

## Appendix B

### Management and Operations of Fantastic Television Limited (Fantastic TV)

In response to allegations made by a former employee of i-CABLE Communications Limited (i-CABLE) relating to the involvement of i-CABLE, as a disqualified person (DP)<sup>1</sup> in relation to Fantastic TV, in the appointment of certain senior executives of Fantastic TV and in the business operations of Fantastic TV, the CA reviewed and considered all information and documents obtained, together with the representations it has received, in the course of its review.

2. In summary, the CA noted that –
  - (a) the appointment of the senior executives of Fantastic TV in question were approved by the board of directors of Fantastic TV;
  - (b) the information and documents which the CA has obtained neither show nor support a reasonable inference that i-CABLE was involved in the appointment process of these senior executives of Fantastic TV; and
  - (c) Fantastic TV and its subsidiary have engaged several members of the i-CABLE Group under a series of service agreements (Service Agreements) to provide services and support for Fantastic TV's operations. Fantastic TV is not prohibited under the BO and the Licence from engaging other parties to provide services to support its operations. In its licence application submitted in 2010, Fantastic TV had already made clear its intention to enter into service agreements with i-CABLE Group companies to support it in respect of programme production, airtime sales and telecommunications services in the early stages of its operations.
3. Having taken into account the relevant facts and circumstances, Fantastic TV's representations as well as the advice from the external legal

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<sup>1</sup> The Broadcasting Ordinance (Cap. 562) (BO) provides for the regulatory framework governing the ownership and corporate control of free TV licensees and any person exercising control of such licensees. In particular, Schedule 1 to the BO requires that a disqualified person (DP) shall not exercise control of a free TV licensee unless otherwise approved by the Chief Executive in Council. Pursuant to the relevant provisions of the BO, i-CABLE and its associates (including each subsidiary) are DPs in relation to Fantastic TV by virtue of their being associated with Hong Kong Cable Television Limited, a domestic pay television programme service licensee, and are prohibited from exercising control of Fantastic TV or otherwise interfering in the affairs of Fantastic TV. Condition 31 of Fantastic TV's free TV licence (Licence) provides that the management of the licensee shall not be performed by persons other than the directors and principal officers of the licensee and persons duly authorised by the licensee.

adviser of the CA, the CA concluded that there is insufficient evidence based on which it can be reasonably inferred that i-CABLE and its associates exercised control of Fantastic TV or otherwise interfered with the management and operations of Fantastic TV in contravention of the provisions of the BO and the Licence.

4. To ensure that the persons exercising control of Fantastic TV complied and will continue to comply with the relevant provisions of the BO and the Licence, and to provide safeguards to prevent i-CABLE and its associates from interfering, or being perceived to be interfering, with the management and operations of Fantastic TV, the CA secured –

- (a) from Fantastic TV and the relevant personnel, statutory declarations confirming that Fantastic TV's directors have been carrying out their duties to oversee the management and operations of Fantastic TV at all material times and that neither i-CABLE nor its associates have exercised control of Fantastic TV as DPs; and deeds of undertaking that the directors of Fantastic TV will continue to perform their duties and that all reasonable and necessary steps will be taken to ensure that i-CABLE and its associates will continue to comply with the DP restrictions; and
- (b) from i-CABLE, a deed of undertaking that i-CABLE and its associates will not exercise control of Fantastic TV as DPs.