



通訊事務管理局  
COMMUNICATIONS  
AUTHORITY



Annual Report 2014/15 年報







## VISION

Our vision is that Hong Kong has the world-class communications services to meet the challenges of the information age.



## MISSION

- fostering an environment that supports a vibrant communications sector to enhance Hong Kong's position as a communications hub in the region;
- encouraging innovation and investment in the communications market;
- promoting competition and adoption of best practices in the communications market for the benefit of the industry and consumers; and
- acting in a manner consistent with the provisions of the Hong Kong Bill of Rights Ordinance (Cap. 383).



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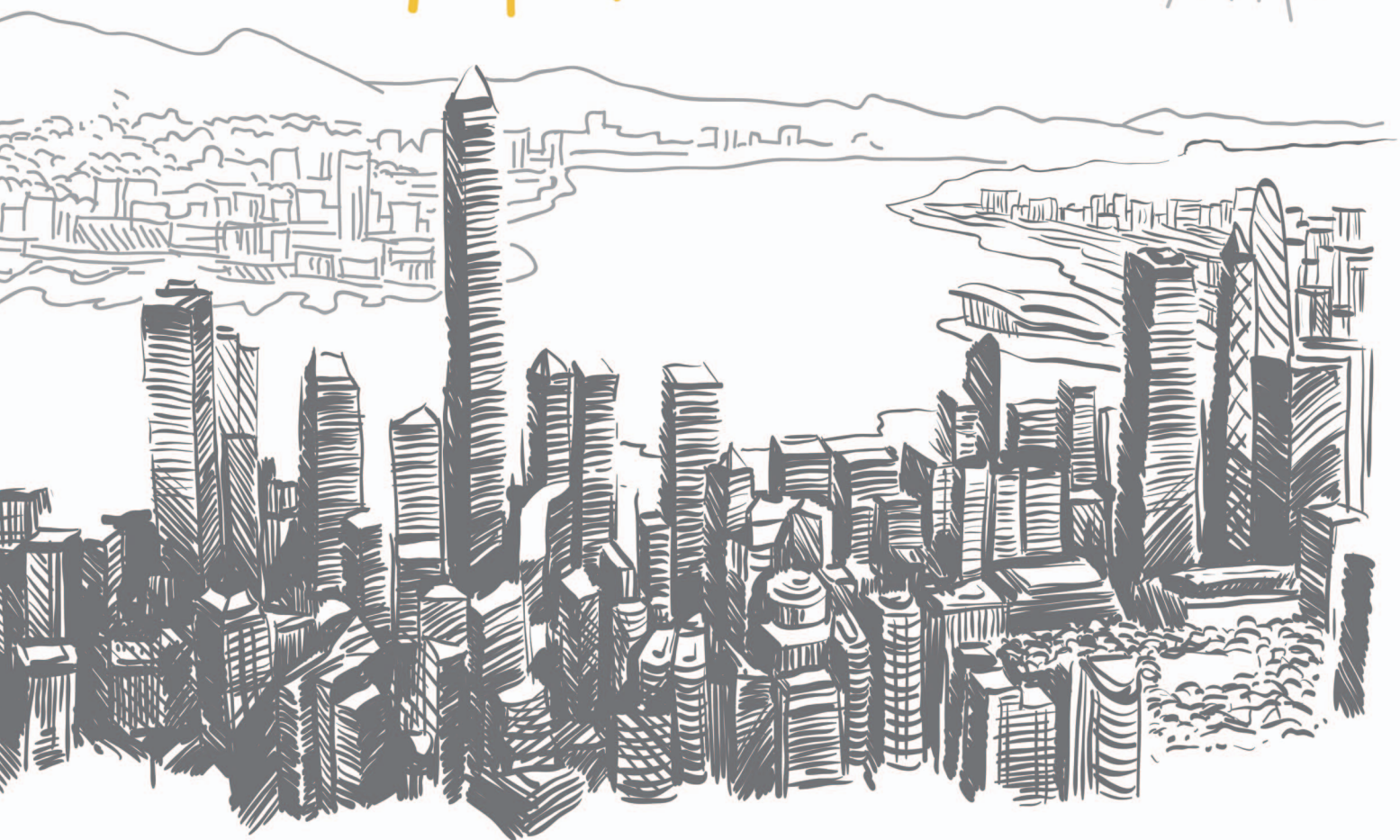
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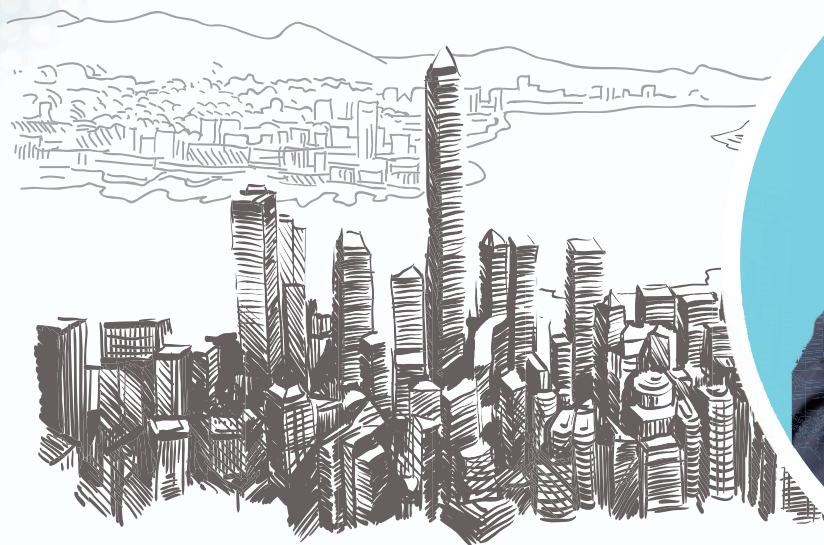
# THE COMMUNICATIONS AUTHORITY

The Communications Authority serves  
the people of Hong Kong in its capacity  
as an independent regulator of  
broadcasting and telecommunications  
services.





## Chapter 2: Chairman's Message



It is a pleasure for me to present the third annual report of the Communications Authority (the Authority) covering the period from April 2014 to March 2015. The year under review has been a busy and challenging year for the Authority, with new developments in both the rapidly changing broadcasting and telecommunications sectors. This report presents the tasks undertaken by the Authority and the challenges that lie ahead.

### A Thriving Broadcasting Market

#### Domestic Free Television Programme Services

During the period under review, the Authority devoted considerable attention to the licence renewal exercise of the two domestic free television programme service licensees, Asia Television Limited (ATV) and Television Broadcasts Limited

(TVB). Having regard to the overall assessment of the performance of the two licensees and the public views received, the Authority submitted its recommendations on the licence renewal applications to the Chief Executive in Council (CE in C) in November 2014. In April 2015, having regard to inter-alia the Authority's recommendations, the CE in C decided not to renew ATV's domestic free television programme service licence and extended the term of its existing licence to 1 April 2016 to comply with the requirement of the Broadcasting Ordinance (Cap. 562)(BO). In May 2015, the CE in C decided to renew TVB's licence for a term of 12 years with effect from 1 December 2015.

Since the CE in C approved in principle the applications for domestic free television programme service licence of Fantastic Television Limited (Fantastic TV) and HK Television Entertainment Company Limited (HKTVE), the Authority proceeded with the follow-up work and submitted to the CE in



C its recommendations on the licence applications in January 2015. Having regard to the Authority's recommendations, the CE in C formally granted a domestic free television programme service licence to HKTVE in April 2015, under which HKTVE is required to launch a Chinese channel and an English channel by March 2016 and March 2017 respectively. We are confident that HKTVE's entry into the domestic free television programme service market will benefit the viewing public by providing diversified programme choices.

In April 2014, Hong Kong Television Network Limited (HKTv) submitted to the Authority an application for a domestic free television programme service licence. The Authority has been examining various aspects of the licence application and has conducted a public consultation exercise to collect public views on the application. The Authority has been processing the application prudently in accordance with the statutory requirements and will submit its recommendations to the CE in C as soon as practicable.

### **Domestic Pay Television Programme Services**

On the pay television front, Hong Kong viewers continued to enjoy a diversity of local and overseas programmes. The three domestic pay television programme service licensees provided a total of 395 domestic pay television programme service channels, of which 83 were high definition television (HDTV) channels. At the same time, the aggregate number of subscribers of licensed pay television services stood at over 2.4 million, representing a market penetration of 99%.

During the period under review, the Authority conducted a licence renewal exercise in respect of the domestic pay television programme service licence of PCCW Media Limited (PCCW Media). The Authority carried out a comprehensive assessment of the performance of the licensee, and conducted a public consultation exercise to collect public views

on its licence renewal application. The Authority submitted its recommendations on the licence renewal application of PCCW Media to the CE in C in September 2014. The CE in C accepted the Authority's recommendations and decided that PCCW Media's domestic pay television programme service licence be renewed for a term of 12 years with effect from September 2015.

### **Analogue Sound Broadcasting Services**

The analogue sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited (Metro) will expire after 25 August 2016. CRHK and Metro submitted applications for renewal of their licences in July and August 2014 respectively. The Authority conducted a two-month public consultation exercise to collect public views on the licence renewal applications in September 2014 and completed a comprehensive assessment of the performance of the two licensees. Having regard to the overall assessment of the performance of the two licensees and the public views received, the Authority submitted its recommendations on the licence renewal applications to the CE in C in May 2015.

## **Rapid Growth of the Telecommunications Market**

### **Availability of Fourth Generation (4G) Services Has Given a Further Boost to Mobile Data Usage**

Thanks to the promising growth of 4G mobile services, Hong Kong's telecommunications market continued to flourish during the year under review. By March 2015, the number of mobile subscribers was 17 million, among which over 12.2 million were users of third generation (3G)/4G services. Mobile network operators and mobile virtual network operators are offering 4G services at affordable prices. Mobile data services are available at

downlink speeds of up to 300 megabits per second (Mbps) using Long Term Evolution (LTE) technology. In March 2015, the monthly mobile data usage further surged to 17 472 Terabytes, representing 1.3 times and 1.9 times the monthly usage over the same period in 2014 and 2013 respectively. The average mobile data usage of each mobile user rose to 1 418 Megabytes per month in March 2015, compared with 1 046 Megabytes in March 2014 and 818 Megabytes in March 2013. The increasing popularity of 4G mobile services has further boosted mobile data usage. The Authority will continue to take necessary measures to facilitate the robust development of the mobile services market.

## Consumer Related Initiative

### Long Term Implementation of the Customer Complaint Settlement Scheme

The two-year trial scheme of the voluntary Customer Complaint Settlement Scheme (CCSS) ended in October 2014. An assessment of the effectiveness of the trial was also completed. Having regard to the encouraging outcome of the CCSS trial, the proven demand from customers and the positive feedback from the telecommunications industry, the Office of the Communications Authority (OFCA) funded the long term implementation of the CCSS from 1 May 2015 on the basis of the framework adopted in the trial scheme.

## Major Tasks and Challenges in the Coming Year

On the broadcasting side, processing of applications for grant and renewal of licences continue to be major activities in 2015-2016. The Authority will continue to process the domestic free television programme service licence application of HKTV, and take follow-up actions relating to the application for a domestic free television programme service licence by Fantastic TV. In April 2015, Forever Top (Asia) Limited (Forever Top) submitted an application for a domestic free television programme service licence. The Authority will similarly process Forever Top's application in accordance with the BO and the established procedures. The Authority will also process the licence renewal application in respect of the domestic pay television programme service of Hong Kong Cable Television Limited (HKCTV), the licence of which will expire in the first half of 2017. It plans to complete an assessment of the performance of HKCTV and conduct a public consultation exercise to collect public views on the licence renewal application with a view to making recommendations to the CE in C in the second quarter of 2016.

The existing assignments for 49.8 MHz of spectrum in the 900 MHz band and 148.8 MHz of spectrum in the 1800 MHz band will expire within the period between November 2020 and September 2021. The Authority is now making the relevant preparation and will launch a public consultation on the proposed way forward in the first quarter of 2016.



In Hong Kong, the 8-digit telecommunications numbering plan has been adopted since 1995. With the robust developments of the telecommunications industry and the popularity of mobile communications services over the last two decades, numbers available for allocation to mobile services would be exhausted in three years' time. The Authority proposed to make available more numbers for mobile services through maximizing utilization of the existing 8-digit numbering plan. A public consultation was launched in October 2015 to seek views about the various proposed measures.

The Authority is conferred concurrent jurisdiction with the Competition Commission (CC) to enforce the cross sectoral competition law, the Competition Ordinance (Cap. 619) (CO), in respect of the conduct of telecommunications and broadcasting licensees. The Authority will continue its close liaison with the CC on the preparatory work required before the full commencement of the CO on 14 December 2015, including finalisation of the guidelines on the enforcement of the CO after consultation, and preparation of the memorandum of understanding to be signed between the Authority and the CC to co-ordinate the performance of their functions under the concurrent jurisdiction arrangement.

## Chapter 3: Members of the Communications Authority (April 2014 – March 2015)



**Mr Ambrose HO**  
Chairman,  
Communications Authority



**Miss Susie HO Shuk-yee, JP**  
Vice-Chairman, Communications Authority  
Permanent Secretary for Commerce and  
Economic Development  
(Communications and Technology)<sup>1</sup>



**Dr AU Man-ho, SBS**  
Member



**Mr Felix FONG Wo, BBS, JP**  
Member



**Mrs Lucia LI Li Ka-lai, SBS**  
Member



**Mr Alan LUI Siu-lun**  
Member



**Mr Hubert NG Ching-wah**  
Member



**Dr Anthony William SEETO Yiu-wai**  
Member



**Dr Carlye TSUI Wai-ling, BBS, MBE, JP**  
Member



**Mr Adrian WONG Koon-man, BBS, JP**  
Member



**Mr Raymond Roy WONG, SBS**  
Member



**Miss Eliza LEE Man-ching, JP**  
Member  
Director-General of Communications

<sup>1</sup> With effect from 20 November 2015, Permanent Secretary for Commerce and Economic Development (Communications and Technology) was renamed as Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries).



## Chapter 4: Role and Functions of the Communications Authority

### The Communications Authority

To meet the regulatory challenges brought about by rapid technological advancements and media convergence, the Authority was established on 1 April 2012 as an independent statutory body under the Communications Authority Ordinance (Cap. 616) (CAO), taking over fully the functions and powers of the former Telecommunications Authority (TA) and the Broadcasting Authority (BA). Its role is to regulate the broadcasting and telecommunications industries in Hong Kong in accordance with the BO, the Telecommunications Ordinance (Cap. 106) (TO), the CAO, and the Broadcasting (Miscellaneous Provisions) Ordinance (Cap. 391) (B(MP)O). It also enforces the Unsolicited Electronic Messages Ordinance (Cap. 593) (UEMO).

