

Telecommunications Ordinance (Chapter 106)

Notice is hereby given that the Broadcasting Authority has received an application from Phoenix Radio Limited, a company duly incorporated in Hong Kong whose registered office is situated at Nos. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, N.T., Hong Kong, for a licence to establish and maintain in Hong Kong a sound broadcasting service.

The particulars of the application in this Notice, as set out below, are provided by Phoenix Radio Limited. Nothing in this notice shall affect or prejudice any powers, discretion and rights of the Broadcasting Authority or the Government.

1. Company Information

Corporate and shareholding structure

The Applicant, Phoenix Radio Limited (“Phoenix Radio”), was incorporated on 11th November 2009 in Hong Kong in accordance with the Companies Ordinance (Cap.32). Phoenix Radio is wholly-owned by Phoenix Satellite Television (B.V.I.) Holding Limited, which is a direct wholly-owned subsidiary of Phoenix Satellite Television Holdings Limited.

Compliance with statutory requirements

Phoenix Radio submits the following:-

- Phoenix Radio and all persons exercising control of Phoenix Radio are fit and proper persons¹.
- Phoenix Radio is empowered under its memorandum of association to comply fully with the provisions of the Telecommunications Ordinance (Cap.106) and the terms and conditions of its licence.
- Phoenix Radio is a subsidiary. Therefore, it does not comply with the requirement on competence of licensee under section 13F of the Telecommunications Ordinance².

¹ Under section 13C(5) of the Telecommunications Ordinance, in determining whether a person is a fit and proper person, account shall be taken of –

- (a) the business record of the person;
- (b) the record of the person in situations requiring trust and candour;
- (c) the criminal record in Hong Kong of the person in respect of offences under the laws of Hong Kong involving bribery, false accounting, corruption or dishonesty; and
- (d) the criminal record in places outside Hong Kong of the person in respect of conduct that, if done in Hong Kong, would constitute or form part of the criminal record in Hong Kong of the person as mentioned in paragraph (c) .

² Section 13F stipulates that a sound broadcasting licence may be granted to or held only by a corporation that is not a subsidiary.

Phoenix Radio has already applied to the Chief Executive in Council for an exemption from such restriction pursuant to section 39 of the Telecommunications Ordinance³.

- The disqualified persons⁴ exercising control of Phoenix Radio are set out as follows:

1. Mr. Liu Changle

Reasons for being disqualified person

- (a) Mr. Liu Changle owns 93.3% of the shares in Today's Asia Limited, which in turn holds 100% of the shares in Vital Media Holdings Limited. Vital Media Holdings Limited owns 100% of the shares in Dragon Viceroy Limited, and Dragon Viceroy Limited owns 26.85% interest in Asia Television Limited. As (i) Asia Television Limited is a holder of domestic free television programme service licence; and (ii) Mr. Liu Changle indirectly holds 25.05% voting shares in Asia Television Limited and thus is a person exercising control of Asia Television Limited, pursuant to the definition of "disqualified person" under section 13A of the Telecommunications Ordinance, Mr. Liu Changle is a disqualified person.
- (b) Mr. Liu Changle is a director, the chairman and chief executive officer of Phoenix Satellite Television Company Limited. As (i) Phoenix Satellite Television Company Limited is "a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong"; and (ii) Mr. Liu Changle holds office in Phoenix Satellite Television Company Limited and thus is a person exercising control of Phoenix Satellite Television Company Limited, pursuant to section 13A of the Telecommunications Ordinance, Mr. Liu Changle is a disqualified person.

³ Pursuant to section 39 of the Telecommunications Ordinance, the Chief Executive in Council may by order exempt any person or any class of persons from the Telecommunications Ordinance or from such of the provisions thereof as he thinks fit.

⁴ Pursuant to section 13A(1) of the Telecommunications Ordinance, "disqualified person" means –

- (a) an advertising agent;
- (b) a person who in the course of business supplies material for broadcasting by a sound broadcasting licensee;
- (c) a sound broadcasting licensee;
- (d) a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong;
- (da) a person who is –
 - (i) a domestic free television programme service licensee, or a domestic pay television programme service licensee, within the meaning of section 2(1) of the Broadcasting Ordinance (Cap 562); or
 - (ii) an associate of a licensee referred to in subparagraph (i);
- (e) a person who exercises control of a corporation that is a person referred to in paragraph (a), (b), (c), (d) or (da)(i).

2. Mr. Chui Keung

Reasons for being disqualified person

Mr. Chui Keung is a director and deputy executive officer of Phoenix Satellite Television Company Limited. As (i) Phoenix Satellite Television Company Limited is “a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong”; and (ii) Mr. Chui Keung holds office in Phoenix Satellite Television Company Limited and thus is a person exercising control of Phoenix Satellite Television Company Limited, pursuant to section 13A of the Telecommunications Ordinance, Mr. Chui Keung is a disqualified person.

3. Mr. Wang Jiyan

Reasons for being disqualified person

Mr. Wang Jiyan is a director and deputy executive officer of Phoenix Satellite Television Company Limited. As (i) Phoenix Satellite Television Company Limited is “a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong”; and (ii) Mr. Wang Jiyan holds office in Phoenix Satellite Television Company Limited and thus is a person exercising control of Phoenix Satellite Television Company Limited, pursuant to section 13A of the Telecommunications Ordinance, Mr. Wang Jiyan is a disqualified person.

4. Mr. Yu Tung Ho

Reasons for being disqualified person

(a) Mr. Yu Tung Ho is the chairman of Phoenix Radio and is currently an alternate director to Mr. Yan Gang, director of Asia Television Limited. As (i) Asia Television Limited is a holder of domestic free television programme service licence; and (ii) Mr. Yu Tung Ho holds office in Asia Television Limited and thus is a person exercising control of Asia Television Limited, pursuant to section 13A of the Telecommunications Ordinance, Mr. Yu Tung Ho is a disqualified person.

(b) Mr. Yu Tung Ho is a senior deputy executive officer of Phoenix Satellite Television Company Limited. As (i) Phoenix Satellite Television Company Limited is “a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong”; and (ii) Mr. Yu Tung Ho holds office in Phoenix Satellite Television Company Limited and thus is a person exercising control of Phoenix Satellite Television Company Limited, pursuant to section 13A of the Telecommunications Ordinance, Mr. Yu Tung Ho is a disqualified person.

5. Mr. Shi Ningning

Reasons for being disqualified person

Mr. Shi Ningning is the president of Phoenix Radio and deputy executive officer of

Phoenix Satellite Television Company Limited. As (i) Phoenix Satellite Television Company Limited is “a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong”; and (ii) Mr. Shi Ningning holds office in Phoenix Satellite Television Company Limited and thus is a person exercising control of Phoenix Satellite Television Company Limited, pursuant to section 13A of the Telecommunications Ordinance, Mr. Shi Ningning is a disqualified person.

