

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 with the provisions of the Telecommunications Ordinance (Cap.106) and the terms and

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).

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 are required to listen to the DAB programmes offered by Metro Broadcast. These receivers

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 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