#### The Authority has the following functions:

- to tender advice to the Secretary for Commerce and Economic Development (SCED) on any legislation, legislative proposals and regulatory policies relating to telecommunications, broadcasting, anti-spamming or activities connected with the telecommunications or broadcasting sectors;
- to make recommendations to the CE in C on applications for and renewal of domestic free television programme service licences, domestic pay television programme service licences and sound broadcasting licences;
- to grant and renew non-domestic television programme service licences and other licensable television programme service licences;
- to grant and renew telecommunications licences;
- to prepare and revise codes of practice setting programme, advertising and technical standards for television and radio;
- to deal with complaints about broadcasting and telecommunications services and impose sanctions on the broadcasters and telecommunications operators for contravening the various provisions and requirements;
- to handle the licensing, financial monitoring and regulation of telecommunications and broadcasting licensees in Hong Kong;
- to manage and administer the radio frequency spectrum and the telecommunications numbers;
- to develop technical standards and conduct equipment testing in line with international best practices, and ensure satisfactory performance of the certification bodies in carrying out certification and test against the prescribed technical standards;
- to facilitate fixed operators to access buildings to install in-building telecommunications facilities for the conveyance of telecommunications and broadcasting services;

- to conduct examination and issue certificates for the operating personnel of radio-communications systems;
- to enforce the prohibition of misleading or deceptive provisions in the TO;
- to enforce the competition provisions under the BO and TO;
- to enforce the fair-trading sections of the Trade Descriptions Ordinance (Cap. 362) (TDO) in relation to the commercial practices of licensees for the provision of telecommunications services and broadcasting services under the TO and BO; and
- to enforce the UEMO.

## Organisation

Members of the Authority (except the Director-General of Communications (DG Com) who is an ex-officio member) are appointed by the Chief Executive of the Hong Kong Special Administrative Region. During the period from April 2014 to March 2015, there were a total of 12 members comprising 10 non-official members, including the Chairman, and two public officers, viz. the Permanent Secretary for Commerce and Economic Development (Communications and Technology)<sup>2</sup> and the DG Com.

The Authority has appointed three committees to assist it in discharging part of its major duties:

- the *Broadcast Complaints Committee*;
- the *Broadcast Codes of Practice Committee*; and
- the *Telecommunications Affairs Committee*.

The **Broadcast Complaints Committee (BCC)** is responsible for considering complaints about broadcasting issues and making recommendations to the Authority regarding such complaints. It comprises four Authority members and four co-opted non-official members.

The **Broadcast Codes of Practice Committee (BCPC)** is responsible for keeping the television and radio broadcasting standards under regular review and amending the codes of practice when necessary. It comprises three Authority members and three co-opted members.

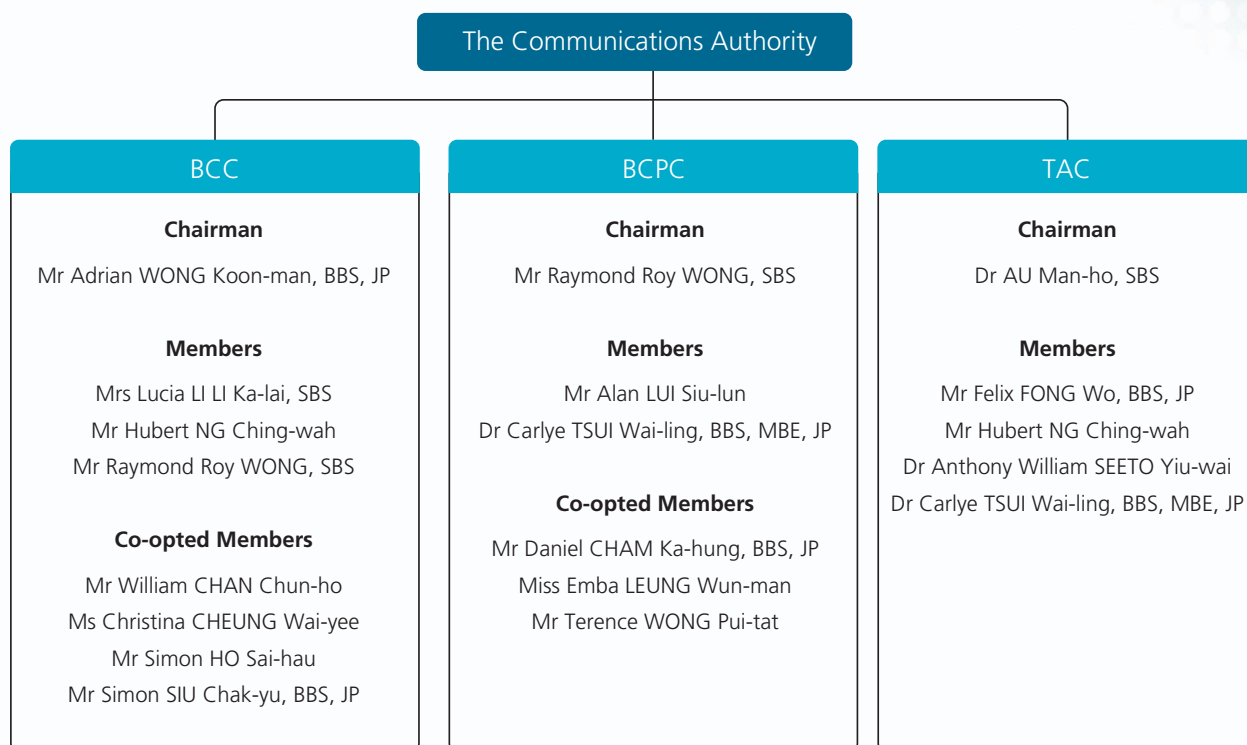
The **Telecommunications Affairs Committee (TAC)** is responsible for offering advice and reporting to the Authority on telecommunications matters. It comprises five Authority members.

OFCA serves as the executive arm and secretariat of the Authority.

<sup>2</sup> With effect from 20 November 2015, Permanent Secretary for Commerce and Economic Development (Communications and Technology) was renamed as Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries).



## Organisation Chart



## Chapter 5: Overview of Major Developments in the Communications Market

### Broadcasting

#### 5.1 An Overview of Developments in the Broadcasting Market

##### 5.1.1 Number of Licensees and Channels

###### *Television Programme Services*

As at March 2015, the total number of domestic free, domestic pay and non-domestic television programme service licensees was 23. They provided 675 television channels<sup>3</sup>, of which 454 were receivable in Hong Kong, representing a slight decrease of 1.5% since March 2014. An overview of the channels provided by the television programme service licensees is shown in [Figure 1](#).

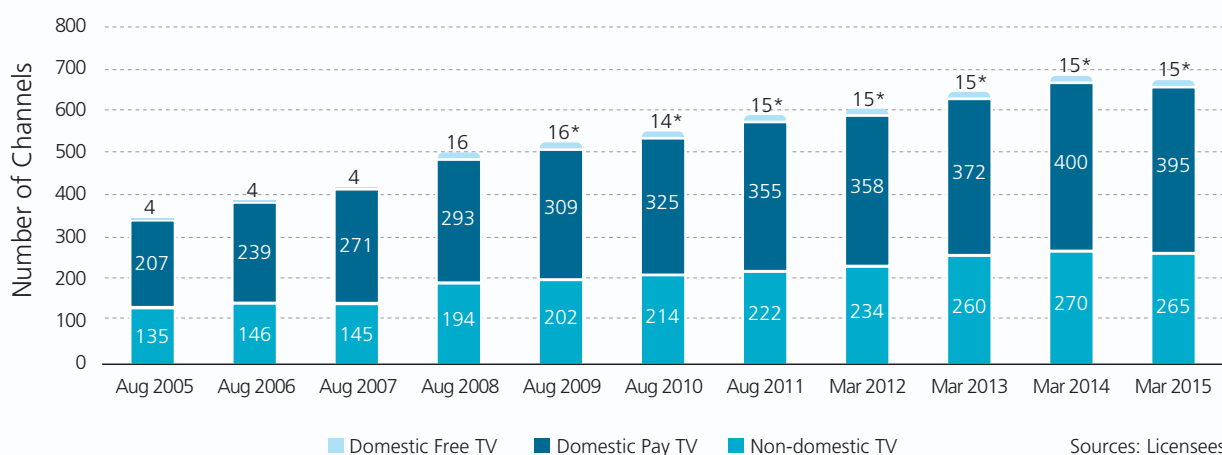
As at March 2015, there were two **domestic free television programme service licensees**, viz. ATV and TVB. They provided a total of 15 channels. Four channels (ATV Home, ATV World, TVB Jade<sup>4</sup> and TVB Pearl<sup>4</sup>) were simulcast in both analogue

and digital formats and seven were digital channels. ATV's digital channels comprised one HDTV channel "Asia" and three standard definition television (SDTV) channels, namely "ATV Classic", "CCTV 1" and "Shenzhen Satellite". TVB's digital channels comprised three HDTV channels, namely "HD Jade", "iNews" and "J2".

As at March 2015, there were three **domestic pay television programme service licensees**, viz. HKCTV, PCCW Media and TVB Network Vision Limited (TVBNV), providing a total of 395 pay television channels, offering a diversity of local and overseas productions. There has been an increase (28%) in the total number of HDTV channels (from 65 to 83) offered by the licensees within the same period.

From April 2014 to March 2015, the number of **non-domestic television programme service licensees** decreased by one to 18, providing a total of 265 television channels, representing a slight decrease of 1.9% since March 2014. Of them, 44 channels were available to Hong Kong viewers.

**Figure 1: Television Channels Provided by Television Programme Service Licensees in Hong Kong**



\* The four simulcast channels of ATV and TVB are counted for both the analogue and digital platforms.

<sup>3</sup> Some channels were provided by more than one licensee at the same time.

<sup>4</sup> The digital simulcast of TVB Jade and Pearl channels are broadcast in HDTV format.





During the period under review, the number of **other licensable television programme service licensees** providing television programme services in hotels in Hong Kong decreased by one to 26. Together they provided services to 88 hotels.

In addition to the television channels provided by television programme service licensees, Hong Kong viewers can receive free unencrypted satellite television programme channels uplinked from Hong Kong and elsewhere. As at March 2015, there were more than 400 such free-to-air satellite television channels available for reception via the Satellite Master Antenna Television (SMATV) systems in Hong Kong. The list of channels currently available can be downloaded at – [http://www.ofca.gov.hk/filemanager/ofca/en/content\\_295/st\\_smatv.pdf](http://www.ofca.gov.hk/filemanager/ofca/en/content_295/st_smatv.pdf).

### *Sound Broadcasting Services*

The number of **sound broadcasting licensees** remained at four during the period under review, namely CRHK, DBC, Metro<sup>5</sup> and Phoenix U Radio<sup>6</sup>. RTHK is the public service broadcaster in Hong Kong.

As at March 2015, the number of analogue radio channels remained at 13 (three by CRHK, three by Metro and seven by RTHK). On DAB services, DBC, Metro and Phoenix U Radio formally launched

their DAB services in 2012 in accordance with the licence requirements. As at March 2015, the three DAB licensees and RTHK provided a total of 17 DAB channels (seven by DBC, three by Metro, two by Phoenix U Radio and five by RTHK). All analogue and DAB channels provided by the four licensees and RTHK were broadcast round-the-clock.

## **5.1.2 Transmission Modes**

### *Television*

The regulatory regime for television programme services in Hong Kong as enshrined in the BO is technology-neutral.<sup>7</sup> Licensees are free to choose their transmission arrangements for delivery of television services. Broadcasters can build their own transmission networks to deliver their services and, in such cases, they need to apply for a carrier licence from the Authority to cover the transmission network. Alternatively, they can engage any of the existing carrier licensees to provide the transmission service. Licensees can also provide their television programme services via multiple transmission platforms so as to maximise the coverage.

The transmission modes employed by the television programme service licensees are set out in Figure 2.

<sup>5</sup> Metro held two sound broadcasting licences, one for providing AM and FM services and one for providing DAB service.

<sup>6</sup> The CE in C approved the termination of the sound broadcasting licence of Phoenix U Radio with effect from 7 November 2015.

<sup>7</sup> An exception is that a service consists only of a service provided on the Internet is exempted from the regulatory regime under the BO.

**Figure 2: Transmission Modes Employed by the Television Licensees**

Licensee	Transmission Mode	Network Coverage as at March 2015
<b>Domestic Free Television</b>		
ATV and TVB	Terrestrial UHF <sup>8</sup> , including (a) Analogue PAL-I format; and (b) Digital National Standard format	99% of population
<b>Domestic Pay Television</b>		
HKCTV	HFC <sup>9</sup> , MMDS <sup>10</sup> and satellite (Digital)	Around 97% of total households
PCCW Media	PON and DSL <sup>11</sup> Broadband network (Digital)	Around 99% of total households
TVBNV	Satellite and broadband network (Digital)	Around 99% of total households
<b>Non-domestic Television</b>		
All the 18 licensees	Satellite (Digital)	34% of total households (828 241 households)



<sup>8</sup> Terrestrial Ultra High Frequency.

<sup>9</sup> Hybrid Fibre Coaxial Cable.

<sup>10</sup> Microwave Multipoint Distribution System.

<sup>11</sup> Passive Optical Network and Digital Subscriber Line.

### Penetration of Different Broadcasting Services

In March 2015, out of a total of 2.45 million households in Hong Kong,<sup>12</sup> 2.41 million television households<sup>13</sup> or 6.47 million viewers (aged 4 or above)<sup>14</sup> were receiving analogue broadcasting of free-to-air television, representing a penetration rate of about 99%. As regards DTT services, the take-up rate was over 80% of all households in December 2014.<sup>15</sup>

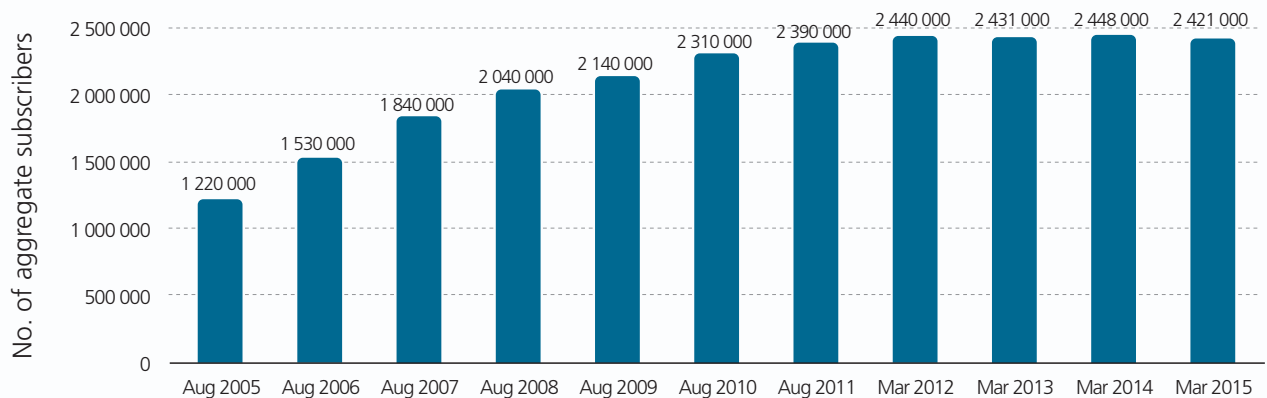
The penetration of licensed domestic pay television services was nearly 100%<sup>16</sup> of the total households as at end of March 2015. The total number of subscribers to licensed pay television services stood at over 2 400 000 in March 2015.<sup>17</sup> The changes in total number of subscribers from 2005 to 2015 are shown in [Figure 3](#).