6. Phoenix Satellite Television (B.V.I.) Holding Limited

Reasons for being disqualified person

(a) Phoenix Satellite Television (B.V.I.) Holding Limited owns partial interests of the entities set out in the table below. Such entities carry on business of outdoor media which involves advertising agency business in mainland China:

Company Name	Shareholdings of Phoenix Satellite Television (B.V.I.) Holding Limited	Principal place of business
Phoenix Metropolis Media (Beijing) Co. Ltd.	75%	Beijing
Phoenix Metropolis Media (Shanghai) Co. Ltd.	75%	Shanghai
Phoenix Metropolis Media (Hangzhou) Co. Ltd.	75%	Zhejiang Province
Shenzhen Phoenix Metropolis Media Co. Ltd.	60%	Shenzhen
Phoenix Metropolis Media (Guangzhou) Co. Ltd.	56.25%	Guangdong Province
Jiangsu Phoenix Metropolis Media Co. Ltd.	75%	Jiangsu Province
Phoenix Metropolis Media (Sichuan) Co. Ltd.	75%	Sichuan Province

Pursuant to the Telecommunications Ordinance, as (i) the above entities are all advertising agents; and (ii) Phoenix Satellite Television (B.V.I.) Holding Limited exercises control of each of the above entities, pursuant to section 13A of the Telecommunications Ordinance, Phoenix Satellite Television (B.V.I.) Holding Limited is a disqualified person.

(b) Phoenix Satellite Television (B.V.I.) Holding Limited has 100% interest in Phoenix Satellite Television Company Limited. As (i) Phoenix Satellite

Television Company Limited is “a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong”; and (ii) Phoenix Satellite Television (B.V.I.) Holding Limited is a beneficial owner of more than 35% of voting shares in Phoenix Satellite Television Company Limited and thus is a person exercising control of Phoenix Satellite Television Company Limited, pursuant to section 13A of the Telecommunications Ordinance, Phoenix Satellite Television (B.V.I.) Holding Limited is a disqualified person.

Phoenix Radio submits that it has sufficient justifications to apply to the Chief Executive in Council for exercising discretion to grant a licence⁵:

1. The above persons met the criterion of fit and proper persons under the Telecommunications Ordinance.
2. The above persons are experienced in the management of various media businesses and possess the management skills required in the development of radio business. Moreover, Phoenix Satellite Television (B.V.I.) Holding Limited has sound and stable financial backing and has the ability to maintain, throughout the period for which the licence would be in force, the proposed sound broadcasting service.
3. Phoenix Radio’s digital audio broadcasting business and the television broadcasting business of Asia Television Limited belong to two different media. Although both services are operated in Hong Kong, they will not have a negative impact on the competition in their respective media markets.
4. Phoenix Satellite Television Company Limited is a holder of non-domestic television programme service licence. Its television service does not primarily target the Hong Kong market, while the digital audio broadcasting service of Phoenix Radio serves the Hong Kong local market. The two services will not be operated in the same market, and thus have no negative impact on the competition in their respective service markets.
5. The sound broadcasting business under Phoenix Satellite Television (B.V.I.) Holding Limited and the outdoor advertising business are not in the same media. Furthermore, the outdoor advertising business only serves the mainland China market, while the digital audio broadcasting business serves the Hong Kong market. The two businesses will not be operated in the same market, and thus will have no negative impact on the competition in their respective service markets.
6. This application will not make negative impact on:-
 - (1) the editorial policy and programme, advertising and technical standards of Phoenix Radio;
 - (2) competition on the local broadcasting industry; and
 - (3) benefits to the local audience and the community as a whole.

⁵ Pursuant to section 13G of the Telecommunications Ordinance, Chief Executive in Council may grant a sound broadcasting licence to a corporation in respect of which a disqualified person exercises control.

7. Phoenix Radio believes that the approval for the above persons to exercise control on Phoenix Radio will be beneficial to the overall interest of the public. Phoenix Radio is willing to consider any terms or conditions proposed by the Chief Executive in Council in this regard.

● Details about unqualified person⁶ are set out as follows:

Mr. Liu Changle, a director of Phoenix Radio, resides in Hong Kong for less than 180 days in year 2009 to 2010 due to business affairs and therefore failed to comply with the requirement of being ordinarily resident in Hong Kong. Prior to that, Mr. Liu had been ordinarily resident in Hong Kong and had been resident for a continuous period of not less than 7 years. Mr. Liu Changle has 34.7% of the indirect interest in the voting shares of Phoenix Radio, which did not exceed the restriction under the Telecommunications Ordinance, i.e., the aggregate of voting shares in which unqualified persons have interest shall not exceed 49% of the total number of shares in a licensee.

Financial soundness and proposed investment

The revenue of the Phoenix Group for the year 2009 exceeded HK\$1.5 billion with a profit of over HK\$300 million. The Group has almost HK\$800 million cash. Phoenix Radio submits that the Group has sufficient financial resources to support the development of Phoenix Radio and is capable to bear the risk in developing a new business.

According to the current situation and planning, Phoenix Radio estimates that the funding needs will be about HK\$42 million. Total expenditure for the first 6 years will be about HK\$203 million, which includes capital expenditure of HK\$13 million and operating expenditure of HK\$190 million. Such estimations are based on the conditions that the economy continues to prosper in Hong Kong and the Pearl River Delta region, that the new digital audio broadcasting market develops smoothly, and that Phoenix Radio is licensed to provide 3 digital audio broadcasting channels.

⁶ Pursuant to section 13I of the Telecommunications Ordinance, a person shall be an "unqualified person" unless-

- (a) he is a person who is for the time being ordinarily resident in Hong Kong and has at any time been resident for a continuous period of not less than 7 years; or
- (b) that person is a company that is ordinarily resident in Hong Kong.

Pursuant to section 13A of the Telecommunications Ordinance, a company is ordinarily resident in Hong Kong if:-

- (a) it is formed and registered in Hong Kong under the Companies Ordinance; and
- (b) in the case where-
 - (i) not more than 2 of its directors take an active part in the management of the company, each of those directors is; or
 - (ii) more than 2 of its directors take an active part in the management of the company, a majority of those directors are each of them,for the time being ordinarily resident in Hong Kong and has at any time been resident for a continuous period of not less than 7 years; and
- (c) the control and management of which is bona fide exercised in Hong Kong.

Managerial and technical expertise

Phoenix Radio submits that the experience of the Phoenix Group in the management of various media businesses can ensure that Phoenix Radio is able to maintain, throughout the period for which the licence would be in force, the proposed sound broadcasting service. Phoenix Radio can utilize the information and human resources of Phoenix Satellite TV, ifeng.com, Phoenix Weekly Magazine as well as Phoenix Metropolis Media which mainly cover mainland China and overseas Chinese communities so as to enrich the programme contents and reduce operating costs. Among the senior management of the Phoenix Group, many are from the radio broadcasting industry.

The directors of Phoenix Radio include Mr. Liu Changle, Mr. Chui Keung and Mr. Wang Jiyun. Mr. Yu Tung Ho is the chairman and Mr. Shi Ningning is the president of Phoenix Radio.

