



For Immediate Release

## **HKTV's Latest Updates on Mobile TV & Multimedia Business**

(Hong Kong, 11 April 2014) Despite of repeated obstructions, Hong Kong Television Network Limited ("HKTV") has been determined to develop its mobile TV & multimedia business. Today, HKTV announces the latest arrangements, hoping to clarify and strengthen legal basis at the earliest, in order to make further development legitimately.

### **1. The Government's View on Mobile TV Service is under an Obligation to comply with the Broadcasting Ordinance**

Numerous governmental documents released in 2010 have stated that Broadcasting Ordinance does not regulate television programme services for mobile reception, while the Information Memorandum of Auction of Radio Spectrum in the UHF Band for the Provision of Broadcast-type Mobile Television Services has reiterated the same stance. Recently, the Government changed its policy, if HKTV's signal is available for reception by an audience of more than 5,000 specified premises, and later added for wherever 1 specified premise, HKTV may breach Broadcasting Ordinance. Today, HKTV has filed application for judicial review against the Government's contradictory stances.

### **2. Submitted Technical Proposal to The Office of Communications Authority on the Deployment of DVB-T2 Standard to Provide Mobile TV Service**

HKTV was informed only at the meeting with Communications Authority ("CA") on 29 March that DTMB standard should not be put forward again. Despite of technical and legal uncertainties (as listed below), HKTV decided to proceed on the deployment of the new standard DVB-T2, and has submitted technical proposal to OFCA on 8 April, to strike for every opportunity to provide mobile TV service to the Hong Kong public without

affecting the proceeding of judicial review :

A. Technical Uncertainties -

The standard as suggested by OFCA, DVB-H, has indeed been phased out and being replaced by the new generation DVB-T2. For the deployment of this new standard, it will take time for network design, planning, equipment purchase, trail run and formal launch of mobile TV service.

B. Legal Uncertainties -

With unclear policy and regulatory regime, HKTV has issued 5 written enquiries to OFCA since the meeting by end-January to 21 March, in order to get more concrete information. However, OFCA has yet to give concrete reply. In addition to this, HKTV noted from OFCA's press release that the legal advice obtained by the Government, and the legal advice as obtained by HKTV remains deviated, and at the same time Government officials are irresponsive towards the contradiction between the ordinance and the licence conditions, that HKTV can only proceed legally. According to previous experiences, it is estimated that the corresponding procedures will take 18 to 24 months.

Worth to note is that, despite the Government suggested HKTV to deploy DVB standard, in future if they failed to defend against the legal challenge on such technical arrangement raised by another market player, HKTV will not only be required to start over with another standard, but will also have to face retrospective legal liability.

HKTV wishes to seek for feasible solution and reasonable legal ground in order to develop mobile TV service legally.

**3. Launch of Application towards Domestic Free Television Programme Service Licence**

The Government and corresponding department have expressed in many occasions that Broadcasting Ordinance does regulate mobile TV service. Despite HKTV and its legal advice do not agree with this, HKTV still wishes that it can provide TV service in the regime that Government deems to be

legal.

In light of the above, HKTV today submitted its application to obtain a Domestic Free Television Programme Service Licence again. The new application is different from the previous one in the following 2 aspects :

- A. HKTV will provide 3 channels, including Cantonese integrated channel, English channel and 24-hour news channel.
- B. Accumulated operational experience over the past years, HKTV has adjusted its total investment to HK\$3,400 million over a period of 6 years upon service commencement, including HK\$2,400 million on programming cost, HK\$600 million on other operational expenses and HK\$400 million on capital expenditure.

#### **4. Adjusting Business Scale by Redundancy to Face Long Term Challenges**

On the road of development TV business, HKTV has been facing numerous frustrations :

- With the rejection of free TV licence application on 15 October last year, HKTV had no choice but to announce redundancy the day after.
- On 20 December upon the completion of the transaction to acquire mobile TV service licence and its spectrum, after sufficient risk evaluation and have obtained supportive legal opinion, HKTV planned to launch service on 1 July 2014, resume content production and to re-employ redundant talents.
- On 11 March 2014, HKTV received written confirmation that mobile TV service is under the regulation of Broadcasting Ordinance, and HKTV will not be able to launch service on schedule.

Despite these, HKTV remains hopeful to liaise with the Government and the corresponding department to coordinate on both legal and technical aspects. After months' negotiation as well as attended meeting with CA and OFCA on 29 March, HKTV firmly believes that if it had the chance to launch mobile TV service, it will take another 18 to 24 months on legal proceedings and deployment of the new standard. In addition to this, HKTV now possesses 300 hours' self-produced and 800 hours' acquired content in its

library, and it will not engage in large scale drama and content production in coming 18 to 24 months.

In view of the time needed for upcoming legal procedures and technical deployment, HKTV today announced its redundancy plan to reduce 207 talents, mainly from TV content production-related jobs, with last working dates varies from their job natures, in order to adjust the scale of development to face long term challenges. After redundancy, HKTV possesses 385 talents for artistes and backstage supporting roles.

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For more information of HKTV, please visit .

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