### Sound Broadcasting

During the period under review, the analogue radio broadcasters provided their services in FM and AM modes. Seven FM programme channels were provided through seven hilltop sites and supplemented by two low-power FM gap-fillers. In addition, six AM programme channels were broadcast from two island and hilltop sites, supplemented by six low-power AM/FM gap-fillers to improve the AM programme services. The services practically covered the whole territory of Hong Kong.

The DAB broadcasters adopted DAB+ standard for transmission of DAB services. The DAB transmission network comprising seven principal transmitting<sup>18</sup> stations was officially launched in June 2012. A new DAB gap-filler was established in early 2015. As at March 2015, the coverage of the DAB service exceeded 80%.

**Figure 3: Subscribers to Licensed Pay Television Services in Hong Kong**



Sources: Licensees

<sup>12</sup> Source: Census and Statistics Department.

<sup>13</sup> "Television households" means households with at least one television set currently in working order; or with one not in working order but will repair or renew in near future. Data Source: Nielsen Hong Kong.

<sup>14</sup> Data Source: Nielsen Hong Kong.

<sup>15</sup> According to a public survey conducted in December 2014, over 80% of households in Hong Kong were receiving DTT services.

<sup>16</sup> Penetration of licensed domestic pay television services is calculated by dividing the total number of subscribers of licensed domestic pay television services by the total number of households. Some subscribers were counted more than once if they subscribed to more than one pay television service.

<sup>17</sup> Some subscribers were counted more than once if they subscribed to more than one service.

<sup>18</sup> Beacon Hill, Castle Peak, Cloudy Hill, Golden Hill, Kowloon Peak, Lamma Island and Mount Gough.



### 5.1.3 Broadcasting Revenues and Investment

Licensed broadcasting services contributed an estimated \$7.9 billion<sup>19</sup> to the Hong Kong economy, which represented about 0.35% of the gross domestic product (GDP) in 2014. There are two main sources of revenues for the provision of broadcasting services, viz. advertising and subscription. The income of domestic free television programme service licensees and sound broadcasting licensees mainly come from sales of advertising spots within programme breaks. Domestic pay television programme service licensees, on the other hand, derive their incomes mainly from subscription fees while sales of advertising spots remains a secondary income source.



#### Advertising Revenue

According to the report of AdmanGo Limited, the advertising expenditures on television and radio accounted for 32% (about \$14.37 billion) and 4% (about \$1.8 billion) respectively of the accumulated \$44.9 billion advertising expenditures in the media in 2014<sup>20</sup>.



In 2014, the actual advertising revenue of TVB was around \$3.4 billion.<sup>21</sup> The actual advertising revenues of the other licensees were not publicly available.

#### Subscription Revenue

According to the annual report of i-Cable Communications Limited (i-Cable), the parent company of HKCTV, HKCTV's turnover (including mainly subscription revenue and also some advertising revenue) was \$1.27 billion in 2014, representing a decrease of 18% over the figure in 2013. The decrease was mainly due to lower subscription and advertising revenue.

According to the annual report of PCCW Limited (PCCW), the holding company of PCCW Media, the turnover of its media business segment was \$3.23 billion in 2014, representing an increase of 7% over the figure in 2013. The increase was mainly attributable to growth of subscribers and advertising revenue.

The subscription revenue of TVBNV is not publicly available.

<sup>19</sup> Source: Company reports of major broadcasting licensees.

<sup>20</sup> Source: Adspend Report for 2014 of AdmanGo Limited. All the advertising expenditures presented in the report have taken into consideration the discount factor based on an assumption of 60% off rate card rate.

<sup>21</sup> According to TVB's annual report 2014, the turnover from the Hong Kong television broadcasting business segment was \$3,421 million, which comprised advertising revenue from the Group's free and pay television channels.

### Investment in Broadcasting Industry

Key investment projects in the television industry in recent years include digitisation of the terrestrial broadcasting network, HDTV content and production technology, interactive television services, and regular network maintenance and upgrades that are required to maintain or expand the ever-advancing scope of services. In addition, with the increasingly competitive television industry, the exclusive rights to broadcast premium contents such as sports events become a major attraction to viewers.

During the mid-term review of their licences in 2010, the two domestic free television programme service licensees, ATV and TVB, have committed to investing a total of \$2.4 billion and \$6.3 billion respectively for the six-year period from 2010 to 2015. Specifically, TVB has upgraded its digital production and broadcasting equipment to cater for HDTV productions. ATV would focus on installation of HDTV production equipment. As at March 2015, ATV and TVB provided a total of 71 hours and 783 hours respectively of HDTV programmes per week.

As regards the pay television market, i-Cable, the parent company of HKCTV, reported in its 2014 Final Results Announcement that the capital expenditure of the group for the year had increased from \$149 million in 2013 to \$188 million in 2014. Its major items of investment included HDTV set-top-boxes, cable modems and television production and broadcast facilities for HDTV channels. i-Cable also invested in in-house production of news, entertainment and variety programmes. According to the 2014 Annual Results of PCCW, the parent company of PCCW Media, the capital expenditure for the year on its media business was \$160 million, representing a decrease of 20% over the figure in previous year. Its major items of investment included acquisition of premium programming and content production.



TVBNV has committed to investing a total of \$2.003 billion for the six-year period from 2013 to 2019. The investment commitment of TVBNV covers HDTV programming, set-top-boxes and broadcast facilities upgrading for employing the fixed hybrid optical fibre network provided by Hutchison Global Communications Limited to deliver its domestic pay television programme service.

CRHK and Metro have committed to investing a total of \$827 million and \$677 million respectively for the period from 2010 to 2016 for the provision of analogue sound broadcasting services. The investment commitment of CRHK and Metro covers staff development, facilities upgrading, programming improvement and other development brought by technological advancement to further enhance their service quality. The three DAB licensees, namely DBC, Metro and Phoenix U Radio, have committed to investing a total of \$391 million, \$96.1 million and \$107.3 million respectively for the period from 2011 to 2017. Their investment commitment mainly covers construction of DAB network and studio facilities and production of DAB programmes.





#### 5.1.4 Programme Variety and Positive Programme Requirements

##### (a) Programme Variety and Diversity

##### *Number of Broadcast Hours and Hours of Station Productions*

As at March 2015, the licensees broadcast about 68 960 hours of television programmes a week.<sup>22</sup> Among them, ATV and TVB provided a total of 671 broadcast hours per week on the four analogue channels and 1 845 broadcast hours per week on the 11 digital channels, while the 395 channels of domestic pay television programme service licensees provided a total of 59 052 broadcast hours per week. As at 31 March 2015, the 44 channels of non-domestic television programme service licensees receivable in Hong Kong provided a total of 7 392 hours per week.

With the launch of 17 DAB channels, the weekly number of broadcast hours for sound broadcasting services (including RTHK) as at March 2015 was 5 040. The 13 analogue channels of sound broadcasting operators provided a total of 2 184 broadcast hours per week while the 17 digital channels provided a total of 2 856 broadcast hours per week.

For the period under review, there were a total of 69 319 hours of station productions broadcast on ATV and TVB, of which 19 417 hours were on analogue channels and 49 902 on digital channels.<sup>23</sup> Of the 395 channels provided by the domestic pay television programme service licensees, 86 channels (21.8%) were produced by the licensees themselves.

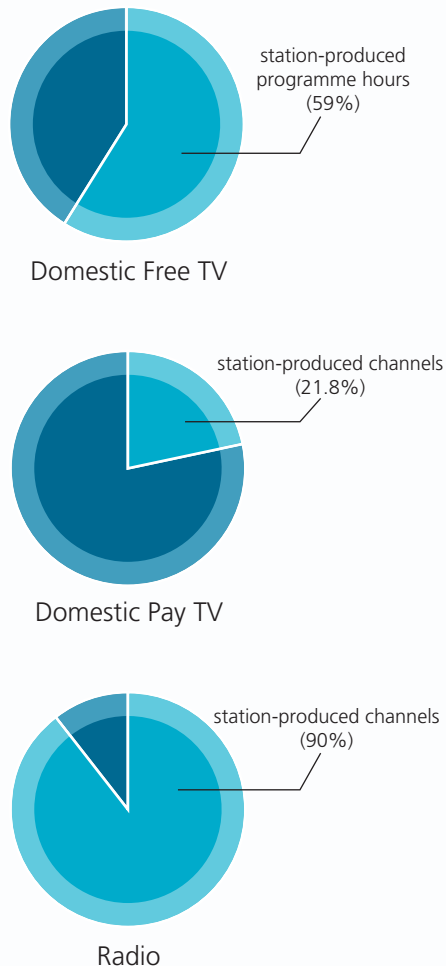
As for sound broadcasting services, with the exception of RTHK's relay of BBC World Service on Radio 6 and its digital radio services, and programmes of "China National Radio" on its digital radio services, the other 12 analogue radio channels and 15 digital radio channels (90% of all relevant channels) were mainly produced by the broadcasters themselves.

<sup>22</sup> The weekly number is based on a sample week in March 2015.

<sup>23</sup> This excludes ATV's CCTV 1 and Shenzhen Satellite SDTV channels which were direct re-transmission channels.



**Figure 4: Proportion of Station Production in March 2015**



Sources: Licensees



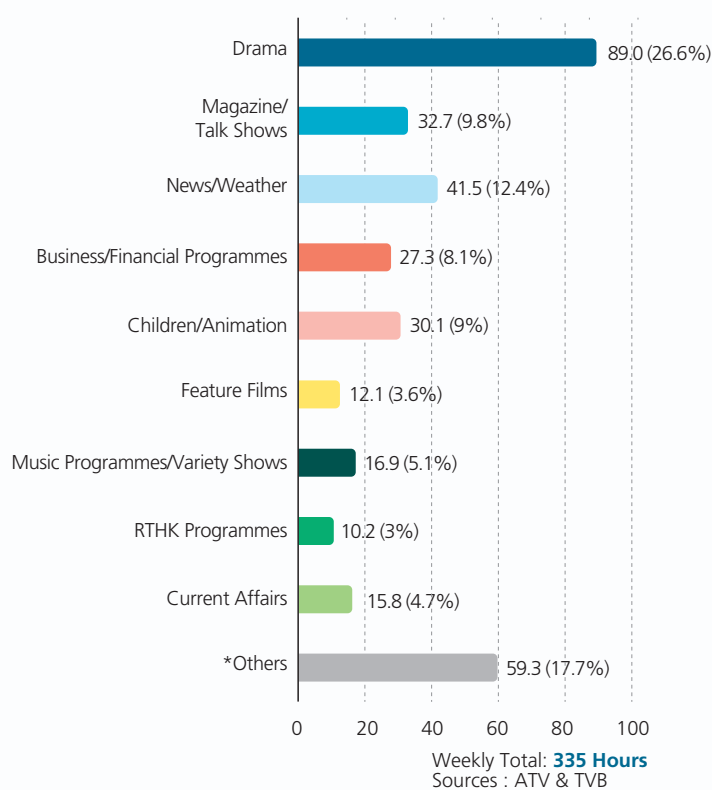
#### *Domestic Free Television Programme Services*

##### *Analogue Channels and Digital Simulcast Channels*

During the period under review, drama series and magazine/talk shows were the dominating programme genre during prime time on the Cantonese channels. Generally speaking, drama series on ATV were mainly imported from the Mainland and Korea, while those on TVB were mostly in-house productions. Both licensees broadcast Mainland, Korean and Japanese drama series. Apart from drama series and magazine/talk shows, news/weather programmes, business/financial programmes, feature films and variety shows, etc. were also broadcast during prime time on the Cantonese channels.



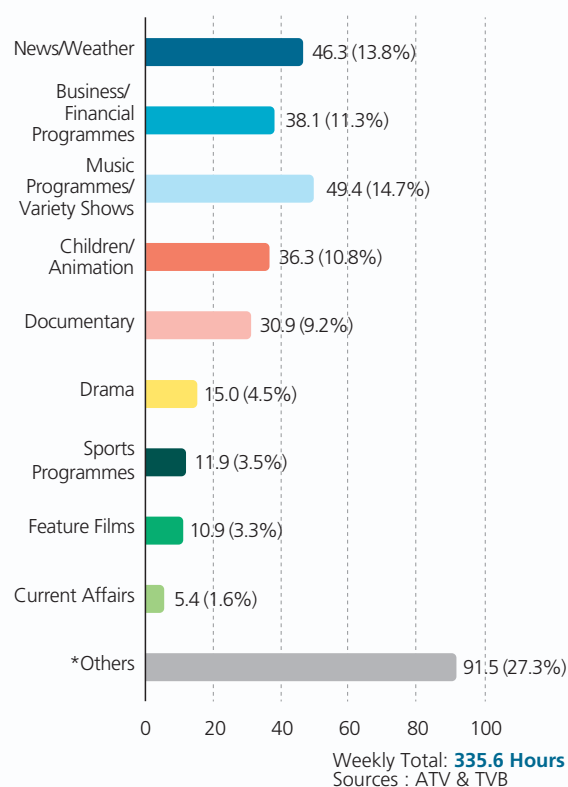
**Figure 5: Weekly Hours of Different Programme Types Broadcast on ATV Home and TVB Jade as at March 2015**



\* Other programmes include horse-racing, documentary and cooking programmes

The two English channels broadcast a wide range of programmes, including business/financial programmes, news/weather programmes, music programmes/variety shows, children's animations, imported popular drama series, documentaries, sports programmes, feature films and current affairs programmes.

**Figure 6: Weekly Hours of Different Programme Types Broadcast on ATV World and TVB Pearl as at March 2015**



\* Other programmes include arts & culture programmes, travelogues and talk shows, etc.