Quality control and compliance

Phoenix Radio submits that it will strictly comply with the Broadcasting Authority's "Radio Code of Practice on Programme Standards," "Radio Code of Practice on Advertising Standards" and "Radio Code of Practice on Technical Standards." For each channel, Phoenix Radio will appoint a Chief Editor for vetting programmes. The Programme and Production Director will be responsible for deciding on any queries raised by the Chief Editor. The Director of Marketing and Sales will be responsible for ensuring compliance with the Advertising Standards, while the technical staff and the Administration Director will be responsible for compliance with the Technical Standards. The aforesaid staff will be arranged after the grant of licence. Training on internal monitoring system will be provided prior to the launch of service.

Regarding the supply of programmes from programme suppliers, Phoenix Radio will enter into licence agreements with each programme supplier when purchasing programmes for broadcasting on the digital audio broadcasting channels. The programme suppliers will give undertaking in the licence agreements that they are the copyright owners of such programmes or they have the right to licence such programmes to Phoenix Radio.

2. Programming Information

Programming to be provided, by nature and number of channels and extent of local production

Phoenix Radio submits that the brand of Phoenix Radio's digital broadcasting service in Hong Kong will be "Phoenix U Radio."

Phoenix Radio has applied for operating 3 digital audio broadcasting channels, which will be positioned together as "Learn Putonghua, Listen to Phoenix", "Know the World, Listen to Phoenix" and "Understand China, Listen to Phoenix". Phoenix Radio hopes that the three channels will have a unique positioning in the Hong Kong sound broadcasting industry, bring diversification to the local sound broadcasting industry and provide more choices for Hong Kong audience.

The target audience of Phoenix Radio's digital broadcasting service in Hong Kong will be those who are interested in learning more about the world and mainland China; those who intend to invest, set up business or travel in mainland China; those who want to learn Putonghua; those who commute among Shenzhen, Hong Kong and the Pearl River Delta areas; those who are immigrants from mainland China; and those who are Chinese-speaking tourists from mainland China, Taiwan and overseas etc.

The first channel will be called "Phoenix Special U Radio". It aims to provide content on current and social affairs, economic and financial issues, as well as historical and cultural programmes. The programme language is mainly Putonghua. The genres of programmes include news, financial programmes, information programmes (including current affairs, lifestyle etc.), interview programmes, cultural programmes, entertainment programmes and music programmes.

The second channel will be called "Phoenix Guangdong Hong Kong U Radio". It emphasizes on information exchange between Hong Kong and Guangdong. It will particularly focus on the interaction between Hong Kong and the Pan Pearl River Delta region. It aims to promote the development of the economy, culture, living, tourism, etc in the two regions. Approximately 70% of its programmes will be in Putonghua and 30% will be in Cantonese. Programme genres include news, financial programmes, information programmes, interview programmes, cultural programmes, entertainment programmes, Phoenix TV programmes and music programmes.

The third channel will be called "Phoenix Putonghua & Music U Radio". It aims to teach Putonghua and play high quality music. With programmes specifically for learning Putonghua together with songs in Putonghua, this channel can help Hong Kong audience to learn Putonghua in an easy way and experience the joy of speaking Putonghua in everyday life. Regarding the types of the music, a majority of the songs will be in Putonghua and the rest will be mainly Cantonese songs with some English songs. Their proportions will approximately be 6.5: 3: 0.5. The genres of programmes in this channel will be Putonghua-teaching programmes and music programmes.

According to the current plan, all programmes on the first channel will be locally produced. 80% of the programmes on the second and third channels will be locally produced, while 20% of the programmes will be obtained from radio stations in mainland China by gratuitous exchange. The genres and contents of the programmes to be obtained will depend on the recruitment results and market situations.

Proposed milestones on channel roll-out

If the preparation proceeds smoothly (including timely completion of the construction of transmission stations and networks etc.), Phoenix Radio wishes to launch its first channel (i.e. Phoenix Special U Radio) within 6 months after the grant of licence, its second channel (i.e. Phoenix Guangdong Hong Kong U Radio) 6 months thereafter, and its third channel (i.e. Phoenix Putonghua & Music U Radio) another 6 months later.

The daily operating hours of the service

Phoenix Radio is prepared to broadcast on a 24-hour basis, including music programmes and re-run of programmes.

3. Technical information

Transmission mode and frequency to be employed

Phoenix Radio plans to adopt the DAB+⁷ standard. Phoenix Radio will apply for using channel 11C (219.584 - 221.120 MHz) in common with other licensees.

Proposed location of each transmission station and geographical coverage

Phoenix Radio will pay to use the digital audio broadcasting network constructed by other entities instead of building its own network. The location of transmission station, coverage and frequency will be decided by the entity constructing the network.

Phoenix Radio proposes to provide territory-wide coverage, including Hong Kong Island, Kowloon and the New Territories.

Service roll-out

Phoenix Radio intends to attain 50% coverage within 18 months. However, the network constructing entity will decide the actual network coverage.

Phoenix Radio will engage professional technical company to provide technical support and network operation, and to tailor-make the digital audio receiver products specifically for the target users of Phoenix Radio, such as receivers for vehicles and mobile phones. Phoenix Radio will offer free receivers to its audience and use other advertising media within the Phoenix Group as its marketing and service development strategies.

Equipment and facilities required at the customer end

The proposed services will not be encrypted. Audience is required to use DAB+ receivers to receive the service. Phoenix Radio will offer free receivers to its audience and no installation charge or periodic payment is required.

⁷DAB+ is based on the Eureka 147 DAB standard and employs a more advanced audio codec than that of DAB which has been deployed in some foreign countries. In general, a DAB compatible receiver will not be able to receive services delivered in DAB+ format. On the other hand, a DAB+ compatible receiver can receive services delivered in both DAB and DAB+ formats.

4. Other information

Commencement of Service

If the preparation proceeds smoothly (including timely completion of the construction of transmission stations and networks etc.), Phoenix Radio wishes to launch its first channel (i.e. Phoenix Special U Radio) within 6 months after the grant of licence, its second channel (i.e. Phoenix Guangdong Hong Kong U Radio) 6 months thereafter, and the third channel (i.e. Phoenix Putonghua & Music U Radio) another 6 months later.

Preferred period of validity of the licence

12 years.

Construction work required and its impact on the public

Phoenix Radio will pay to use the digital audio broadcasting network constructed by other entities instead of building its own network. As the transmission stations are located at hill top, it is estimated that the relevant construction work will not have great impact on the public. Moreover, all successful applicants for the digital audio broadcasting licence will share the transmission stations.

