few advertisements in ATV. It mainly broadcast government advertisements and programme promos. Given its poor financial situation, it was doubtful if ATV could sustain its business.
- 11.4. ATV had made substantial losses over the past years and changed its bosses several times due to financial problems. It was heavily indebted and would not have sufficient resources in providing new dramas and programmes. ATV’s failure to submit audited accounts for 4 years from 2009 to 2012 showed that the TV station was not financially sound. The operation of ATV mainly relied on loans and credit. The authorities should investigate into the funding sources of ATV, its potential legal risks and liabilities.
- 11.5. There was a possibility that ATV would be winded up at any time. The authorities should take this factor into account when considering the licence renewal application of ATV.

## **12. Management and Operation of ATV**

- 12.1. ATV had no commercial advertisements at all and the advertising slots of ATV were filled up with its programme promos. This meant that ATV had lost support from both advertisers and viewers. It was doubtful if ATV could sustain its business.
- 12.2. There were reasons to believe that capital injection from the Mainland supported and controlled the operations of ATV.
- 12.3. The senior management had repeatedly made empty promises to kick off new drama series or produce new programmes.
- 12.4. ATV did not keep its words to be “conscience of Hong Kong” as the overall performance of ATV was unsatisfactory. The broadcast of such slogan in the advertising time slots was annoying.
- 12.5. ATV’s management lacked planning, vision and transparency in managing ATV.
- 12.6. ATV was controlled by its investor and an example of this was the misreporting of Jiang Zemin’s death. The investor would continue to exert influence over ATV’s programming, though in a more subtle manner. It was difficult to believe that an investor would continue to support a company that was making a loss without participating in the decision-making process.
- 12.7. ATV’s major investor (Mr Wong Ching) interfered with the operations of ATV and breached his undertakings made to the CA. Even though Mr James Shing was removed from his office, it was not guaranteed that Mr Wong would cease to involve in the operations of ATV. In these circumstances, revocation of the licence of ATV was a once-and-for-all solution to these problems.

- 12.8. The audience was annoyed by Mr Wong Ching's interference into the operations of ATV even though he was only an investor and did not possess any expert knowledge of TV industry; and that he led ATV's staff to dance at the Central Government Offices.
- 12.9. ATV's lack of new productions and frequent repeat of programmes had put its financial competence and management into question.
- 12.10. ATV should introduce strategic investors to carry out major reform, so as to improve ATV's business development and enhance the overall quality of its programmes and associated services.
- 12.11. The management of ATV disregarded the public opinions expressed in the complaints against ATV, resulting in a negative public image. The overall performance of ATV's management casted doubt on their competence of managing the TV station. During the public hearings, the senior management of ATV was arrogant when facing public criticism. They showed no intention of making improvement, felt good about themselves, and even criticised the public.
- 12.12. Since the 1990s, there were frequent changes in the shareholding and personnel of ATV, leading to a lack of stability in management. The power struggles of the senior management and shareholders' disputes gave rise to a series of legal proceedings. The management was unable to focus on the operational matters of ATV and this resulted in mismanagement for years and failure to provide quality programmes.

### **13. Competition in the Free TV Market**

- 13.1. Market dominance and lack of competition in the free television market resulted in poor quality of the television industry, making it difficult to compete with its counterparts in other countries. Fewer young people were willing to join the industry, and this created a vicious cycle. As only competition could bring about progress, the government should open up the television market and facilitate diversified development.
- 13.2. The licence renewal exercise of free TV stations was not a purely commercial issue. Firstly, the licensees were assigned spectrum. Secondly, television industry had an impact on other cultural industries such as films. Thirdly, cultural industries had an indirect impact on economy. For example, pop culture of Korea boosted tourism, stimulate the development of the other creative industries (e.g. advertising, music, etc.) and created jobs. The authority should promote competition by eliminating operators which had no intention to improve.
- 13.3. To promote competition, licences should be granted to new operators who were keen to invest. This would provide more opportunities for young people who were interested in joining the television industry.
- 13.4. With the advanced development of information technology, Hong Kong television industry was facing worldwide competition. Television market should be opened up, instead of letting the Government decide which competitors could survive.