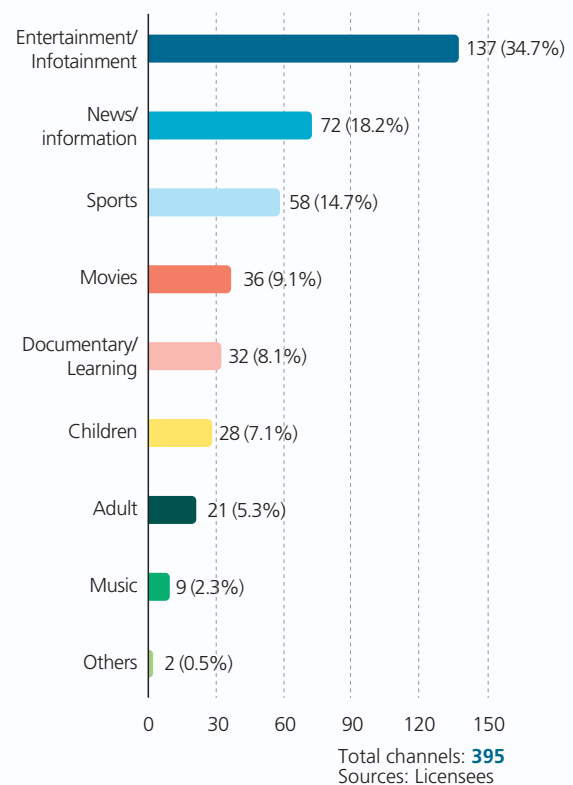
### Digital Channels

Since the launch of DTT services, ATV and TVB have been providing more service channels to Hong Kong viewers. As at March 2015, ATV provided HDTV Asia channel, ATV Classic, CCTV 1 and Shenzhen Satellite, all of which were general entertainment channels providing different programme genres such as news, documentaries, current affairs, dramas and infotainment programmes, etc. On the other hand, TVB provided dramas, variety shows, news, talk shows and game shows, etc. via HD Jade, i-News and J2.

### Domestic Pay Television Programme Services

During the period under review, a wide variety of channels were offered on domestic pay television programme services, including entertainment and infotainment channels (34.7%), news and information channels (18.2%), sports channels (14.7%), movie channels (9.1%), and documentaries/learning channels (8.1%).

**Figure 7: Nature of Domestic Pay Television Channels as at March 2015**





As at March 2015, HKCTV offered a basic package consisting of 76 basic channels and 36 other premium channels (including 13 HDTV channels). PCCW Media's "now TV" service offered 174 channels (including 49 HDTV channels) and 45 video-on-demand services, while TVBNV's service comprised 64 channels (including 21 HDTV channels), of which 18 were also carried on PCCW Media's platform.

### *Sound Broadcasting*

#### *Analogue Channels*

As at March 2015, CRHK operated two FM Cantonese language services, viz. CR1 and CR2, and one AM English language service, AM 864. CR1 provided mainly news, current affairs, financial and personal view programmes. CR2 was mainly an entertainment channel featuring pop culture and music targeting young listeners. AM864 was primarily a music channel.

Metro operated two FM Cantonese language services, viz. Metro Finance and Metro Info, and one AM English language service, viz. Metro Plus. Metro Finance provided real-time, market-moving news and information about financial markets around the world. Metro Info provided music and entertainment programmes as well as programmes on lifestyle, health, market news and other information of interest to the public. Metro Plus was a music channel which also provided programmes for ethnic groups including the Filipino, Indian, Indonesian, Pakistani and Thai communities in Hong Kong.

RTHK operated seven radio channels, providing Cantonese, English and Putonghua services. It offered a variety of thematic channels ranging from information to general entertainment and culture. A list of channels of RTHK is in [Figure 8](#).

**Figure 8: RTHK's Radio Services**

Radio 1	Chinese news, information and general programming
Radio 2	Chinese youth, entertainment and popular music programmes
Radio 3	English news, information and general programming
Radio 4	Bilingual programmes on classical music and fine arts
Radio 5	Chinese elderly, cultural and education programmes
Radio 6	BBC World Service relay
Radio 7	Putonghua general programming, news and finance

## Digital Channels

DBC formally launched DAB service in September 2012. As at end March 2015, it operated seven channels comprising “Radio Prime”, “Radio News”, “Radio Business”, “Radio Campus”, “Radio Smiles”, “Radio Music” and “Radio Opera”. The seven channels offered programmes of different varieties, including current affairs and commentary, news, talk shows, financial information, entertainment, education, art and culture, music and programmes for ethnic minorities in different languages including Filipino, Hindi, Indonesian, Nepali, Thai and Urdu.

Metro commenced DAB service in September 2012. As at end March 2015, Metro operated three DAB channels, namely “Metro Finance Digital”, “Metro Music Digital” and “Metro Life Digital”. The channels primarily offered finance programmes, talk shows, music shows and lifestyle programmes mainly in Cantonese.

Phoenix U Radio<sup>24</sup> formally commenced DAB service in January 2012. As at end March 2015, it operated two channels called “U Radio 22” and “U Radio 26”, offering a variety of programmes, including news, current affairs programmes, financial programmes, music programmes, health programmes and cultural programmes, mainly in Putonghua.

RTHK formally launched DAB service in September 2012. As at end March 2015, it operated five channels, four of which principally simulcast existing AM channels and the remaining one was a dedicated channel produced by “China National Radio” for RTHK.

## (b) Positive Programme Requirements

During the period under review, domestic free television programme service licensees were required to broadcast at least 41.5 hours of positive programmes<sup>25</sup> per week. Both ATV and TVB met the requirements. In aggregate, ATV and TVB each broadcast a weekly average of 123 hours of positive programmes.

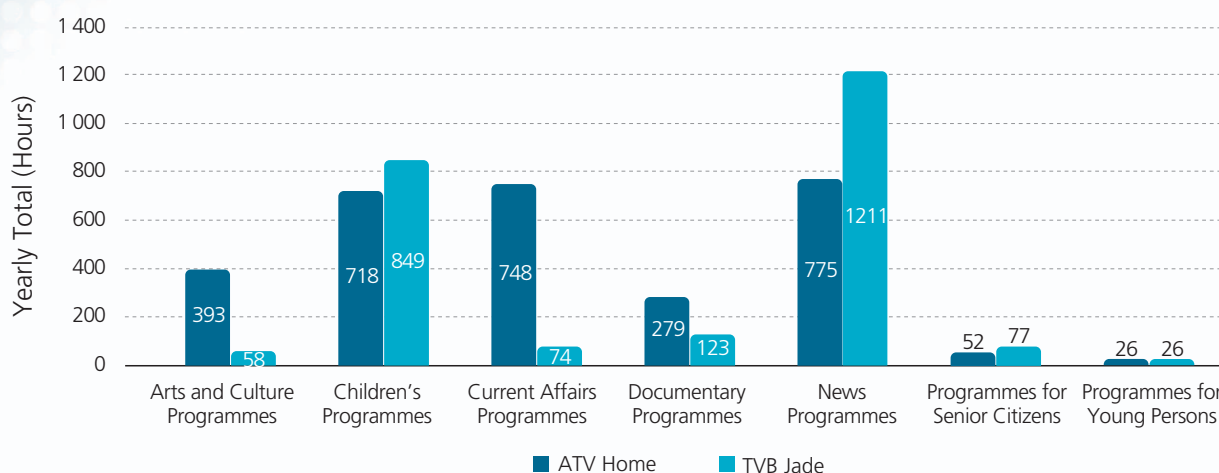
The reports of the licensees submitted to the Authority on the four types of positive programmes, i.e. children’s programmes, programmes for young persons, programmes for senior citizens and arts and culture programmes, are available at [http://www.ofca.gov.hk/en/pub\\_report/compliance\\_reports/index.html](http://www.ofca.gov.hk/en/pub_report/compliance_reports/index.html).

ATV and TVB were required to provide Chinese subtitles for all news, current affairs, weather reports and emergency announcements as well as programmes during prime time (7:00 p.m. – 11:00 p.m.) on Cantonese channels, and English subtitles for all news, current affairs, weather programmes, emergency announcements and educational programmes for teenagers (two hours per week) on English channels. ATV and TVB were also required to provide Chinese subtitling for all drama programmes on Cantonese channels and English subtitling for all programmes broadcast on English channels between 8:00 p.m. and 11:30 p.m. starting 31 December 2010 and 31 December 2012 respectively. Overall, both ATV and TVB complied with the requirements on provision of subtitles.

<sup>24</sup> The CE in C approved the termination of the sound broadcasting licence of Phoenix U Radio with effect from 7 November 2015.

<sup>25</sup> The “positive programmes” that ATV and TVB are required to broadcast are news, current affairs programmes, documentary, art and culture programmes, children’s programmes and programmes for senior citizens and young persons.

**Figure 9: Broadcast of Positive Programmes on Cantonese Television Channels as at March 2015**



Sources: ATV & TVB

Pursuant to licence requirements, both licensees were required to broadcast one minute of Announcements in Public Interest (APIs) in each hour for each channel. Also, they are required to broadcast on a weekly basis, not more than five minutes in aggregate of publicity material for the Authority for each analogue/simulcast digital channel<sup>26</sup>. During the period under review, the licensees broadcast a total of 2 693 hours of the two types of materials.

Following the mid-term review of their licences in 2010, ATV and TVB were required to provide an additional 120 minutes per week of programmes for senior citizens and programmes on arts and culture, or an additional 90 minutes of government (RTHK) programmes per week. In addition, ATV and TVB were required to broadcast at least an additional 60 minutes of RTHK programmes during weekends.

As regards sound broadcasting services, analogue sound broadcasting licensees were required to broadcast at least 28.5 hours of positive programmes<sup>27</sup> per week. CRHK and Metro reported that they had complied with the licence conditions on broadcast of positive programmes.

All sound broadcasting licensees (including DAB licensees) were required to broadcast one minute of APIs in each hour and not more than five minutes of publicity material for the Authority each week in each service channel. All licensees reported that they had complied with the requirements.

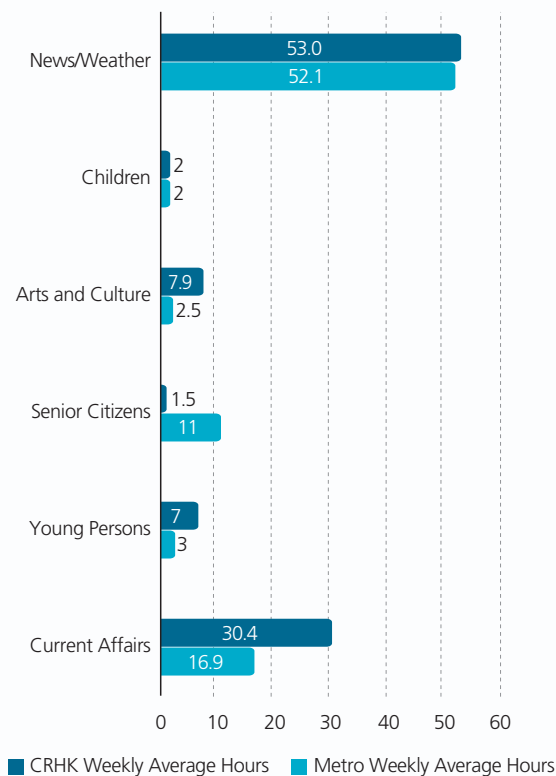
<sup>26</sup> Both licensees are also required to broadcast two minutes of such material on other digital channels per week.

<sup>27</sup> The "positive programmes" that CRHK and Metro were required to broadcast were news and weather programmes, current affairs programmes, art and culture programmes and advisory programmes, viz. programmes for young persons, senior citizens and children.





**Figure 10: Provision of Positive Programmes on Sound Broadcasting Services as at March 2015**



#### 5.1.5 Hong Kong as a Regional Broadcasting Hub

Hong Kong is a broadcasting hub in the Asia-Pacific region with 18 non-domestic television programme service licensees operating in and broadcasting from Hong Kong. Altogether they offered a total of 265 satellite television channels serving over 300 million viewers in the Asia-Pacific region, Europe and Africa, of which 44 channels were receivable in Hong Kong. A summary of non-domestic television programme services as at March 2015 is at **Annex 1**.

## Telecommunications

### 5.2 An Overview of the Telecommunications Market

Hong Kong has one of the most sophisticated and successful telecommunications market in the world. This has been an important factor in Hong Kong's development as a leading business and financial centre. In 2013, the gross output of the telecommunications sector amounted to \$78 billion and it employed around 19 100 persons.

All sectors of Hong Kong's telecommunications market have been liberalised with no foreign ownership restrictions. The Authority's objectives are to maintain a level playing field in the open and competitive telecommunications market and ensure that consumers get the best services available in terms of capacity, quality and price.

#### 5.2.1 The Telecommunications Regulatory Regime

##### *Carrier Licences*

The Authority issues carrier licences to facility-based operators, authorising them to establish and maintain telecommunications networks and facilities, which may cross unleased Government land and public streets, for the provision of public telecommunications services.

The unified carrier licensing regime has been implemented since 1 August 2008 as the single licensing vehicle for the provision of facility-based fixed, mobile and/or converged telecommunications services in Hong Kong.

A Unified Carrier Licence (UCL) for the provision of local fixed service authorises the licensee to establish and maintain fixed network, wireline-based or wireless-based or a combination of both where applicable, to provide local telecommunications services between fixed points within Hong Kong. A UCL for the provision of external fixed service



authorises the licensee to provide external facilities as well as external services operated over external facilities. A UCL for the provision of mobile service enables the licensee to provide two-way communications between moving locations or between a moving location and a fixed location in Hong Kong. The issue of new UCL for the provision of mobile service is subject to the availability of radio spectrum for assignment. An operator may apply for a single UCL to provide all the above services.

Fixed Carrier Licences (FCLs) and Mobile Carrier Licences (MCLs) which were issued before the introduction of the UCL remain valid until their expiry dates. The holders of FCL and MCL may apply to the Authority for UCL to replace their licences before or upon expiry.

As at March 2015, there were a total of 59 carrier licensees, providing local fixed services, cable-based external fixed services, non cable-based external fixed services and/or mobile services. The Authority issued 11 UCLs in the first quarter of 2015 in replacement of a number of licences upon their expiry, as they were granted 15 years ago in 2000 upon liberalisation of the market for external telecommunications facilities and wireless fixed telecommunications network services.

##### *Public Radiocommunications Service Licences*

Services which may be authorised under the Public Radiocommunications Service (PRS) Licence include radio paging, community repeater (trunked radio) services, vehicle location information services,

one-way data message services and public mobile radio data services.

As the provision of radiocommunications services requires the assignment of suitable operating frequencies, PRS Licences are granted only when the required radio spectrum is available.

As at March 2015, there were a total of 9 PRS licensees.

### *Services-based Operator Licences*

Services-based Operators (SBO) are not authorised to establish or maintain any telecommunications means which cross public streets or unleased Government lands, and therefore have to make use of the networks and facilities of other licensed facility-based operators for the provision of public telecommunications services.

SBO licence covers three types of services, namely, Class 1 and Class 2 local voice telephony service, and Class 3 service which may include external telecommunications service, Internet access service, international value-added network service, mobile virtual network operator service, private payphone service, public radio communications relay service, security and fire alarm signals transmission service, teleconferencing service and mobile communications service on board an aircraft.

As at March 2015, there were a total of 530 SBO licensees.