The benefit brought by the implementation of the proposal to the local industry, audience/customers and the community as a whole

Phoenix Radio submits that its digital audio broadcasting service will bring the following benefits to the local industry, audience and the community as a whole:

1. Enriching the Putonghua sound broadcasting contents in Hong Kong: Currently, there is only one Putonghua channel among the 13 broadcasting channels operated by the existing 3 sound broadcasting service providers in Hong Kong. With the connection between Hong Kong and mainland China becoming closer, more and more Hong Kong residents wish to learn Putonghua. Furthermore, with the rapidly increasing number of new immigrants from the mainland, as well as the influx of Chinese-speaking tourists from the mainland, Taiwan and overseas countries in recent years, there is a growing demand for Putonghua programmes. According to statistics, there are about 1 million residents in Hong Kong whose language of preference is Putonghua, and there were about 18 million mainland Chinese tourists and 2 million Taiwanese tourists visiting Hong Kong last year, indicating that there is a large group of potential audience for Putonghua programmes. Therefore, the Putonghua channels provided by Phoenix Radio can enrich the current Putonghua broadcasting contents and provide more choices for Hong Kong residents and Chinese-speaking tourists from mainland China, Taiwan and overseas.

2. Enhancing the information exchange between Guangdong and Hong Kong: On 7 April, the “Framework Agreement on Hong Kong/Guangdong Cooperation” was signed between the Hong Kong Special Administrative Region Government and the Guangdong Provincial Government. The Agreement covers co-operation in economic, social, civil and

cultural areas between the two regions. It is proposed in the Agreement that Guangdong and Hong Kong should aim to take the lead in developing a new world-class economy with the highest development and growth potentials. The Agreement covers cooperation in 9 areas, including trans-boundary infrastructure, modern services industry, manufacturing and technology innovation, business environment, living environment, education and talents, key co-operation areas, regional co-operation plans and mechanism arrangement. Phoenix Group possesses governmental resource and enterprise relationship in mainland China, especially in the Pan Pearl River Delta region. With the signing of the Agreement and the closer connection between the two regions, Phoenix Radio strives to facilitate the cooperation between the two regions and enhance information exchange by making use of its abundant governmental resources and close ties with enterprises in the Pan Pearl River Delta Region, for instance, helping Hong Kong residents to better understand mainland China, providing information in entertainment, travel and leisure, property market, investment, education, culture, etc. On the other hand, Phoenix Radio can also provide useful information about Hong Kong for Chinese businessmen operating business in Hong Kong, Chinese tourists visiting Hong Kong and mainland Chinese immigrants. Phoenix Radio can serve as the bridge between the 2 regions.

3. Broaden the vision of the Hong Kong residents: Based in Hong Kong, Phoenix Radio aims to promote the exchange of current affairs, financial news and cultural information, etc. among mainland China, Hong Kong and the world. It helps Hong Kong residents to enhance their knowledge on mainland China and the world and strengthens the connection between Hong Kong residents and the Chinese people worldwide.

Members of the public who are interested may make representations on the application to the Broadcasting Authority by **30 July 2010** at the following address:-

The Broadcasting Authority
c/o Television and Entertainment Licensing Authority
39th Floor, Revenue Tower
5 Gloucester Road
Wan Chai
Hong Kong

Fax Number: 2507 2219
2598 5509 (Confidential)

E-mail: ba@tela.gov.hk

All comments received will not be made in confidence unless specified otherwise. We may reproduce and publish the submissions received in whole or in part (except confidential information as marked) in any form without seeking the permission of or providing acknowledgement to the party making the submission.

9 July 2010
Secretary, Broadcasting Authority

Telecommunications Ordinance (Chapter 106)

Notice is hereby given that the Broadcasting Authority has received an application from Metro Broadcast Corporation Limited, a company duly incorporated in Hong Kong whose registered office is situated at 22/F Hutchison House, 10 Harcourt Road, Central, Hong Kong, for a digital audio broadcasting licence.

The particulars of the application in this Notice, as set out below, are provided by Metro Broadcast Corporation Limited. Nothing in this notice shall affect or prejudice any powers, discretion and rights of the Broadcasting Authority or the Government.

1. COMPANY INFORMATION

Corporate and shareholding structure

Metro Broadcast Corporation Limited (“Metro Broadcast”) is an existing sound broadcasting licensee in Hong Kong and its licence was renewed on 22 July 2003.

The issued share capital of Metro Broadcast is held as to 50% by Hutchison Commercial Broadcasting Limited (“HCB”) and as to 50% by Newton City Limited (“Newton City”). HCB is a wholly owned subsidiary of Hutchison Whampoa Limited and Newton City is a wholly owned subsidiary of Cheung Kong (Holdings) Limited.

Compliance with statutory requirements

Metro Broadcast submits the following –

- Metro Broadcast and all persons exercising control of Metro Broadcast are fit and proper persons¹.
- Metro Broadcast is a company registered and incorporated in Hong Kong under the Companies Ordinance (Cap.32) in 1990.
- Metro Broadcast is not a subsidiary as defined under the Companies Ordinance.
- Metro Broadcast is empowered under its Memorandum of Association to comply fully

¹ Under section 13C(5) of the Telecommunications Ordinance, in determining whether a person is a fit and proper person, account shall be taken of-

- (a) the business record of the person;
- (b) the record of the person in situations requiring trust and candour;
- (c) the criminal record in Hong Kong of the person in respect of offences under the laws of Hong Kong involving bribery, false accounting, corruption or dishonesty; and
- (d) the criminal record in places outside Hong Kong of the person in respect of conduct that, if done in Hong Kong, would constitute or form part of the criminal record in Hong Kong of the person as mentioned in paragraph (c).

with the provisions of the Telecommunications Ordinance (Cap.106) and the terms and conditions of Metro Broadcast's Sound Broadcasting Licence.

- There are no disqualified persons² exercising control of Metro Broadcast.
- There are no unqualified persons³ having, directly or indirectly, any right, title or interest in the voting shares in Metro Broadcast.

Financial soundness and proposed investment

Metro Broadcast submits that the estimated expenditure by Metro Broadcast in the initial six years for the launch of digital audio broadcasting (“DAB”) services is HK\$134.2 million, comprising capital expenditure of HK\$20.7 million and operating expenditure of HK\$113.5 million. The intended investment and operating activities will be funded by the company’s cashflow from the conduct of its business (including its existing analogue business) and, in the case of any shortfall in required funding from shareholders of Metro Broadcast. External funding or financial arrangement with third parties would not be required. The financial strength of Metro Broadcast’s shareholders can be attributed to their respective holding companies, namely Hutchison Whampoa Limited and Cheung Kong (Holdings) Limited, which are both constituent stocks of the Hang Seng Index.

² Under section 13A(1) of the Telecommunications Ordinance, “Disqualified person” means –

- (a) an advertising agent;
- (b) a person who in the course of business supplies material for broadcasting by a sound broadcasting licensee;
- (c) a sound broadcasting licensee;
- (d) a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong;
- (da) a person who is-
 - (i) a domestic free television programme service licensee, or a domestic pay television programme service licensee, within the meaning of the Broadcasting Ordinance (Cap. 562); or
 - (ii) an associate of a licensee referred to in subparagraph (i);
- (e) a person who exercises control of a corporation that is a person referred to in paragraph (a), (b), (c), (d) or (da)(i).