## **14. Overall Performance of ATV**

14.1. Some supported the renewal of ATV's licence. Reasons included:

- ATV had a long history, and developed over the years with Hong Kong people. While it was currently in a critical situation, it had strong performance in the past and deserved an opportunity for it to rebound.
- Notwithstanding the financial problems, ATV strived to advance and worked hard to improve its programme quality.
- ATV's programmes were educational. It provided opportunities for viewers to watch their favourite old programmes. News and cultural programmes were of good quality and stayed tuned with the latest development of the society.
- ATV was the TV station that promoted positive value. Comments on its current affairs programmes were fair and its drama series and informational programmes were of good quality. ATV performed its role as Hong Kong's conscience, promoted justice, loved the country and its people, and advocated the traditional virtues of filial piety and benevolence. Its production was not purely based on commercial considerations and enabled viewers to receive correct values and messages.
- ATV's s programmes (e.g. documentaries, interviews, talk shows and travelogues) targeted at niche audience. Although these programmes had not attracted many audiences, they took care of the preference and needs of the niche.
- Some pointed out that according to a survey conducted among residents in Shatin, most people in their middle age or above supported the licence renewal of ATV.

- ATV provided jobs for more than 600 employees. If its licence was not renewed, its employees would be unemployed, adding to the burden of the Government and society.
- ATV was committed to invest HK \$2.7 billion in the coming 6 years in upgrading infrastructure and facilities, programme production and hiring of talent. It aimed to strengthen its competitiveness in traditional and new media, and also in such aspects as talent, mechanisms and creativity. This showed that the future of ATV was promising.
- Hong Kong was a free society. ATV should not be denied an opportunity to continue to operate because it adopted a different editorial and programming strategy.

14.2. There were comments that opposed the licence renewal of ATV. Reasons included:

- The airwaves were public resources and ATV had occupied the resources for many years. While ATV had occasionally produced good programmes in the past, its performance was deteriorating in recent years. It kept airing the same programmes to such an extent that it was almost unbearable. In line with the usual rule of game in Hong Kong which emphasised commercial results, diligence and survival for the fittest, the non-renewal of ATV's licence would make room for newcomers interested in operating a TV station.
- ATV had been having the lower hand for a long time, and failed to show determination to improve its performance. It had become a broadcaster that kept showing the same programmes and with an audience rating close to zero, which was a wastage of the precious spectrums. Members of the public were disappointed that having given ample opportunities to ATV to improve its performance over the years, ATV had done nothing other than producing some lousy programmes and repeating old programmes. Many mistakes were found in news and subtitles and



commentary programmes were loaded with subjective views. All these made the audience angry. ATV's viewership was low but the station refused to recognise this, reflecting its lack of credibility.

- ATV offered few programme choices with no self productions. It broadcast acquired programmes most of the time and kept re-running them. It was not sincere in running the business. The lack of local production failed to enhance the Hong Kong television industry and creative industry. It did not have enough resources, failed to pay the wages to its staff on time and lost talents and thus could not produce good programmes. ATV failed to keep abreast of the times and only felt nostalgic about its good old days. It did not care about Hong Kong people's feelings and failed to meet their expectations.
- Both entertainment and information programmes were of poor quality and biased, and failed to reflect the voice of the majority of Hong Kong people. Most of the programmes were low-budget productions. Its operation was not serious, and caused damage to Hong Kong's image as a world-class city.
- Some indicated that they had not watched ATV for many years. Its rating had remained extremely low and even zero in recent years, reflecting that ATV had no value at all. It was economically inefficient to spend so much space, manpower and material resources to serve such a small number of audiences.
- Some opined that ATV's reputation had been sullied by its very poor performance. Despite ATV's commitment to make necessary improvements and increase its investments after licence renewal, nobody would watch its programmes and it was difficult to regain confidence.
- ATV's programmes targeted the Mainland audience and failed to cater to the taste of Hong Kong people.