### *Class Licences*

The class licensing regime does not require any licence application. Parties meeting the specified eligibility criteria and conditions would automatically become the class licensees, and are required to comply with the conditions set out in the relevant Class Licence as well as the TO. Currently there are seven types of Class Licences:

- Class Licence for Citizens Band Radio Station
- Class Licence for In-building Telecommunications Systems
- Class Licence for Medical Implant Communication System Device
- Class Licence for Short Range Device
- Class Licence for Taxi Mobile Station
- Class Licence for Offer of Telecommunications Services
- Class Licence for Provision of Public Wireless Local Area Network Services

### *Other Licences*

Apart from the licences mentioned above, there are a number of miscellaneous licences under the purview of the Authority.

A breakdown of the type and number of all telecommunications licences are at **Annex 2**.

## **5.2.2 Developments in the Telecommunications Market and Technology Trends**

### *Mobile Communications Services*

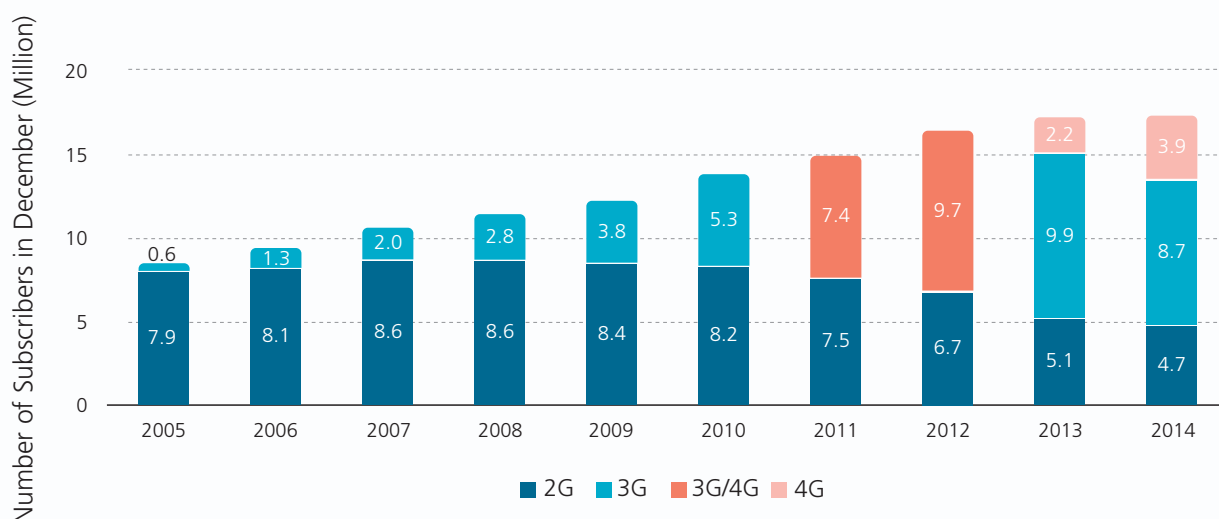
Competition in public mobile services is keen. As at March 2015, there were four mobile network operators, namely, China Mobile Hong Kong Company Limited (CMHK), Hong Kong Telecommunications (HKT) Limited, Hutchison Telephone Company Limited (HTCL) and SmarTone Mobile Communications Limited (SmarTone), providing a wide range of public mobile services. The availability of mobile number portability since March 1999 has contributed to promoting effective competition among the mobile network operators as it allows customers to retain their telephone numbers when they switch to another mobile network operator.



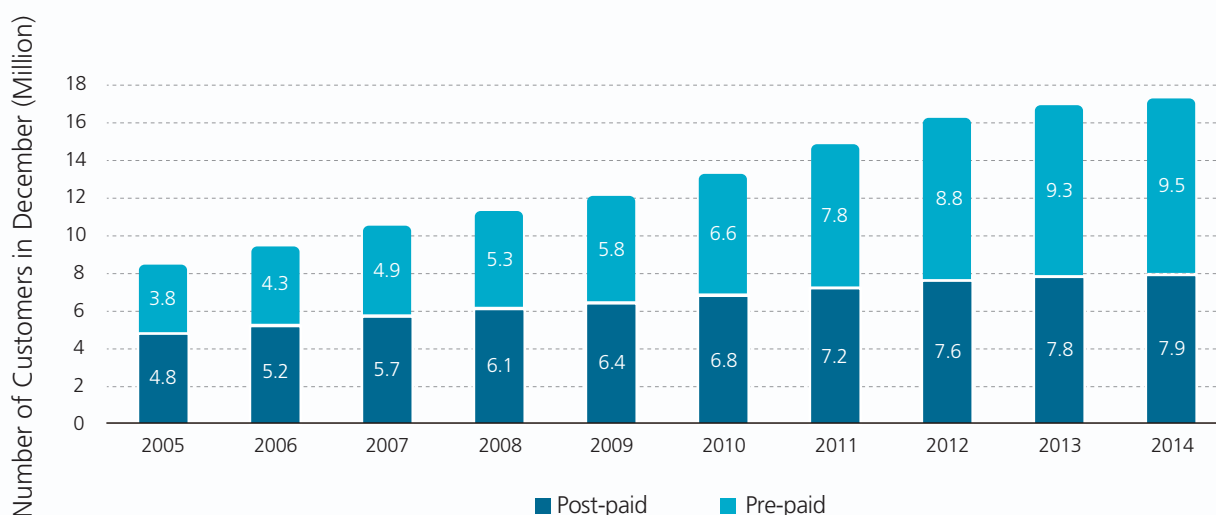
The four mobile network operators provide 2G, 3G and 4G services in Hong Kong with affordable prices. As at March 2015, there were about 17 million subscribers to mobile communications services. This represents a population penetration of 233.3%, one of the highest in the world. The number of 3G/4G users reached 12.25 million in March 2015, representing a population penetration of 168.6%. Through spectrum refarming, more spectrum is now used for provision of 4G services with the downlink speed up to 300 Mbps.

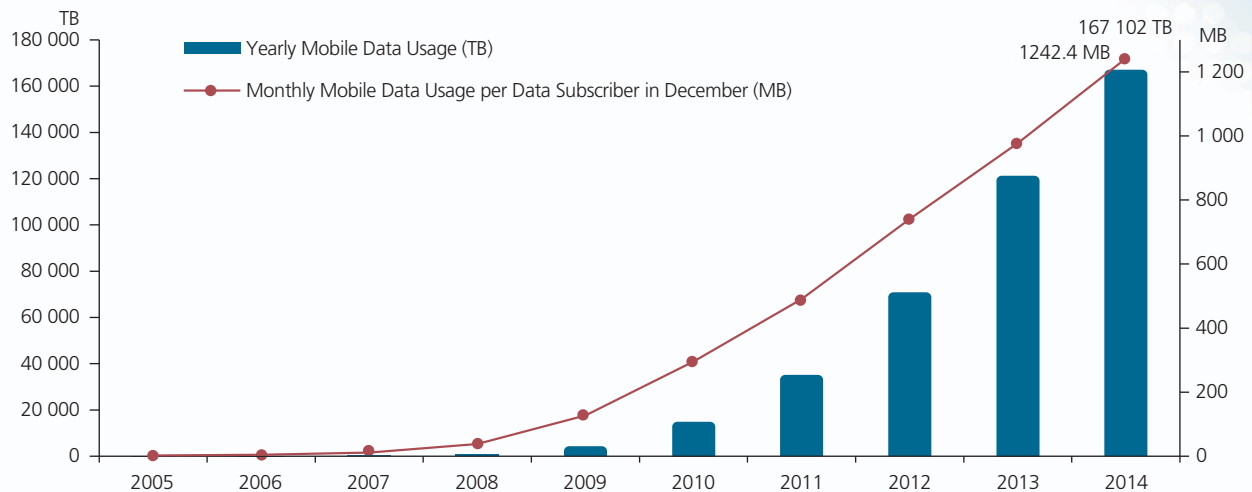
With the increasing popularity of smart phones, particularly 4G mobile handsets, which were readily available in the market, the monthly mobile data usage surged to 17 472 Terabytes in March 2015, representing 1.3 times and 1.9 times the monthly usage over the same period in 2014 and 2013 respectively. On average, each mobile user used 1 418 Megabytes per month, compared with 1 046 Megabytes in March 2014 and 818 Megabytes in March 2013. The continued development of 4G mobile services is expected to further boost the mobile data usage in the future.

**Figure 11: Number of Mobile Subscribers (2005 to 2014)**



**Figure 12: Mobile Customers using Postpaid and Prepaid SIM (2005 to 2014)**



**Figure 13: Mobile Data Usage (2005 to 2014)**

### Fixed Communications Services

The local fixed communications services market was fully liberalised in 2003. There is no preset limit on the number of licences to be issued for fixed services, or any deadline for the submission of licence applications. Furthermore, there is no specific requirement on network rollout and investment and licensees may provide their services according to their proposals.

As of March 2015, there were 23 local fixed carriers, providing around 101 fixed lines per 100 households, one of the highest in the world. They are:

- PCCW-HKT Telephone Limited and Hong Kong Telecommunications (HKT) Limited
- New World Telecommunications Limited
- Wharf T&T Limited
- Hutchison Global Communications Limited
- Hong Kong Broadband Network Limited
- Towngas Telecommunications Fixed Network Limited
- ComNet Telecom (HK) Limited
- TraxComm Limited
- HKC Network Limited
- Hong Kong Cable Television Limited

- Reach Networks Hong Kong Limited and Reach Cable Networks Limited
- Telstra International HK Limited and Telstra International Limited
- Verizon Hong Kong Limited
- SmarTone Communications Limited
- Vodafone Enterprise Global Network HK Limited
- Hong Kong Telecommunications (HKT) Limited
- China Mobile Hong Kong Company Limited
- 21 ViaNet Group Limited
- China Telecom Global Limited
- NTT Com Asia Limited
- Equinix Hong Kong Limited
- TVB Network Vision Limited
- PCCW Global (HK) Limited

As a result of the active network rollout by fixed carriers and the former Telecommunications Authority's initiative to encourage further network rollout by the withdrawal of mandatory Type II interconnection policy in mid-2008, 86.7% and 78.9% of households were able to enjoy a choice of at least two and three self-built customer access networks respectively as at March 2015. It is expected that the figure will keep growing as the operators continue to roll out their networks.

Local fixed carriers are required to facilitate fixed number portability which enables consumers to switch to another local fixed operator without having to change their telephone numbers.

#### *Fixed Broadband Services*

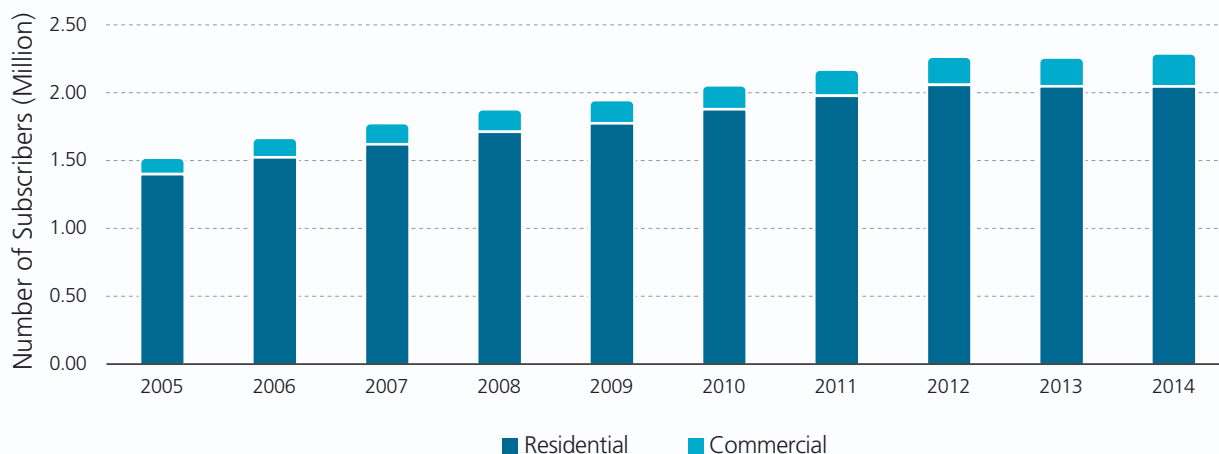
As at March 2015, 23 facility-based operators and 184 services-based operators were authorised to provide broadband Internet access services in Hong Kong. With the continuous network rollout of facility-based operators, the Hong Kong community is able to enjoy the nearly ubiquitous coverage of broadband networks through the deployment of various technologies

including asymmetric digital subscriber line, hybrid fibre coaxial cable, fibre-to-the-building, fibre-to-the-home, etc. Broadband access to various applications and content services has become an integral part of the life of people in Hong Kong. As at March 2015, there were around 2.3 million residential and commercial fixed broadband subscribers, with a household penetration rate of 83%. Broadband services are available at speeds up to 1 gigabit per second (Gbps). Over 84% of the broadband subscribers are using service plans with speeds at 10Mbps or above. The statistics of fixed broadband subscribers as at March 2015 and the statistics for the past 10 years are shown in [Figure 14](#) and [Figure 15](#) respectively.

**Figure 14: Statistics of fixed broadband subscribers as at March 2015**

	No. of subscribers	% share
Total No. of broadband subscribers	2 281 275	
Broadband speed of 10Mbps or above	1 925 479	84.4%
Broadband speed below 10Mbps	355 796	15.6%
Residential	2 041 742	89.5%
Commercial	239 533	10.5%

**Figure 15: Fixed Broadband Subscribers (2005 to 2014)**





### *Development of Next Generation Networks (NGN)*

Traditional telecommunications networks are built around circuit-switched technologies and are primarily designed for the conveyance and provision of dedicated telecommunications services. With the advent of new technologies, it is now possible to build a single network for the conveyance and provision of a variety of services, including fixed voice telephony service, data service, mobile service and television service. Such new networks, commonly referred to as NGNs, serve as an open platform through which service providers are able to develop innovative services and applications, and establish direct relationship with their customers.

In Hong Kong, the development of NGNs has always been driven by technical and commercial considerations of carriers. Some network operators have already launched their NGNs, while others are in the process of migrating their existing networks to NGNs. With the advent of NGN, it is necessary for the Authority to remain vigilant about the challenges to be brought about by NGN and ensure that the regulatory framework remains updated and appropriate in the NGN era. After the completion of a consultancy study commissioned to examine the implication of NGN development on the regulatory framework in Hong Kong, the NGN working group set up under OFCA, with members coming from the industry as well as various professional associations, has been deliberating on various issues pertinent to NGN, including arrangement of NGN interconnection trial among operators, collection of NGN related statistics, etc.

### *Public Wi-Fi Services*

Operators have been actively rolling out Wi-Fi networks. There are five fixed network operators and 40 class licensees providing public Wi-Fi services. As at March 2015, there were 31 879 public Wi-Fi hotspots in the city and the number continued to grow. Free Wi-Fi services were available to the public in 486 government premises.