³ Under section 13I of the Telecommunications Ordinance, a person shall be an “unqualified person” unless –

- (a) he is a person who is for the time being ordinarily resident in Hong Kong and has at any time been resident for a continuous period of not less than 7 years; or
- (b) that person is a company that is ordinarily resident in Hong Kong.

Under section 13A(1) of the Telecommunications Ordinance, a company is ordinarily resident in Hong Kong if –

- (a) it is formed and registered in Hong Kong under the Companies Ordinance; and
- (b) in the case where:
 - (i) not more than 2 of its directors take an active part in the management of the company, each of those directors is; or
 - (ii) more than 2 of its directors take an active part in the management of the company, the majority of those directors are each of them, for the time being ordinarily resident in Hong Kong and has at any time been resident for a continuous period of not less than 7 years; and
- (c) the control and management of the company is bona fide exercised in Hong Kong.

Managerial and technical expertise

Metro Broadcast is an existing sound broadcasting licensee in Hong Kong. The radio station has been in operation since 1991, running a total of three channels: two on FM (Metro Finance and Metro Info) and one on AM (Metro Plus). According to its submission, members of the management team of Metro Broadcast have sound broadcasting experience and the staff body consists of trained radio talents and skilled personnel in day-to-day radio station operation.

The directors of Metro Broadcast are Ms Chan Wen Mee, May, Ms Edith Shih, Ms Eirene Yeung and Ms Pau Yee Wan, Ezra.

Quality control and compliance

Metro Broadcast submits that a dedicated Compliance Department is responsible for overseeing matters of compliance for all channels operated by Metro Broadcast on both of the analogue and digital broadcasting platforms. Systems and procedures are in place to ensure full compliance of Metro Broadcast programmes with applicable laws, licence conditions, Codes of Practice, directions and orders issued or made by the Broadcasting Authority or the Chief Executive in Council.

2. PROGRAMMING INFORMATION

Programming to be provided, by nature and number of channels and extent of local production

Metro Broadcast intends to operate three channels on Channel No.11C in Band III.

Metro DAB Channel 1

The Metro DAB Channel 1 (“Metro DAB1”) aims to provide for those in our city who are avid consumers of financial news and information. This service is designed to cater for the needs of audiences of different backgrounds and financial know-how, hence it covers a wide spectrum of audience profiles. Comprehensive reporting on selected topics and Putonghua financial programmes are two distinctive features on this new service.

Metro DAB1 will air programmes in Cantonese as well as Putonghua. The programmes on Metro DAB1 will be self-produced primarily with occasional simulcast with overseas broadcasters e.g. China. The types of programmes include business/financial programmes, music, news programmes, educational/sports/arts and culture, talk show/phone-in programmes and health programmes.

Metro DAB Channel 2

Music and entertainment are the two arms of programming for this service. To capitalise on the major advantage of digital audio broadcasting that is CD-quality sound, the Metro DAB Channel 2 (“Metro DAB2”) will play music of different genres. In addition to musical entertainment, movie, visual arts, talk shows, phone-in programmes and other forms of

entertainment will be covered on Metro DAB2.

The language of broadcast for Metro DAB2 is Cantonese, and Putonghua will be used in selected programmes. The programmes will be self-produced primarily with occasional co-production with overseas broadcasters such as in the form of simulcast with sound broadcasters in China. The types of programmes include music, talk show/phone-in programmes, educational/sports/arts and culture, variety programme/game show/drama, news and business/financial programmes.

Metro DAB Channel 3

The Metro DAB Channel 3 (“Metro DAB3”) is a lifestyle oriented channel and carries contents addressing daily life in breadth and depth. Unlike the other two channels, the majority of programmes on Metro DAB3 are interactive ones with live studio guests. The main programming objectives of Metro DAB3, among others, can be categorised into the following:

- Promote education and continuous learning
- Encourage Lifestyles of Health and Sustainability (LOHAS): health consciousness and sustainable living
- Practise smart spending and improve quality of life
- Support a harmonious society

Metro DAB3 is another Cantonese language service of Metro Broadcast to be provided on the digital platform. The programmes on Metro DAB3 will be self-produced primarily with occasional simulcast with overseas broadcasters e.g. China. The types of programmes include talk show on health/gourmet/travel, music, news programmes, educational programmes and business/financial programmes.

For each of the three DAB channels, the estimated percentage of programmes that will also be broadcast on Metro Broadcast’s analogue channels is as follows:

Channel	% of Broadcasting Time
Metro DAB Channel 1	60%
Metro DAB Channel 2	30%
Metro DAB Channel 3	30%

Metro Broadcast plans to gradually increase the amount of new programmes on the DAB channels tailored to the taste and needs of digital radio listeners to be discovered after the service launch of DAB by conducting audience surveys and focus group study.

The proposed milestone on channel roll-out

Metro Broadcast aims to be amongst the first to provide DAB service in Hong Kong. Subject to appropriate arrangements for sharing of infrastructure having been put in place, Metro Broadcast will launch its Metro DAB Channel 1 in 2011.

The Metro DAB Channel 2 and Metro DAB Channel 3 would be service ready in 2012 and 2013 respectively to cope with the progressive take-up rate of DAB services by the Hong Kong public.

The daily operating hours of the service

Metro Broadcast plans to provide 24-hour broadcasting daily on all three new DAB channels.

3. TECHNICAL INFORMATION

Transmission mode and frequency to be employed

Based on the release of Band III, Channel No.11C frequency (i.e. 219.584 – 221.120 MHz), Metro Broadcast will adopt the DAB+ standard⁴ for digital sound broadcasting service.

Proposed location of each transmission station and geographical coverage

Metro Broadcast will adopt the “Framework for Development of Digital Audio Broadcasting (DAB) Services in Hong Kong” released by the Government in February 2010 and support sharing the existing seven FM hilltop sites to implement the transmission network. Audience therefore can experience reception coverage similar to existing FM broadcast services given sufficient transmission power is granted by the authority.

Service roll-out

Metro Broadcast proposes the set up of a DAB committee, which includes broadcasters, network operator(s) and government authorities to facilitate the service roll-out in Hong Kong. The committee will address key issues like accurate coverage planning and common technical standards among broadcasters for easy adoption by receiver manufacturers.

Subject to the readiness of the FM hilltop sites and appropriate arrangements for sharing of infrastructure having been put in place, Metro Broadcast plans to launch its DAB service in 2011, or within six to nine months after the licence is granted. Territory-wide coverage is expected to be achieved in about three years, i.e. in 2013.

Initial coverage is provided by the transmission from Mount Gough which serves mainly the urban area of Kowloon and Hong Kong Island. Territory-wide coverage can be provided with the completion of the other six hilltop sites within three years.

