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\$300m at stake in race for station

By ANDY HO

REDIFFUSION (Hongkong) Limited is poised to invest up to \$300 million to secure the licence to run the territory's proposed second commercial radio station.

Rediffusion managing director Frank Cheng Kwok-ki said his group was confident the investment would be recovered within five years of operation.

The company's board of directors gave the go-ahead a week ago and is ready to invest between \$200 million and \$300 million, depending on the terms of the Government land lease for the future site of the station.

"We are optimistic that our future station - likely to be named Rediffusion Radio - will be able to make an annual profit of \$60 million for the first five years," Mr Cheng said.

He said the proposed station would be modelled on the existing Hongkong Commercial Broadcasting Company Limited.

Rediffusion is planning to run three 24-hour channels - two in Chinese and one in English, similar to those of Commercial Radio.

Its proposed investment is more than 10 times that announced by a three-group consortium three weeks ago.

The consortium, comprising Hutchison Telecommunications, the Sing Tao Group and an Australian broadcaster, has put forward a \$20 million bid to win the licence.

Hutchison is also a frontrunner in the four-horse race for the territory's cable television network.

Rediffusion Hongkong was founded in 1947 by its British parent company.

It ran Hongkong's first and only cable television network until the late 60s when it turned to wireless operation in the face of stiff competition from Television Broadcasts Limited.

The British group later sold its television business

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to an Australian consortium, which turned the station into the former Asia Television Limited.

A leading local Chinese businessman, Mr Tsui Tsing-tong, has recently brought the remaining Rediffusion stake at more than \$100 million.

Rediffusion's present business is related mainly to its cable communications network, which transmits movies to major hotels and offers stock market updates to 500 subscribers at 1,800 computer terminals.

The system also helps relay television signals to about 7,500 subscribers in Mei Foo Sun Chuen and other urban areas where reception is poor.

The group's business also covers background music rental services to about 1,200 subscribers and communications system installation in China.

Mr Cheng said Rediffusion had kept its options open on whether to invite other interested parties to

join its bid for the radio licence.

"We are determined to go ahead and are ready to invest in the project on our own. We have approached several banks and they are very positive in financing the investment," he said.

Mr Cheng said about a third of their initial investment would be spent on installing equipment.

The group has approached several experienced senior radio station personnel, mostly former management staff of Commercial Radio, to plan for the scheme.

A detailed proposal is expected by the end of the year.

Mr Cheng said: "We will learn from Commercial Radio's success story and try to outdo it."

Commercial Radio has not disclosed its accounts, but those in the trade put the station's profit last year in excess of \$40 million.

The Executive Council has agreed to invite tenders for a second commercial radio licence in 1991.