### *External Telecommunications Services*

The external telecommunications facilities market was fully liberalised in 2000. As of March 2015, 42 fixed carriers were authorised to provide cable-based and/or non-cable-based external telecommunications facilities.

As at March 2015, Hong Kong had a total of seven cable landing stations: two in Tong Fuk, two in Tseung Kwan O and one each in Deep Water Bay, Chung Hom Kok and Cape D'Aguilar, making it a major telecommunications and Internet hub in the region.

In March 2015, Hong Kong was connected to nine regional and trans-Pacific submarine cable systems. They are Asia-America Gateway Cable System (AAG), Asia Pacific Cable Network 2 (APCN-2), Asia Submarine-Cable Express (ASE), EAC – C2C, FLAG Europe Asia (FEA), FLAG North Asia Loop (FNAL)/ REACH North Asia Loop (RNAL), Sea-Me-We 3 (SMW3), South-East Asia Japan Cable System (SJC) and TGN-Intra Asia Cable System (TGN-IA). As at March 2015, the total equipped external capacity exceeded 24 402 Gbps. Total external telephone traffic was 10 479 259 000 minutes for the period from 1 April 2014 to 31 March 2015.



### Satellite Services

Hong Kong adopts the open sky policy in regulating the provision of satellite services. Satellite-based telecommunications and television broadcasting services are provided via a multitude of satellites in the region with more than 200 satellite earth station antennas operated by a number of fixed carriers and broadcasters.

Licences are required for the operation of satellites and associated facilities. As at March 2015, two Hong Kong companies were licensed to operate and provide satellite communication services, namely Asia Satellite Telecommunications Company Limited (AsiaSat) and APT Satellite Holdings Limited (APT). AsiaSat and APT were established in 1988 and 1992 respectively.

AsiaSat and APT now operate nine satellites some of which will soon reach the end of their designed operation lives. The two companies have entered a new investment cycle of launching new satellites for replacement and provision of new business. Two new satellites were launched in the second half of 2014. Another new satellite is scheduled to be launched by the end of 2015.



## Chapter 6: Review of the Authority's Major Tasks

### Broadcasting

#### 6.1 Renewal of Domestic Free and Domestic Pay Television Programme Service Licences

##### Renewal of the Domestic Free Television Programme Service Licences of ATV and TVB

During the year, the Authority discharged its statutory duty in making recommendations to the CE in C on the applications for renewal of the domestic free television programme service licences of ATV and TVB, which would expire in November 2015. In accordance with the BO and established practice for processing the licence renewal applications, the Authority conducted a comprehensive assessment of the performance of the two licensees in relation to their compliance with the statutory requirements, licence conditions and the codes of practice. The Authority also conducted an extensive public consultation exercise in 2014, including a territory-wide household survey, three public hearings and four focus-group discussion sessions to collect public views on the services provided by the two licensees. In relation to the licence renewal application of ATV, there were strong adverse public opinions on the programming of ATV and on its poor performance

in various other aspects. In particular, about 45% of the respondents in the survey considered the service of ATV not satisfactory. As for the licence renewal application of TVB, the public was generally satisfied with the performance of TVB though there was room for improvement in its programming variety and quality. Having carefully considered the overall performance of the two licensees and the public views received, the Authority submitted its recommendations on the licence renewal applications to the CE in C on 4 November 2014.

In relation to the licence renewal application of ATV, having regard to inter alia the recommendations of the Authority, the CE in C decided on 1 April 2015 not to renew ATV's domestic free television programme service licence and to extend its existing licence to 1 April 2016.

As for the licence renewal application of TVB, the CE in C accepted the Authority's recommendations and decided on 12 May 2015 to renew TVB's domestic free television programme service licence for a new term of 12 years, with effect from 1 December 2015. Having regard to the public's views on the service of TVB, new licence conditions have been imposed on TVB's renewed licence to ensure that its domestic free television programme service would continue to meet the public's





expectation. These include new commitments on local productions and independent local productions; requirements for additional current affairs programmes, arts and culture programmes, documentaries and programmes for young persons on its digital channels; provision of first-run positive programmes; and the commitment to enhance provision of subtitling to its digital channels.

### Renewal of the Domestic Pay Television Programme Service Licence of PCCW Media

The domestic pay television programme service licence of PCCW Media would expire in September 2015. In processing the licence renewal application of PCCW Media, the Authority carried out a comprehensive assessment of its performance and conducted a public consultation exercise in 2013 to gauge public views on PCCW Media's service. The Authority submitted its recommendations on the licence renewal application of PCCW Media to the CE in C in September 2014. The recommendations were accepted by the CE in C in December 2014 and PCCW Media's domestic pay television programme service licence was renewed for a term of 12 years with effect from 26 September 2015.



## 6.2 Follow-up to Applications for Domestic Free Television Programme Service Licences

### Licence Applications of Fantastic TV and HKTVE

Since the grant by the CE in C of approval-in-principle (AIP) to the applications of Fantastic TV and HKTVE for domestic free television programme service licences in October 2013, the Authority proceeded with the follow-up work, including further review of the applications, seeking further information and clarifications as necessary from the two AIP grantees and discussing with them the proposed licence conditions. The Authority submitted to the CE in C its recommendations on the two licence applications in January 2015.

Having regard to the Authority's recommendations on HKTVE's application, the CE in C decided in April 2015 to grant HKTVE a domestic free television programme service licence by using fixed network as its transmission mode. HKTVE is required to provide a 24-hour Chinese channel and a 16-hour English channel within 12 months and 24 months from licence grant respectively, viz, by 31 March 2016 and 31 March 2017.

As regard Fantastic TV's application, in May and October 2015, the CE in C, having taken into account the request of Fantastic TV, invited the Authority to further consider any relevant supplementary information and confirmation that Fantastic TV was required to provide and to submit further recommendations to the CE in C on Fantastic TV's domestic free television programme service licence application. The Authority will follow up with Fantastic TV and process the additional information to be provided by Fantastic TV with a view to submitting to the CE in C further recommendations on Fantastic TV's application.



### Licence Application of HKTV

The Authority was processing the application for a domestic free television programme service licence submitted by HKTV in April 2014 in accordance with the BO and established procedures, including examining the views received in the public consultation exercise on the application and seeking further information from HKTV as required. Moreover, the Authority has commissioned an independent consultant to conduct a market analysis and prepare a consultancy report for assessing the possible impacts of the application on the local television market and overall broadcasting landscape. The Authority will examine the application prudently and submit its recommendations to the CE in C as soon as practicable.

### 6.3 Renewal of Analogue Sound Broadcasting Licences

The analogue sound broadcasting licences of CRHK and Metro granted under the TO will expire after 25 August 2016. The two licensees submitted applications for renewal of their licences in July and August 2014 respectively. In accordance with the TO and established practice for processing the licence renewal applications, the Authority completed a comprehensive assessment of the

performance of the two licensees in relation to their compliance with the statutory requirements, licence conditions and codes of practice promulgated by the Authority, and their operational, financial and technical capability, programming arrangements and future commitments. The Authority also conducted a public consultation exercise from September to November 2014 to collect public views on the licence renewal applications. Having regard to the overall assessment of the performance of the two licensees and the public views received, the Authority submitted its recommendations on the licence renewal applications to the CE in C in May 2015.

### 6.4 Renewal of Other Licensable Television Programme Service Licences

During the period under review, the Authority approved the applications for renewal of the following other licensable television programme service licences for the provision of television programme service in hotel rooms in Hong Kong:

- DOCOMO InterTouch Company Limited
- Showers of Blessing Evangelistic Ministry (Hong Kong) Limited

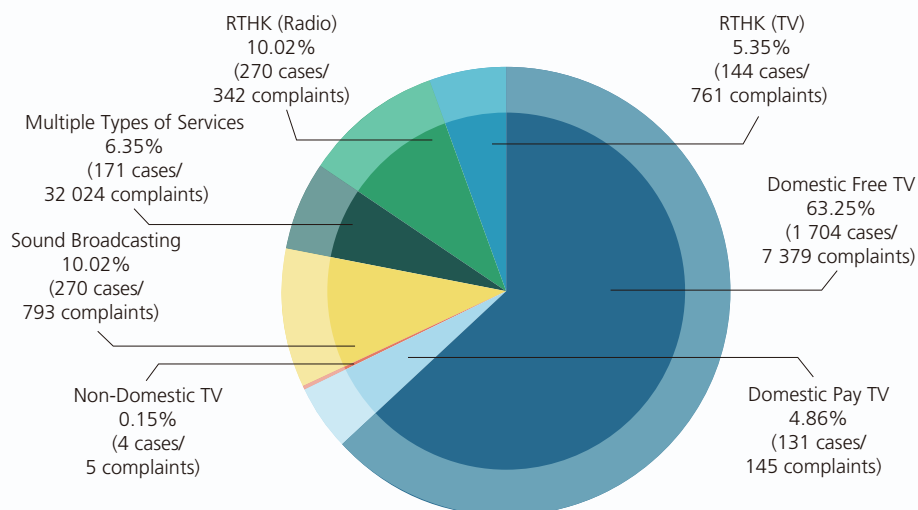
## 6.5 Processing Complaints relating to Broadcasting Services

### Overview of the Complaints Processed

During the period from April 2014 to March 2015, the Authority processed a total of 2 694 cases (41 449 complaints)<sup>28</sup> about the materials broadcast by broadcasters, which represented a decrease of 11% in the number of cases and an increase of 219% in the number of complaints processed<sup>29</sup>, as compared with the numbers recorded during the same period in the previous year (3 029 cases, 12 998 complaints). Breakdown of all the complaint cases by broadcasting service and broadcaster processed during the period is shown in Figure 16 and Figure 17 respectively.



**Figure 16: Distribution of All Complaint Cases by Broadcasting Service Processed in 2014-2015**



<sup>28</sup> To ensure operational efficiency, complaints with similar allegations against the same issue or broadcast material are handled together and counted as a single case.

<sup>29</sup> The significant increase in the number of complaints was attributed to a complaint case against a television programme broadcast on TVB and TVBNV which gave rise to over 27 000 complaints.



**Figure 17: Distribution of All Complaint Cases by Broadcaster Processed in 2014-2015**

Broadcasters Involved	No. of Complaint Cases	No. of Complaints Involved
ATV	437	872
TVB	1 260	6 499
HKCTV	56	61
PCCW Media	47	52
TVBNV	25	27
One TV Media Global <sup>30</sup>	1	1
Phoenix Satellite TV <sup>30</sup>	2	3
STAR <sup>30</sup>	1	1
CRHK	211	730
Metro	48	50
DBC	10	12
Phoenix U	1	1
RTHK (TV)	144	761
RTHK (Radio)	270	342
Multiple Broadcasters	181	32 037
<b>Total</b>	<b>2 694</b>	<b>41 449</b>

Among all the complaint cases processed, the DG Com handled 2 671 cases (12 010 complaints) under delegated power of the Authority. These complaints were related to breaches of a minor nature, or allegations which did not constitute any breach or were outside the remit of section 11(1) of

the B(MP)O, i.e. the substance of the complaint did not involve a contravention of the legislation, licence conditions or codes of practice. The Authority dealt with 23 cases (29 439 complaints). Details of the outcomes of all the complaints processed during this period are at [Figure 18](#).

<sup>30</sup> A non-domestic television programme service licensee.

**Figure 18: Outcomes of all the Complaints Dealt With by the Authority and DG Com**

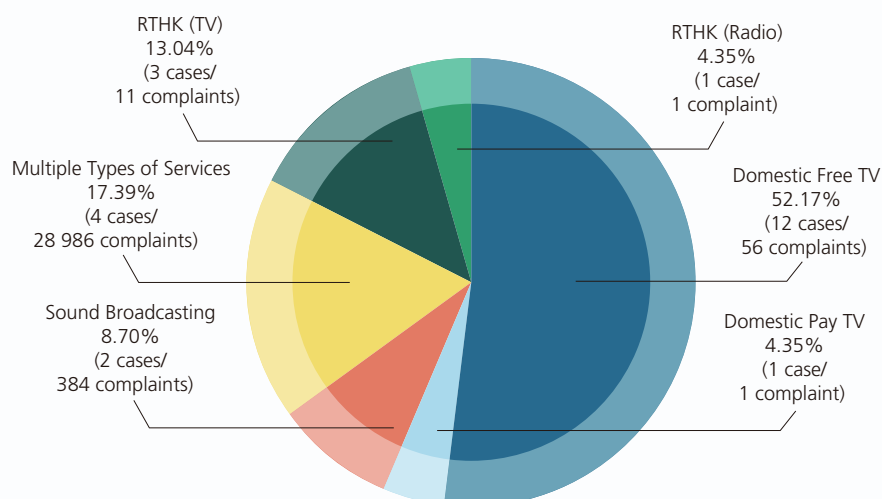
	Within Section (11)1 of B(MP)O				Outside Section (11)1 of B(MP)O	Total
	Substantiated		Unsubstantiated		DG Com	
	The Authority	DG Com	The Authority	DG Com		
No. of Cases	17	172	6	1 816	683	2 694
No. of Complaints	27 278	228	2 161	10 587	1 195	41 449

### Complaints Dealt with by the Authority

Among the 23 complaint cases dealt with by the Authority, 52% were related to domestic free television programme services. Breakdown of these complaint cases by broadcasting service is at Figure 19.

Regarding the nature of the broadcast materials under complaint, 21 out of the 23 complaint cases dealt with by the Authority were related to programmes and two about advertisements. 17 complaint cases were substantiated. Among

the substantiated cases, the main substance of complaints of four cases was related to the mingling of programme and advertising material or the embedding of advertising material within programme contents. Seven cases were related to inaccurate factual contents, misleading and partial presentations, or unfairness in news programme, current affairs programme, documentary, personal view programme or financial programme. Two cases were related to programme materials sponsored by liquor product, or depictions of dangerous acts without warning broadcast within

**Figure 19: Breakdown of Complaint Cases Dealt With by the Authority by Broadcasting Service**

the family viewing hours. One case was related to overly realistic depictions of violence or perverted practices in a programme, while another was related to indecent and denigrating remarks about religion in a personal view programme. Two substantiated cases were related to advertisements, among which one was related to a liquor advertisement involving children in its presentation, and the other one was

related to a misleading claim in an advertisement.

The Authority imposed a financial penalty of \$50 000, issued one serious warning, two warnings, three pieces of strong advice and 12 pieces of advice. A breakdown of the decisions of the Authority on complaints dealt with in 2014-2015 is at [Figure 20](#).

**Figure 20: Decision of the Authority on Complaint Cases during 2014-2015**

Decision of the Authority	ATV	TVB	HKCTV	PCCW Media	TVBNV	CRHK	RTHK	Total
No Further Action	0	3	0	0	2	1	2	8 <sup>note 1</sup>
Advice	4	5	0	1	1	0	1	12 <sup>note 2</sup>
Strong Advice	1	1	0	0	0	0	1	3
Warning	0	0	0	0	1	1	0	2 <sup>note 3</sup>
Serious Warning	0	1	0	0	0	0	0	1
Financial Penalty	0	1	0	0	0	0	0	1 <sup>note 3</sup>
<b>Total</b>	<b>5</b>	<b>11</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>27</b> <sup>notes 1, 2 &amp; 3</sup>

Note 1: Two unsubstantiated complaint cases involved broadcasts by two licensees and no further action was taken against the two concerned licensees.