- ATV had repeatedly and seriously contravened the regulations. There were no signs of improvement or reform despite the imposition of financial penalties.
- Management of ATV was chaotic. There were deep divisions among major shareholders. ATV did not consider the interest of the viewers. In addition, ATV advertised for the Communist Party by broadcasting programmes which caused dislike of Hong Kong people. ATV did not pay regard to the core values of Hong Kong people, which was against the public interest.
- The lack of local productions on ATV hindered the opportunities, nurturing and development of TV production talents. This caused the local television industry to shrivel.

14.3. Specific recommendations in relation to ATV's licence renewal application:

*Renewing ATV's Licence with Additional Conditions*

- ATV could only have its licence renewed for 10 years with a review every 5 years. Conditions to be imposed upon licence renewal - programmes should primarily target Hong Kong viewers; programme genres should be more diversified instead of broadcasting talk shows only, duration and frequency of repeat programmes should be reduced.
- Some proposed to grant renewed licence to ATV for 3 years, on the condition that its performance should be subject to regular reviews so as to give more pressure to the TV station to improve its performance. If ATV failed to make reasonable improvement by 2018, the Government could refuse to renew its licence. On the contrary, if ATV could improve its services by 2018, the public should not oppose to the renewal of ATV's licence.
- It was recommended that the number of ATV's channels be reduced and the spectrum so vacated be allocated to

incumbent and new operators. For instance, only Asia channel and World channel should be retained, or withdrawing spectrum assigned for broadcast of ATV Classic and re-transmitted channels.

*Non-renewal of ATV's Licence*

- Some suggested that ATV's licence should be withdrew and put up for auction so as to promote competition. ATV's licence should be allocated to more qualified company which had a genuine interest in the television industry.
- To address concern that non-renewal of ATV's licence would lead to staff retrenchment, new operators should be required under their licences to hire former staff of ATV as far as possible. Other suggested that ATV's staff and artistes could find work opportunities in some other related industries.
- Since ATV kept repeating programmes each day, it should be granted a pay TV licence instead as audience who wanted to watch its programmes would not mind supporting ATV by paying subscription fees.

## **15. Other Broadcasting Issues**

### **(a) Broadcasting Spectrum**

- 15.1. It was suggested that spectrum should be allocated by auction as it is a scarce public asset and should be properly utilised. It was unacceptable for the two existing free TV stations to continue having access to spectrum, without having to pay any utilization fees on an exclusive basis.
- 15.2. Free TV stations should not make use of spectrum for direct retransmission of other television channels. They also should not resell or authorise others to use their spectrum.
- 15.3. Regarding the allocation of spectrum to the two free TV licence applicants that had been granted approval in principle as well as the incumbent free TV stations, some organisations put forward two proposals. First, all stations could broadcast its basic channels (namely Chinese channel and English channel) through public airwaves, while additional channels have to be broadcast via other platforms. Second, after a fair allocation of spectrum to each TV station for the broadcast of their basic channels, interested operators could bid for the remaining spectrum. Moreover, the TV stations should pay a reasonable price for the use of spectrum. The CA could engage a consultant to work out proposals for consideration of the Government and the public.

### **(b) Issues Related to Review of Licences**

- 15.4. When making decision on the licence renewal, the authority should consider the following factors:
  - Spectrum is the public resource of Hong Kong people. Their expectation, opinions and choices should be taken into account when making the decision on the licence renewal.