Equipment and facilities required at the customer end

The DAB service to be provided by Metro Broadcast will be free-to-air, i.e. no conditional access or encryption will be applied to the transmitted signal. As the technology behind DAB is different from traditional AM/FM broadcast, receivers capable of decoding DAB+ signals

⁴ DAB+ is based on the Eureka 147 DAB standard and employs a more advanced audio codec than that of DAB which has been deployed in some foreign countries. In general, a DAB compatible receiver will not be able to receive services delivered in DAB+ format. On the other hand, a DAB+ compatible receiver can receive services delivered in both DAB and DAB+ formats.

are required to listen to the DAB programmes offered by Metro Broadcast. These receivers are usually equipped with FM reception capability as well.

Metro Broadcast will not charge the audience any installation or recurring fees for its DAB services.

4. OTHER INFORMATION

Commencement of service

Metro Broadcast expects to commence DAB services in 2011.

Preferred period of validity of the licence

Metro Broadcast prefers a licence period of twelve years in respect of the provision of DAB services.

Construction work required and its impact on the public

Metro Broadcast submits that the majority of its planned construction works are related to the setup of broadcast studios. Therefore impact on the public would be minimal.

Construction of the transmission facilities would likely be confined to the hilltop sites which are in remote locations. The actual impact will be evaluated by the proposed DAB Committee.

The benefits brought by the implementation of the proposal to the local industry, audience /customers and the community as a whole

Metro Broadcast submits the following –

- The implementation of the DAB proposal of Metro Broadcast will widen the choice of quality programmes on the digital platform for the Hong Kong audience. Metro Broadcast is a sound broadcasting licensee currently in operation and has a proven track record in producing quality programmes to meet the needs and wishes of its audience. The proposed Metro Broadcast's DAB channels are designed to provide contents of great varieties to entertain, inform and educate the local community.
- The experience of Metro Broadcast in sound broadcasting will be an asset to nurture the development of DAB in Hong Kong. The public wants quality radio programmes on the new digital platform hence the reputation of Metro Broadcast in producing quality programmes will be a strong pull.
- Economically speaking, the investment amount planned by Metro Broadcast in introducing DAB will be translated into job openings directly with the company or

indirectly in the peripheral industries, thus facilitating the employment market in Hong Kong.

Members of the public who are interested may make representations on the application to the Broadcasting Authority by **30 July 2010** at the following address:-

The Broadcasting Authority
c/o Television and Entertainment Licensing Authority
39th Floor, Revenue Tower
5 Gloucester Road
Wan Chai
Hong Kong

Fax Number: 2507 2219
2598 5509 (Confidential)

E-mail: ba@tela.gov.hk

All comments received will not be made in confidence unless specified otherwise. We may reproduce and publish the submissions received in whole or in part (except confidential information as marked) in any form without seeking the permission of or providing acknowledgement to the party making the submission.

9 July 2010
Secretary, Broadcasting Authority

Telecommunications Ordinance (Chapter 106)

Notice is hereby given that the Broadcasting Authority has received an application from Wave Media Limited, a company duly incorporated in Hong Kong whose registered office is situated at Flat 2410, 24/F., Shell Tower, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, for a licence to establish and maintain in Hong Kong a Digital Audio Broadcasting Service.

The particulars of the application in this Notice, as set out below, are provided by Wave Media Limited. Nothing in this notice shall affect or prejudice any powers, discretion and rights of the Broadcasting Authority or the Government.

1. COMPANY INFORMATION

Corporate and shareholding structure

Wave Media Limited (“Wave Media”) holds a sound broadcasting licence, granted on 11 November 2008, to establish and operate a new service on the AM 810 kHz channel.

Wave Media submits that Wave Media was founded by nine Class ‘A’ shareholders and they are experienced businessmen, investors, professionals, and media executives. The nine shareholders hold a total of 100% voting rights of the Company. The voting rights are as follows : The Honourable Ronald Joseph Arculli (10%), Mr. Albert Jinghan Cheng (20%), Mr. Morris Ho Kwok Fai (6.66%), Mr. Alan Hoo (3.33%), Professor Arthur Li Kwok Cheung (10%), Dr. The honourable Sir David Li Kwok Po (10%), Dr. William Mong Man Wai (10%), Dr. Allan Wong Chi Yun (10%), and Mr. Wong Cho Bau (20%).

Wave Media plans to allot Class ‘B’ shares with no voting rights to a group of minority shareholders, up to 25% of Wave Media’s shareholding . It is planned that the Class ‘B’ shareholders shall include Management Team members, key programme hosts and strategic partners.

Compliance with statutory requirements

Wave Media submits the following –

- Wave Media and all persons exercising control of Wave Media are fit and proper persons¹;

¹ Under section 13C(5) of the Telecommunications Ordinance, in determining whether a person is a fit and proper person, account shall be taken of-

- (a) the business record of the person;
- (b) the record of the person in situations requiring trust and candour;
- (c) the criminal record in Hong Kong of the person in respect of offences under the laws of Hong Kong involving bribery, false accounting, corruption or dishonesty; and
- (d) the criminal record in places outside Hong Kong of the person in respect of conduct that, if done in Hong Kong, would constitute or form part of the criminal record in Hong Kong of the person as mentioned in paragraph (c).

- Wave Media is a company formed and registered in Hong Kong under the Companies Ordinance (Cap. 32) in 2006;
- Wave Media is not a subsidiary within the meaning of section 2 of the Companies Ordinance (Cap. 32);
- Wave Media is empowered under its memorandum of association to comply fully with the provisions of the Telecommunications Ordinance (Cap. 106) and the terms and conditions of its licence;
- There are no disqualified persons² exercising control of Wave Media; and
- There are no unqualified persons³ having, directly or indirectly, any right, title or interest in the voting shares in the Wave Media.

Financial soundness and proposed investment

Wave Media submits that the estimated expenditure by Wave Media in the initial six years for the launch of digital audio broadcasting (“DAB”) service is HK\$620 million, comprising capital expenditure of HK\$78 million and operating expenditure of HK\$542 million. Wave Media’s business plan calls for HK\$97 million in shareholders’ fund for the capital expenditure and the initial operating losses for the DAB services (before breakeven in the second year of operation).

Wave Media has been able to raise HK\$105 million in shareholders’ loan from Class ‘A’ shareholders. It is also planned that a group of Class ‘B’ shareholders, who may include

² Under section 13A(1) of the Telecommunications Ordinance, “Disqualified person” means –

- (a) an advertising agent;
- (b) a person who in the course of business supplies material for broadcasting by a sound broadcasting licensee;
- (c) a sound broadcasting licensee;
- (d) a person who in the course of business transmits sound or television material, whether in Hong Kong or outside Hong Kong;
- (da) a person who is-
 - (i) a domestic free television programme service licensee, or a domestic pay television programme service licensee, within the meaning of the Broadcasting Ordinance (Cap 562); or
 - (ii) an associate of a licensee referred to in subparagraph (i);
- (e) a person who exercises control of a corporation that is a person referred to in paragraph (a), (b), (c), (d) or (da)(i).