Note 2: One substantiated complaint case involved broadcasts by two licensees and an advice was issued to each of the concerned licensees.

Note 3: One substantiated complaint case involved broadcasts by two licensees and two sanctions were imposed on the two concerned licensees.



## Telecommunications

### 6.6 Re-assignment of Frequency Spectrum in the 1.9 – 2.2 GHz Frequency Bands

The Authority announced in November 2013 its decision to adopt the hybrid administratively-assigned cum market-based approach to re-assign the 118.4 MHz of spectrum in the 1.9 – 2.2 GHz band (3G Spectrum) upon expiry of the existing assignments on 21 October 2016.

The hybrid approach is considered to best meet the multiple objectives of spectrum re-assignment, viz. ensuring customer service continuity, efficient spectrum utilisation, promotion of effective competition, and encouragement of investment and promotion of innovative services.

Under the hybrid approach, the three incumbent 3G operators have been re-assigned through right of first refusal 69.2 MHz of the 3G Spectrum, and the remaining 49.2 MHz was put to auction in December 2014. Two incumbent 3G operators and the existing mobile network operator not assigned with any 3G Spectrum successfully bid for the spectrum. They are required to pay the spectrum utilisation fee for both the administratively-assigned and auction-acquired spectrum by August 2016. The spectrum will be assigned for a new term of 15 years, starting from 22 October 2016 to 21 October 2031.

In sum, 29.6 MHz out of the 118.4 MHz of the 3G Spectrum will change hands with effect from October 2016. The incumbent and the new spectrum assignees would have about two years from completion of the auction to prepare for the necessary network reconfiguration and the roll out of their networks respectively. OFCA will coordinate with the operators with a view to facilitating a smooth handover arrangement on the above-mentioned spectrum among the spectrum assignees so as to minimise the impact on service to mobile customers.

### 6.7 Preparation for Re-assignment of Frequency Spectrum in the 900 MHz and 1800 MHz Frequency Bands

Among the 572 MHz of spectrum currently assigned for the provision of mobile telecommunications services, the existing assignments for 49.8 MHz of spectrum in the 900 MHz band and 148.8 MHz of spectrum in the 1800 MHz band will expire within the period between November 2020 and September 2021. In order to allow sufficient time for the industry to prepare for the spectrum re-assignment, the Authority plans to announce its decision on the arrangements for spectrum re-assignment by end 2017. The related preparatory work began in 2015.

### 6.8 Reduction of Telecommunications Licence Fees

In November 2012, the Authority and SCED issued a joint statement to promulgate their decision to reduce the customer connection fee level of UCLs from \$800 to \$700 for each 100 customer connections, and to reduce the mobile station fee level of PRS Licences (Paging) and SBO Licences (Class 3) from \$800 to \$700 for each 100 mobile stations. Following completion of the legislative procedure, the new licence fees took effect on 1 March 2013. In February 2013, PCCW-HKT Telephone Limited and Hong Kong Telecommunications (HKT) Limited (PCCW and HKT) applied for leave to lodge a judicial review (JR) application against the Authority and SCED on their decisions on the licence fees reduction. Court of First Instance granted leave to PCCW and HKT's application for the JR in July 2013. The substantive hearing was conducted from 17 to 19 June 2015. Court of First Instance handed down its judgment on 11 August 2015 dismissing the JR application. PCCW and HKT lodged an appeal to the Court of Appeal on 4 September 2015.



### 6.9 Update on the Withdrawal of Regulatory Guidance on the Charging Principles for Narrowband Interconnection between Fixed Carriers

After an 18-month transitional period, the regulatory guidance on the charging principles for narrowband interconnection between fixed carriers ceased to be effective starting from 16 October 2014. With the withdrawal of the regulatory guidance, fixed carriers are free to negotiate with each other commercially on the terms and conditions for narrowband interconnection, including whether interconnection charges are required for the exchange of traffic, and if so, the level of the interconnection charges. Most of the fixed carriers have concluded new interconnection agreements among themselves after the withdrawal of the regulatory guidance, without the need for the Authority to intervene.

### 6.10 Regulation of Broadcast-type Mobile Television Services (Mobile TV Service)

Since the launch of Mobile TV Service in February 2012, the China Mobile Multimedia Broadcasting (CMMB) standard has been used as the transmission standard. HKTV announced on 20 December 2013 the completion of its acquisition of all shares of the original licensee holding the UCL which authorised it to provide Mobile TV Service (the Mobile TV Licence) and subsequently renamed the licensee as Hong Kong Mobile Television Network Limited (HKMTV). In January 2014, HKMTV indicated to OFCA its proposal to switch from the original CMMB standard to the Digital Terrestrial Multimedia Broadcast (DTMB) standard for the transmission of its Mobile TV Service.

Given that DTMB standard is the transmission standard adopted for the provision of free-to-air DTT services in Hong Kong, the Authority considers that if HKMTV switches to the DTMB standard without implementation of effective technical measures, its Mobile TV Service will be available for reception by an audience of more than 5000 specified premises in Hong Kong and will thereby trigger the licensing requirement under the BO in relation to a domestic free television programme service licence and/or domestic pay television programme service licence. Furthermore, the reception of Mobile TV Service by household television sets via fixed installations, such as in-building coaxial cable distribution systems and rooftop antennas, will constitute the provision of a fixed service, in breach of Schedule 1 to the Mobile TV Licence, which stipulates that nothing in the licence authorises the licensee to provide any fixed services using the frequencies specified in the Mobile TV Licence, or to provide any service subject to licensing under any other ordinance.

HKTV and HKMTV disagreed that Mobile TV Service using the DTMB standard should be subject to the regulation by the BO. On 11 April 2014, HKTV and HKMTV filed an application to the court for leave to apply for JR against the view expressed by the OFCA. Leave was granted and the substantive hearing was conducted on 26 and 27 November 2014. The Court handed down its judgment in September 2015 in favour of OFCA and dismissed the JR.

### 6.11 Review of Licence Conditions in the Carrier Licences

With a view to removing the anomaly of subjecting telecommunications licensees to both the sectoral and cross-sectoral regulatory controls when the two duplicate, the Authority and SCED reviewed all the licence conditions in carrier licences issued under the TO. Taking into account also the views and comments received from a joint public consultation on the matter, the Authority announced on 10 March 2015 the decision to remove five special conditions (SCs) governing road opening works from the new UCLs issued thereafter. It has also invited the existing carrier licensees to return their licences for effecting the removal of the corresponding SCs. Meanwhile, SCED decided to remove a general condition concerning restrictions on attachment to public buildings and trees from the carrier licences, and will introduce the necessary legislative amendments with a view to effecting the removal.

### 6.12 Processing Complaints relating to Telecommunications Services

As the telecommunications market is fully liberalised and highly competitive, the Authority has adopted a light-handed regulatory approach. The Authority investigates consumer complaints against

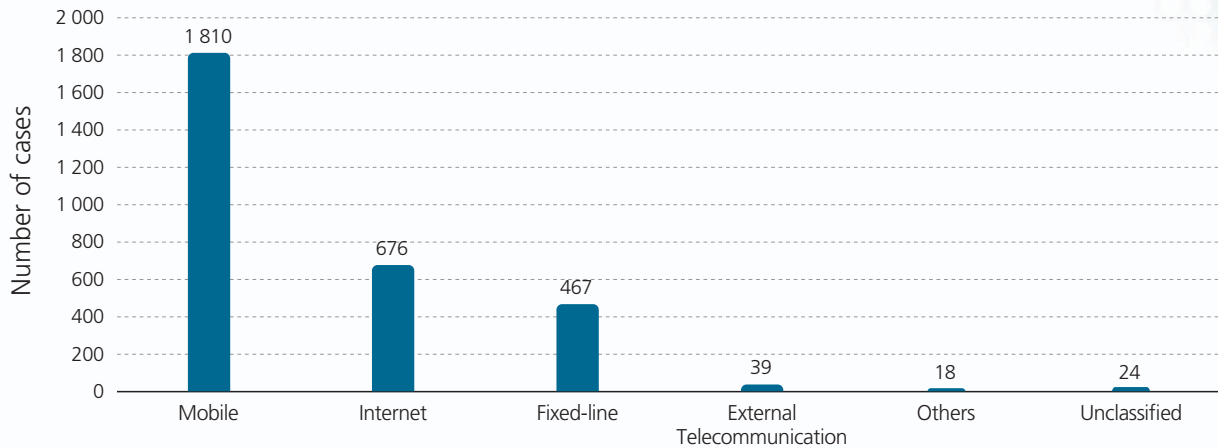
telecommunications operators if there is sufficient evidence to establish a *prima facie* case on possible breaches of any provisions under the TO or licence conditions. For other consumer complaints not involving any breach of the TO, relevant regulations or licence conditions, it is the responsibility of the telecommunications operators to resolve the matters under complaint with their customers. The Authority will take note of and monitor all consumer complaints received. Appropriate actions would be taken if any systemic issues are identified.

During the year under review, the Authority received a total of 3 034 consumer complaints relating to telecommunications services. Among them, 1 810 cases (59.7%) were related to mobile services, 676 cases (22.3%) were related to Internet services, 467 cases (15.4%) were related to fixed-line services and 57 cases (1.9%) were related to external telecommunications and other services. On the nature of complaint, the Authority received the highest number of complaints relating to bill disputes (862 cases or 28.4%), while complaints about customer service quality (559 cases or 18.4%) and service quality (495 cases or 16.3%) ranked second and third respectively.

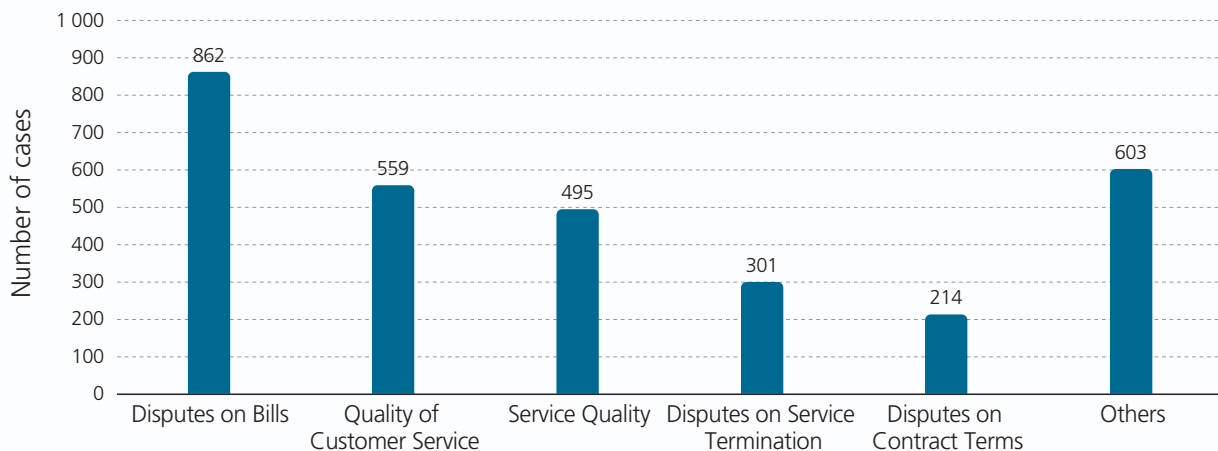
Breakdown of complaint cases by types of telecommunications services and complaint natures received by the Authority during the period are shown in [Figure 21](#) and [Figure 22](#) respectively.



**Figure 21: Distribution of Complaint Cases by Types of Telecommunications Service Received by the Authority in 2014-2015**



**Figure 22: Distribution of Complaint Cases by Complaint Nature Received by the Authority in 2014-2015**

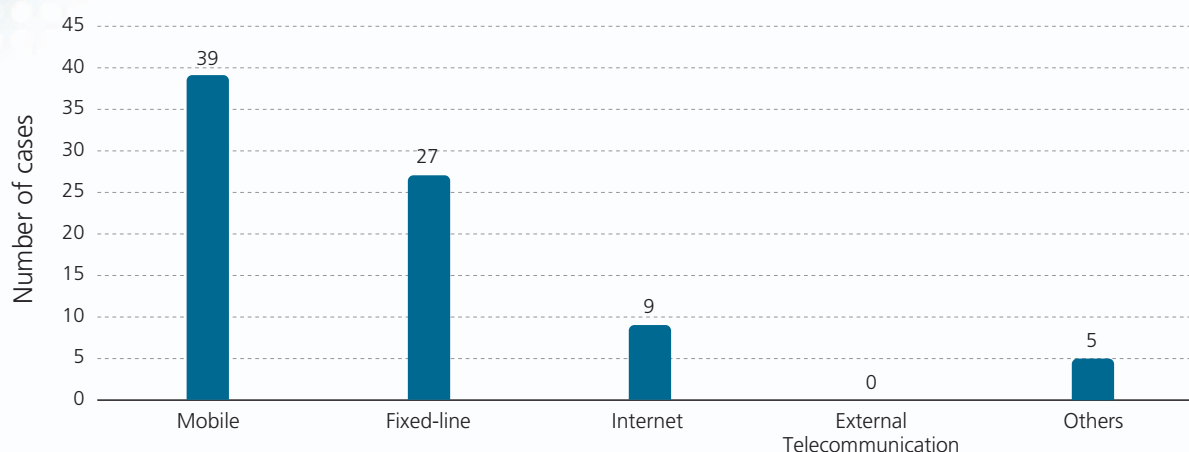


Among the 3 034 complaint cases received, 2 954 cases (97.4%) were found to be outside the Authority's jurisdiction. For the remaining 80 cases (2.6%), they might have breached the TO or licence conditions. The majority of these cases were related to sales conduct, difficulties in accessing buildings to provide services, suspected anti-competitive behavior and abuse of market power. Regulatory actions will be taken against

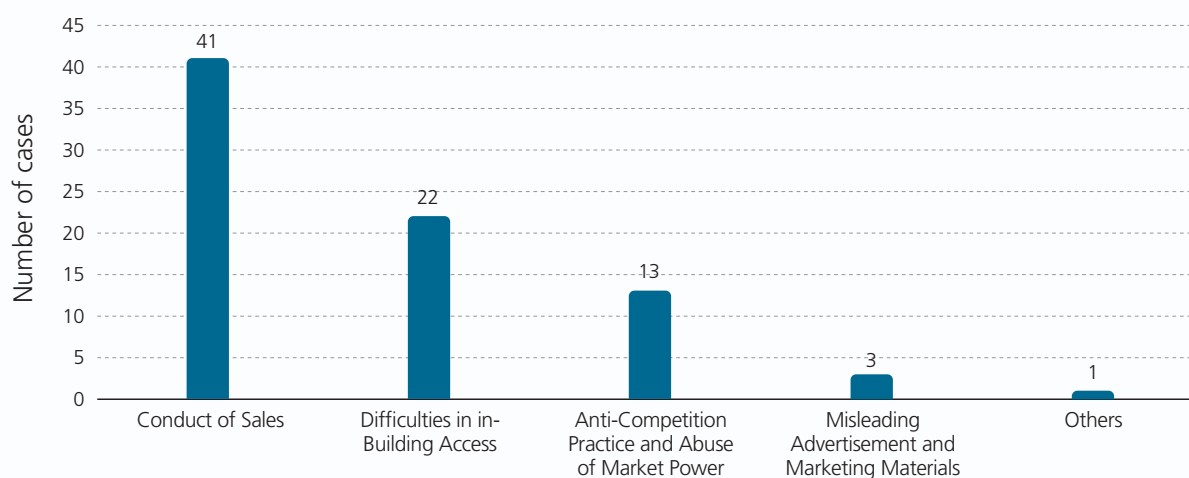
the telecommunications operators concerned if the complaints are found to be substantiated after investigations.

