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By email

3 Jun 2015

Ms Anki NG
Clerk, Panel on
Information Technology and Broadcasting
Legislative Council
1 Legislative Council Road
Central, Hong Kong

Dear Ms NG,

**Issues on Changes in the Shareholding Structure of
Television Broadcasts Limited (TVB) and its Licence Renewal**

Thank you for your letter dated 12 May 2015 to the Secretary for Commerce and Economic Development. At the request of the Chairman of the Panel, our responses to the issues mentioned in your letter and the letter dated 23 April 2015 from Hon Claudia MO to the Chairman of the Panel on the captioned subject are as follows.

Vetting and Approval Work of the Communications Authority

The Communications Authority (CA) has been processing applications for changes in the shareholding structure of the Licensees in accordance with the Broadcasting Ordinance (Cap. 562) (BO) and the established procedures. The CA is the statutory authority responsible for approving changes in the shareholding structure of TVB. Subject to Condition 10 of the domestic free television programme service licence (“free TV licence”) of TVB, the Licensee shall comply with the statements and representations made in the Licensee’s Proposal, including those relating to its shareholding structure, unless otherwise approved by the CA.

In considering the application for changes in the shareholding structure of TVB, the CA has examined whether TVB is able to continue to comply with all applicable regulatory requirements under the BO, including whether the person exercising control of the Licensee is a fit and proper person (section 21 of the BO), whether the majority of the directors and the majority of the principal officers of the Licensee are ordinarily resident in Hong Kong (section 8 of the BO), and the restriction on disqualified persons (Part 2 of Schedule 1 to the BO). The CA has also considered whether TVB is able to honour the investment and programming commitments it had already made.

Having carefully examined the information submitted by TVB, including the statutory declarations and relevant legal opinions, the CA is satisfied that the shareholding changes would meet the regulatory requirements under the BO, and TVB also confirmed that it would continue to comply with various applicable regulatory requirements under the BO and its free TV licence and honour the investment and programming commitments it had already made under its free TV licence upon completion of the shareholding changes.

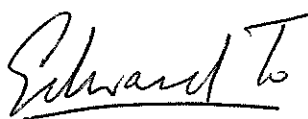
Changes in the Shareholding Structure of TVB

According to the information provided by TVB, Young Lion Holdings Limited holds 26 per cent of the voting shares of TVB indirectly via its wholly owned subsidiaries. The shareholding changes mainly involve the transfer of certain shares in Young Lion Holdings Limited from its existing shareholders to a new shareholder - CMC M&E Acquisition Co Ltd. (CMC).

TVB confirmed that, after the change of shareholding, CMC would not own or execute the Young Lion Holdings Limited's voting right of that 26 per cent of the voting shares. As such, CMC would not be the voting controller of TVB. Under this arrangement, the ultimate and other intermediate voting controllers of TVB's voting shares remain unchanged. Dr Charles CHAN Kwok-keung will remain the ultimate voting controller of 26 per cent of TVB's voting shares. After completion of the shareholding changes, CMC is not the person exercising control of TVB within the meaning of "exercise control" under the BO.

I would be grateful if the Secretariat could relay the above information to the Panel for reference.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Edward To", written over a horizontal line.

(Edward TO)

for Secretary for Commerce and Economic Development