³ Under section 13I of the Telecommunications Ordinance, a person shall be an “unqualified person” unless –

- (a) he is a person who is for the time being ordinarily resident in Hong Kong and has at any time been resident for a continuous period of not less than 7 years; or
- (b) that person is a company that is ordinarily resident in Hong Kong.

Under section 13A(1) of the Telecommunications Ordinance, a company is ordinarily resident in Hong Kong if –

- (a) it is formed and registered in Hong Kong under the Companies Ordinance; and
- (b) in the case where:
 - (i) not more than 2 of its directors take an active part in the management of the company, each of those directors is; or
 - (ii) more than 2 of its directors take an active part in the management of the company, the majority of those directors are each of them,for the time being ordinarily resident in Hong Kong and has at any time been resident for a continuous period of not less than 7 years; and
- (c) the control and management of the company is bona fide exercised in Hong Kong.

Management Team members, key programme hosts and strategic partners, will subscribe for the Class “B” shares (non-voting shares) and provide an aggregate amount up to HK\$35 million into Wave Media by way of shareholder's loan.

According to Wave Media's submission, the said Shareholders' Loans (up to an aggregate amount of HK\$140 million) to be provided by the shareholders of Wave Media should be sufficient to finance the investment for the set-up and operation of the DAB services.

Managerial and technical expertise

Wave Media submits that it has a management team with managerial and technical experience, comprising businessmen, investors, professionals, media executives and experts with experience in radio and television broadcasting, electronic media and publishing.

Each Class ‘A’ shareholder holding (or a group of Class ‘A’ shareholders who together hold) 9.99% of the issued Class ‘A’ shares would be entitled to nominate one individual to act as Director of Wave Media and the total number of Directors (excluding alternate Directors) in Wave Media shall not exceed 10. Currently, Directors of Wave Media are: Mr. Albert J Cheng, Mr. Morris Ho Kwok Fai , Mr. Alan Hoo , Dr. Allan Wong Chi Yun and Mr. Wong Cho Bau.

The Management Committee has been set up to oversee such matters as the Board may from time to time resolve which may include, without limitation, implementation of policy resolved by the Board and directions given by the Board and the day-to-day operation of Wave Media. The Management Committee comprises of not less than 3 Directors and the Chief Executive Officer ("CEO"), if any, from time to time appointed by the Board.

Wave Media plans to have five departments with responsibility for: Programming, Engineering, Sales & Marketing, Operations and Finance. They will be overseen by the Management Team led by the CEO.

Quality control and compliance

The Programme Director of Wave Media will assume the role of Compliance Officer to assure the compliance of all the programme contents with applicable law, licence conditions, and Codes of Practice and directions or orders issued or made by the Broadcasting Authority. All Programme Producers and production teams will also be trained with detailed understanding of these requirements and restrictions, as well as the proper producer's guidelines.

To reinforce the monitoring of its content by the public, Wave Media will establish an interactive web-based platform to act as an ombudsman to represent the interests of the public to investigate and address the public complaints to its programme. All the complaints will be channelled to the management. These complaints and the replies to these complaints will be detailed on the web site.

Wave Media also aims to provide a platform where everyone has an equal opportunity to freely express their views and opinions, regardless of their standpoint, social or financial status.

2. PROGRAMMING INFORMATION

Programming to be provided, by nature and number of channels and extent of local production

Wave Media expects that through the large bandwidth and technical advantages of digital sound broadcasting, and by means of a multi-channel and multicultural innovative programmes, to fulfil its social obligations to provide an effective platform for fair and free expression of views as well as the promotion of social harmony.

Channels under planning and proposal includes –

- Talk radio (1 channel) – including programmes on news and market update, public affairs and commentary, knowledge and education, lifestyles and trends, harmonious society and all-night musical joint broadcast
- Ethnic Minorities Channel (1 channel) – including Philippine and Indonesian programmes
- 24-hour News and Market Update (1 channel) – including news broadcast, market update and financial programmes
- Leisure Life Channel (1 channel) – including programmes for the grey-haired brigade and healthy family programmes, musical programmes and news brief
- Community Channel (1 channel) – including programmes showcasing voluntary agencies and cases of care, programmes on community service enquiries and emergency service referrals, musical programmes and all-night musical joint broadcast
- 24-hour Music Channels (not less than 2, depending on bandwidth allocated)

Except for the Ethnic Minorities Channel, of which about 10 hours weekly of programmes is planned to be acquired from abroad, all the programmes are planned to be produced locally.

DAB Channel 頻道	Language	Locally Produced
Talk Radio 有聲台頻道	Chinese (Cantonese mainly)	~100% (~168 hours weekly)
Ethnic Minorities Channel 少數族裔頻道	Multi-Languages (English, Filipino, Indonesian mainly)	~94% (~158 hours weekly)
24 Hours News & Market Update 24 小時新聞財經頻道	Chinese (Cantonese mainly)	~100% (~168 hours weekly)
Leisure Life Channel 悠閒生活頻道	Chinese (Cantonese mainly)	~100% (~168 hours weekly)
Community Channel 社區頻道	Multi-Languages (Cantonese mainly)	~100% (~168 hours weekly)
24-hour Music 24 小時純音樂頻道	Multi-Languages (Chinese and English mainly)	~100% (~168 hours weekly)

The proposed milestone on channel roll-out

In accordance with Wave Media’s plan, the above channels will begin broadcasting in two stages:

Stage 1 (within 10 months from licence granted)	Stage 2 (within 12 months of the initial launch)
Talk Radio Ethnic Minorities Channel 5 or more 24-hour Music Channels (as many as possible to fully utilize the allocated bandwidth)	Talk Radio Ethnic Minorities Channel 24-hour News & Market Update Channel Leisure Life Channel Community Channel 2 or more 24-hour Music Channels (as many as possible to fully utilize the allocated bandwidth)

Each and every one of the above-mentioned channels will have its own targeted listeners, from ones that target a territory-wide listenership to ones that cater to tastes of minority groups.

The daily operating hours of the service

Wave Media plans to provide 24 hours daily broadcasting for each channel. If allocated 7 channels, Wave Media plans to broadcast a total of 168 hours of programmes daily, i.e. a total of 1,176 hours weekly. Types of programmes include Public Affairs & Commentary, 24-hour News and Market Update, Financial Review, Investor Education, Knowledge & Training, Lifestyles & Trends, Elder care, Harmonious Family & Society, Community Service Information, Ethnic Minorities, and all sorts of uninterrupted 24-hour music.

3. TECHNICAL INFORMATION

Transmission mode and frequency to be employed

Wave Media plans to establish and maintain DAB services in Hong Kong, operating seven or more audio channels and program-associated data services in DAB+⁴ format, based on the Eureka 147 DAB Standard, and utilizing half or more bandwidth (bit rate of approximately 600kbps or more) provided through one 1.5 MHz multiplex in Band III (219.584 - 221.120 MHz).