- The authority should consider the impact of the two free stations on the TV market, for example, whether they could promote a competitive landscape in the market.
- Due to the lack of competition in the free TV market, the quality of the free TV production had deteriorated. Hence, programme quality should be included as an assessment criterion for licence renewal exercise. To ensure the efficient use of public resources, if the performance of incumbent TV stations was unsatisfactory, the licence renewal application should be rejected so that the licence and spectrum could be made available for other potential broadcasters.
- The assessment criteria adopted and arguments presented by the Government when processing the free TV licences of Hong Kong Television Limited, Fantastic Television Limited and Hong Kong Television Entertainment Company Limited should be equally applied to the licence renewal applications of the two incumbent TV stations.
- When assessing the licence renewal applications, complaints against the two free TV stations in the past should be taken into consideration since they reflected public opinions. However there were also comments that complaints should not be considered.
- The renewal of licences should be processed by the CA independently, without taking into account any opinion surveys.
- The CA's assessment of the licence renewal applications should be based on factors such as programme quality, proportion of local production, how often programmes were repeated, revenue and viewership of the TV stations, etc.
- Duration of licence should be shortened from 12 years to 10 years.

- The CA should disregard all complaints and sanctions linked to political campaign against ATV when it considered its licence renewal applications. This could alleviate public concerns about whether pan-democrats would be given favouritism.
- 15.5. Regular review should be conducted on TV stations' scheduling of programmes, and whether marketing promotions were exaggerated, untrue and contrary to audience's expectations. A scoring system should be established for the next licence renewal exercise.
- 15.6. Some members of the public opined that ownership of TV channels of each station should be reviewed once every two years with viewership being the assessment criterion. The operator of the channel with the lowest viewership should surrender the channel to the operator with the highest viewership.
- 15.7. The Government should stipulate the licence requirements before considering the licence renewal application of the two existing free TV stations. The Government should then ask the free TV stations to submit proposals and investment budgets in accordance with the new requirements so as to assess whether they were capable of meeting the requirements of the new licences. The Government could then decide whether to renew their licences accordingly.

## 16. Other Comments and Suggestions

- 16.1. It had been a practice for fund-raising programmes of free TV stations to support two or three charitable organisations. Other non-profit-making charitable organisations did not receive the same support, which seemed unfair and unjust. Charity funds should be established to allow applications from all non-profit-making organisations in Hong Kong.
- 16.2. Free TV stations should make use of some of their profits to discharge their corporate social responsibility, e.g. the profits should be used to encourage the youth to join the industry and should be donated to charitable bodies.
- 16.3. Free TV stations should increase their promos.
- 16.4. Free TV stations should increase programmes with NICAM.
- 16.5. Free TV stations should make use of their digital channels to provide audio description services to the visually impaired.
- 16.6. It was suggested that a 6 to 9-minute programme trailer of the day should be broadcast between 5:30 a.m. and 6:30 a.m. every day, and that a weekly programme guide of about 15 minutes should be broadcast on every Sunday morning.
- 16.7. There were only a few samples included in the current survey on television viewers, making advertisers unable to seek the target audience accurately and effectively.
- 16.8. ATV often claimed that the audience rating between ATV and TVB was in the ratio of 4:6, which was unbelievable.
- 16.9. ATV's production of the programme "Cheers Hong Kong" was ironic as ATV only broadcast acquired programmes and did not produce its own drama series,

which made its staff in the drama section could not make a living.

- 16.10. Some were dissatisfied that ATV's management denied facts at the public hearings, and accused the public who made criticism of ATV of staging a political attack.
- 16.11. No editing should be made to the programmes replayed on ATV Classic channel. They should be broadcast in their original style. Apart from screen repair, no modification should be made to the trailer and credits of the dramas. Online watching and replays should be arranged and the arrangement of programme replays should be announced in advance on the official website as well. Besides, the logo of ATV did not look good, it did not carry a sense of gentleness and should be improved. It was recommended that ATV should reduce the number of station promos.
- 16.12. Some were dissatisfied that ATV's did not have artistes of its own.
- 16.13. ATV's low audience rating was due to habitual ratings. It was a unique phenomenon in Hong Kong.
- 16.14. ATV's hosts looked very old. It was difficult for them to attract the youth.
- 16.15. It was suggested that ATV or its relevant bodies like the "Asia Club" should proactively promote a younger image for ATV in schools, colleges, universities and youth centres, and should organise activities to enhance the public's understanding of ATV.