Proposed location of each transmission station and geographical coverage

In Hong Kong, seven transmission stations located at strategic hilltop sites are established and maintained to provide territory-wide FM radio coverage. Wave Media submits that in order for the DAB services to provide similar territory-wide coverage as FM services, DAB transmitters will be co-located at the existing FM transmission stations.

Service roll-out

Wave Media targets to launch the DAB service within 10 months from the grant of licence. Full (~90%) coverage can be achieved, if no construction work is required in all hilltop sites, and all equipment and installation are in place on time.

Equipment and facilities required at the customer end

Wave Media submits that, to listen to the DAB service, listeners need to use a DAB+ receiver and tune it to the transmission frequency (Channel 11C or 220.352MHz). Almost all DAB+ receivers have automatic scanning functions, which scan the whole Band III spectrum and store all the available DAB channels. Listeners can then select the available DAB channels and listen to their favourite radio programs.

All Wave Media's DAB channels are free to listen. No installation or recurring fees will be charged to the audience. What the audience need to pay for is a DAB+ receiver, which will be easily purchased in the retail stores. Wave Media expects that consumer can buy a DAB+ receiver from the retail stores at HK\$ 250 – HK\$ 2,000.

⁴ DAB+ is based on the Eureka 147 DAB standard and employs a more advanced audio codec than that of DAB which has been deployed in some foreign countries. In general, a DAB compatible receiver will not be able to receive services delivered in DAB+ format. On the other hand, a DAB+ compatible receiver can receive services delivered in both DAB and DAB+ formats.

4. OTHER INFORMATION

Commencement of service

Wave Media targets to launch the DAB service within 10 months from the grant of licence. Full (~90%) coverage can be achieved, if no construction work is required in all hilltop sites, and all equipment and installation are in place on time.

Preferred period of validity of the licence

Wave Media expects that the validity of the licence will be the same 12 years as other existing radio broadcasting licensee.

Construction work required and its impact on the public

Wave Media submits that the most cost effective and efficient approach to launch DAB service with similar territory-wide coverage as FM services, will be to have the DAB transmitters co-located at these transmission stations, sharing the existing transmission sites and facilities. This approach is also mentioned in the *Framework for Development of Digital Audio Broadcasting Services in Hong Kong* promulgated by the Government in February 2010. It will minimize the need to construct separate transmission stations at the hilltop sites and avoid impact to the public.

However, as the available space in these stations is limited, it may be necessary for the Telecommunications Authority to facilitate the allocation of space, if mutual agreement cannot be reached among existing broadcasters.

The benefit brought by the implementation of the proposal to the local industry, audience /customers and the community as a whole

Wave Media submits the following –

Benefits To the Broadcast Industry

- Trailblazer in digital sound broadcasting - Wave Media began investing resources in feasibility studies in 2008. In January of this year, Wave Media began technical trials using DAB/DAB+ format. Except for poor indoor reception in some areas due to low transmission power at 500W, the result of the technical trials is encouraging. If granted the digital sound broadcasting licence, Wave Media plans to proceed by first investing in the broadcasting infrastructure, including adding new digital audio broadcasting installations and transmission equipment to the transmission stations. At a later date, Wave Media will work out with other successful licence applicants to share the costs of these infrastructural outlays on the basis of bandwidths allocated. Wave Media hopes that this can expedite the process whereby Hong Kong citizens can enjoy the pleasure of radio programs with better sound and more stable reception at the earliest date possible.
- Re-positioning of sound broadcasting - Wave Media will revolutionize the way in which radio broadcasting services are provided, by using the multimedia platform, bandwidth and superior sound quality afforded by digital sound broadcasting, interweaving it with community and combining it with the Internet and other forms of media to open up room for greater programming creativity. Wave Media intends to

make the sounds of radio the irresistible sounds of the city.

- First to invest, first to throw its hat into the ring - Wave Media believes that action speaks louder than words. Wave Media puts its faith in the future of digital sound broadcasting. Besides the above-mentioned first-phase technical trials, and proposed investment in technical infrastructure following the granting of licence, Wave Media is prepared to take over whatever bandwidths that remain for provision of various music channels, once other qualified operators have been assigned the channels. Wave Media hopes that this will ensure that the Band III (219.584 to 221.120 MHz) spectrum released by the Government for DAB services will be fully utilized. Thus, no bandwidth will be left unused, which will be a waste of valuable public resources, while ensuring that listeners will have greater access to more digital radio channels. This will have the effect of making digital sound broadcasting more attractive to listeners while consolidating the base of listenership. Wave Media considers this laying a firm foundation for Hong Kong's digital sound broadcasting market.

Benefits to Radio Listeners

- More Channels and More Content Choices - Wave Media will bring its innovative concepts, new platform and new technology to usher its listeners into a new frontier of better and broader information, knowledge and culture. Wave Media will offer 7 or more totally new digital channels, giving listeners a choice beyond AM and FM channels.
- Catering to Tastes of Minority groups - Metropolitan centres over the world are never satisfied just to provide mainstream programming. They also offer programmes catering to listeners of minority groups. Wave Media will use all the advantages of the digital transmission, targeting over half of the available bandwidth to offer programs tailor-made for the minorities in our midst, from Cantonese opera lovers to classical music aficionados, from the greying population to the post-80's generation, from the local-born to the migrant workers from other ethnic communities such as Filipinos and Indonesians. In Wave Media's channels, they will find their voices and sounds soothing and familiar to their ears.
- Better Listening Experiences - Digital sound broadcasting offers sounds whose quality compare favourably with that of compact discs. Wave Media will launch multiple channels, offering a variety of uninterrupted music programs 24 hours a day, from golden oldies, classical melodies, international new hits, Cantonese opera, jazz and South-east Asian folk music etc. These selections will be made by veteran musicians, coming to listeners with hi-fidelity, non-stop year-round pleasure.

Benefits to Community As a Whole

- More Channels for voicing diverse views - Wave Media will provide an open and fair opinion platform, so that different views and different voices will be heard and reverberate. All people, regardless of their social status and especially the socially disadvantaged, enjoy equal opportunity of expression. No one will be ignored.
- Building a harmonious and cohesive culture – Wave Media will produce many programmes that cater to the minorities, the minority ethnic groups and the underprivileged, encourage social participation and advocate for social integration and

building of a harmonious community.

- Raising the level of cultural and artistic appreciation - Making use of the superb compact-disc-like sound quality afforded by digital technology, Wave Media will broaden the musical tastes of Hong Kong people, raising their cultural awareness and ability to appreciate culture and the arts. Wave Media is in the business of culturally educating listeners for our city.

Members of the public who are interested may make representations on the application to the Broadcasting Authority by **30 July 2010** at the following address:-

The Broadcasting Authority
c/o Television and Entertainment Licensing Authority
39th Floor, Revenue Tower
5 Gloucester Road
Wan Chai
Hong Kong

Fax Number: 2507 2219
2598 5509 (Confidential)

E-mail: ba@tela.gov.hk

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9 July 2010
Secretary, Broadcasting Authority