## Chief Executive in Council's decisions on free TV licence applications of ATV and HKTVE

The Government announced today (April 1) the Chief Executive (CE) in Council's decisions on Asia Television Limited (ATV)'s application for renewal of the domestic free television programme service (free TV) licence and HK Television Entertainment Company Limited (HKTVE)'s application for a new free TV licence .

Speaking at a press conference, the Secretary for Commerce and Economic Development, Mr Gregory So, said: "Having considered the recommendations of the Communications Authority (CA), relevant representations and all relevant latest developments, the CE in Council decided not to renew ATV's free TV licence under section 11(5) of the Broadcasting Ordinance."

The notice of non-renewal was served on ATV this afternoon.

ATV's free TV licence is due to expire on November 30, 2015. Under the Broadcasting Ordinance, a notice in writing of the CE in Council's non-renewal decision has to be served on ATV at least 12 months before expiry of its licence. For the purpose of complying with the statutory requirement as to the length of notice, ATV will have its licence extended to April 1, 2016.

Mr So noted that this is the first time in the local broadcasting history that an incumbent's broadcasting licence is not renewed.

"The Government will set up a task force, to be chaired by the Permanent Secretary for Commerce and Economic Development (Communications and Technology), comprising representatives from bureaux and departments concerned, to see to the speedy resolution of various issues that might arise from the non-renewal of ATV's licence. The task force will coordinate implementation of necessary contingency measures during the transitional period to minimise any adverse impact that might occur," he said.

Amongst others, the task force will liaise closely with Labour Department on necessary measures to assist ATV's displaced staff, including arranging briefing to the affected staff on their employment rights under the law and providing points of contact for those who may need Government's assistance.

Mr So reiterated that it remains incumbent on the management of ATV to comply at all times with all relevant statutory requirements and the provisions in its free TV licence in the next 12 months until expiry of its licence. ATV is also required to make proper arrangement for its staff.

In processing the renewal application by ATV, the CA carried out a comprehensive assessment on its performance and conducted a public consultation exercise from February 4 to April 3, 2014 to gauge public views on ATV's service. The CA submitted its recommendation to the CE in Council in November last year.

The CA considers that the overall performance of ATV is unsatisfactory. Its performance in various aspects has clearly deteriorated after the mid-term review of its licence. The CA has serious doubts as to whether ATV would be capable of making the necessary improvements, and whether it has the financial capability to deliver its investment plans, and indeed to continue its business as a going concern.

At the press conference today, Mr So also announced that the CE in Council had decided to formally grant a free TV licence to HKTVE, following the grant of approval-in-principle back in October 2013.

HKTVE's licence will be valid from today for 12 years until March 31, 2027, subject to a mid-term review in 2021.

"We hope that HKTVE's entry into the free TV market will benefit our audience-at-large with more quality programming choices," Mr So said.

HKTVE's new free TV service will be delivered via fixed network. Its integrated Cantonese channel and integrated English channel will commence within 12 months and 24 months respectively after the grant of licence. The Cantonese channel will provide round-the-clock service, while the English channel will broadcast a total of 16 hours of television programmes with two loops of eight hours each.

Viewers served by In-building Coaxial Cable Distribution System (IBCCDS), after upgrading the IBCCDS, may receive HKTVE's free TV signals with Integrated Digital Television sets or digital terrestrial television decoders (DTT decoders). HKTVE has committed to extend its network coverage from 65 per cent of the households in the first year to 80 per cent in the sixth years.

Since the grant of approval-in-principle in October 2013, the CA proceeded with the consequential follow-up work, including further review of HKTVE's application, sought further information and clarifications as necessary from HKTVE and discussed with the company the proposed licence conditions.

The CA considers that HKTVE has complied with the statutory requirements under the Broadcasting Ordinance, committed to meet various programming requirements, and is satisfied with its investment proposal. The CA submitted a recommendation that a free TV licence should be formally granted to HKTVE to CE in Council in January this year.

Ends/