Breakdown of complaint cases that might involve possible breach of the TO or licence conditions by types and natures received by the Authority during the year under review are at [Figure 23](#) and [Figure 24](#) respectively.

**Figure 23: Distribution of Complaint Cases by Types of Telecommunications Service Received by the Authority in 2014-2015**



**Figure 24: Distribution of Complaint Cases by Complaint Nature Received by the Authority in 2014-2015**



In the past few years, the Authority noted that consumer complaints were mainly on telecommunications service contractual disputes, mobile bill shock, chargeable mobile content services and Fair Usage Policy. In collaboration with the telecommunications industry, various measures have already been implemented to address these complaints. These include the issue of an industry code of practice for voluntary compliance by telecommunications licensees on service contracts, implementation of mobile bill

shock preventive measures, the setting up of an Administrative Agency by the Communications Association of Hong Kong (CAHK), an industry association, to govern the service delivery by mobile content services providers, and the promulgation of a set of mandatory guidelines governing the implementation of Fair Usage Policy by telecommunications services providers. The numbers of complaint cases of the types mentioned above received during the year under review is at [Figure 25](#).

**Figure 25: Number of Consumer Complaint Cases Received by the Authority in 2014-2015**

Types of Consumer Complaint	No. of Complaint Cases
Contractual disputes	515
Mobile bill shock	487
Fair Usage Policy	20
Chargeable mobile content services	18

### 6.13 Long Term Implementation of Customer Complaint Settlement Scheme

In November 2012, OFCA worked with the CAHK to launch the CCSS for a trial period of two years. The CCSS is an alternative dispute resolution scheme which aims at resolving billing disputes in deadlock between telecommunications service providers and their residential/personal customers by means of mediation. The mediation service is provided by an independent mediation service centre (CCSS Centre) set up under the CAHK with voluntary participation of all major telecommunications service providers in Hong Kong. OFCA supported the CCSS by contributing the necessary funding, screening the CCSS applications against the acceptance criteria, and monitoring the performance and the governance of the scheme.

During the two-year trial period from 1 November 2012 to 31 October 2014, OFCA received 357 applications (with 106 and 251 applications in the first and the second trial years respectively) that met CCSS's acceptance criteria. Among them, 159 cases were resolved before referral to the CCSS Centre, and 197 cases were satisfactorily settled after being followed up by the CCSS Centre. For the remaining one case, verbal agreement had been

reached between the parties to settle the case, but the customer failed to turn up to sign the written settlement agreement.

Following the end of the trial period, OFCA conducted a review of the effectiveness of the CCSS and its usage by the public. Having regard to the encouraging outcome of the CCSS trial, the proven demand from customers and the positive feedback from the industry, OFCA decided to support the long term implementation of the CCSS on the basis of the framework adopted in the trial scheme. The long term CCSS as administered by the CAHK commenced operation on 1 May 2015. OFCA will continue to provide funding, screen the CCSS applications, and monitor closely the operation and effectiveness of the scheme.

### 6.14 Measures to Ensure Better Utilisation of the 8-digit Numbering Plan

In Hong Kong, the 8-digit telecommunications numbering plan has been adopted since 1995. With the robust developments of the telecommunications industry and the popularity of mobile communications services over the last two decades, numbers available for allocation to mobile services would be exhausted in three years' time. The Authority proposed to make available more numbers for mobile services through maximizing utilization of the existing 8-digit numbering plan. A public consultation was launched in October 2015 to seek views about the various proposed measures.



### **6.15 Implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012**

The Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 came into full implementation on 19 July 2013. It extends the coverage of the TDO from goods to services, prohibits specified unfair trade practices, and introduces an enhanced enforcement mechanism (collectively "fair trading sections"). The Authority is conferred jurisdiction concurrent with the Customs and Excise Department to enforce the fair trading sections of the TDO in relation to commercial practices of licensees under the TO and the BO directly connected with the provision of telecommunications and broadcasting services. The two enforcement agencies have issued the enforcement guidelines to provide guidance for traders and consumers as to the operation of the fair trading sections and have entered into a memorandum of understanding to co-ordinate the performance of their functions under the amended TDO.

During the period from 1 April 2014 to 31 March 2015, the Authority received and handled a total of 1 321 complaints under the TDO. Among these complaints, 995 were closed for there being insufficient evidence to suspect/establish a contravention or falling outside the scope of the TDO, 100 complaints were closed after advisory letters were issued to the licensees concerned to draw their attention to the need to improve the relevant commercial practices in relation to the sale, supply or promotion of telecommunications or broadcasting services to consumers, and 226 complaints were under process at various stages.

Section 7M of the TO was repealed upon the implementation of the amended TDO. As a transitional arrangement, if misleading or deceptive conduct of the licensees was engaged prior to the implementation of the amended TDO, such conduct is still regulated and dealt with under section 7M of the TO.

### **6.16 Preparation for the Implementation of the Competition Ordinance**

The CO was passed by the Legislative Council on 14 June 2012. It provides for a cross-sectoral competition law prohibiting anti-competitive conduct in all sectors which has the object or effect of preventing, restricting or distorting competition. Under the CO, the Authority is conferred jurisdiction concurrent with the CC to enforce the CO in respect of the conduct of telecommunications and broadcasting licensees, including merger and acquisition activities involving carrier licensees in the telecommunications sector. Upon full commencement of the CO, the competition provisions in the BO and TO will be repealed, subject to transitional arrangements.

The Authority has been working closely with the CC on the preparatory work required before the full commencement of the CO. In October 2014, the Authority and the CC jointly issued a set of six draft guidelines on the enforcement and interpretation of the CO and solicited views and comments from the business sectors and the general public. Having considered the comments received from the consultation exercise, in March 2015, the Authority and the CC jointly issued revised draft guidelines for comments. The Legislative Council was also consulted on the revised draft guidelines on 27 April 2015. The Authority and CC will continue to work together to finalise the guidelines, and prepare and enter into a memorandum of understanding to co-ordinate the performance of their functions under the concurrent jurisdiction arrangement, in preparation for the full implementation of the CO.

### 6.17 Enforcement of the Unsolicited Electronic Messages Ordinance

The UEMO came into full force on 22 December 2007. The UEMO sets out the rules about sending commercial electronic messages (CEMs), including the requirements to provide accurate sender information and honour unsubscribe requests. Under the UEMO, the Authority has established three Do-Not-Call (DNC) registers to allow members of the public to register their numbers to indicate their choice of not receiving commercial facsimile messages, short messages and/or pre-recorded telephone messages unless they have given consent. By the end of March 2015, more than 2.7 million numbers had been registered under these DNC registers.

To provide more channels for serving specified notices under the UEMO, the Legislative Council passed amendments to section 44 of the UEMO to permit specified notices to be served by ordinary post or by hand, in addition to serving by registered post. The amendments came into effect on 5 December 2014.

The Authority will continue to monitor the compliance with the UEMO by CEM senders and streamline the procedures for more effective enforcement.

## Major Regulatory Actions

### 6.18 Sanctions against Broadcasting Licensees

#### ATV's Failure to Pay Licence Fees

ATV failed to pay the fixed fee and provisional variable fee of its domestic free television programme service licence, as well as the annual fee of its FCL for the licence year 2014-2015, in accordance with the stipulated deadlines under the Broadcasting (Licence Fees) Regulation (Cap. 562A) and the Telecommunications (Carrier Licences) Regulation (Cap. 106V). The Authority imposed financial penalties of \$300,000 in total on ATV for its non-compliance with the relevant statutory and licence requirements, and directed ATV to settle the outstanding licence fees by specified deadlines. ATV settled the outstanding licence fees as directed.

#### Contravention of Disqualified Person Restriction by TVB

In January 2015, the Authority decided to impose a financial penalty of \$80,000 on TVB for contravening section 3(2)(b) of Schedule 1 to the BO and Condition 12 of its domestic free television programme service licence, by allowing three former or current directors of TVB, as disqualified persons (DPs) by virtue of their association with the holder of an other licensable television programme service licensee, viz. Swire Properties Hotel Management Limited, to exercise control of TVB without the requisite approval of the CE in C since October 2009 for periods ranging from two and a half years to five years. Apart from imposing financial penalty, the Authority also required TVB to enhance compliance with the statutory provision on DP restriction to prevent recurrence of similar incidents in the future.

## **6.19 Sanctions against Telecommunications Licensees**

### **Misleading or Deceptive Conducts of Telecommunications Operators**

During the period of 1 April 2014 to 31 March 2015, OFCA handled 81 complaint cases under section 7M of the TO. The Authority found one of these complaint cases (detailed below) as infringements of the TO.

In April 2014, the Authority considered a complaint against SmarTone. The complainant alleged that various representations made by SmarTone on a dedicated webpage of its company website from July 2012 in relation to the network comparison tests between its 3G network and other 3G and 4G networks in Hong Kong were misleading or deceptive. Having considered the investigation findings of OFCA, the Authority was of the view that SmarTone had engaged in misleading or deceptive conduct in breach of section 7M of the TO. The Authority imposed a financial penalty of \$150,000 on SmarTone in relation to the breach concerned.

### **Illegal Bypass of Local Access Charge by External Telecommunications Services Licensees**

The Authority completed the investigation into a case regarding illegal bypass of local access charge, and imposed a financial penalty of \$130,000 on the licensee concerned for breaching the conditions of its external telecommunications services licence.

### **Breach by Fixed Network Operators of the Conditions under Their Carrier Licences Concerning Minimum Depth Requirement**

In March 2015, the Authority considered a referral from the Highways Department concerning 126 cases of the determination of the Director of

Highways on failure of six fixed network operators to comply with the minimum depth requirement stipulated under the Land (Miscellaneous Provisions) Ordinance. Having considered the investigation findings, the Authority concluded that in these 126 cases, the six operators had failed to comply with the relevant licence condition under their respective carrier licences in respect of the minimum depth requirement. The Authority decided to issue advice to all the operators for them to comply with the minimum depth requirement as determined by the Director of Highways.

## **6.20 Sanctions against Senders of Commercial Electronic Messages**

From April 2014 to March 2015, the Authority received 2 068 reports on suspected contraventions of the UEMO, broadly comparable to the 1 998 reports of the previous year. In dealing with these reports, OFCA would, depending on the circumstances, issue advisory letters to first time offenders explaining the requirements of the UEMO or issue warning letters to other CEM senders in more serious cases. During the period under review, 319 advisory or warning letters were issued. In the event of repeated contraventions by a particular sender, the Authority would issue an enforcement notice pursuant to the UEMO directing the concerned sender to take steps to remedy the offences. Any person who fails to comply with the enforcement notice may be liable to a fine of up to \$100,000 on the first conviction. In 2014-2015, one enforcement notice was issued.



## Chapter 7: Acknowledgement

The Communications Authority would like to express its appreciation for the cooperation and support given by the following organisations in preparing the Report:

Asia Television Limited

Television Broadcasts Limited

HK Television Entertainment Company Limited

Hong Kong Cable Television Limited

PCCW Media Limited

TVB Network Vision Limited

Starvision Hong Kong Limited

APT Satellite TV Development Limited

Starbucks (HK) Limited

China Entertainment Television Broadcast Limited

Turner International Asia Pacific Limited

Sun Television Cybernetworks Enterprise Limited

GLOBECAST HONG KONG LIMITED

Auspicious Colour Limited

Phoenix Satellite Television Company Limited

Times International Media Group Limited

China Satellite TV Group Company Limited

Power Star Limited

Hong Kong TV International Media Group Limited

Health TV Company Limited

One TV Media Global Limited

Star China Media Limited

Hong Kong Commercial Broadcasting Company Limited

Metro Broadcast Corporation Limited

Digital Broadcasting Corporation Hong Kong Limited

Phoenix U Radio Limited

AdmanGo Limited

Commerce and Economic Development Bureau  
(Communications and Technology Branch)<sup>31</sup>

Office of the Communications Authority

Information Services Department

Radio Television Hong Kong

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<sup>31</sup> With effect from 20 November 2015, the Commerce and Economic Development Bureau (Communications and Technology Branch) was renamed as the Commerce and Economic Development Bureau (Communications and Creative Industries Branch).

## Annex 1: Summary of Non-Domestic Television Programme Services

### Summary of Non-Domestic Television Programme Services

Licensee	Date of Launch of Service	No. of Channels (no. receivable in HK)	Nature of Channels	Target Markets	Satellite
1. Starvision Hong Kong Limited	4.1991	48 (0)	General entertainment, movie, music, sports & news etc.	Asian region including the Mainland, India & Middle East	AsiaSat 5 AsiaSat 7 Measat 3
2. TVB Network Vision Limited	8.1998	22 (2)	Drama, general entertainment, movie & news etc.	Asian region, Australia & Europe	AsiaSat 7 Intelsat 19
3. APT Satellite TV Development Limited	8.2000	53 (1)	General entertainment, news, movies & sports	Indo-China, Taiwan & Macau	Apstar V Apstar VI Apstar VII
4. Starbucks (HK) Limited	6.2000	1 (0)	Weather, sports, music and finance etc.	Asia-Pacific region	Apstar 7
5. China Entertainment Television Broadcast Limited	3.1995	1 (1)	General entertainment	Mainland, Southeast Asia & Asia-Pacific region	AsiaSat 7
6. Turner International Asia Pacific Limited	1989	14 (11)	News, finance, movie, children & family programmes	Asia-Pacific region & South Asia	AsiaSat 7 Intelsat 19 Intelsat 20 Measat 3A
7. Sun Television Cybernetworks Enterprise Limited	8.2000	1 (1)	History & culture-related documentaries	Asia-Pacific region	AsiaSat 7
8. GLOBECAST HONG KONG LIMITED	11.2001	32 (13)	General entertainment, sports, finance & news	Asia-Pacific region	AsiaSat 7 MeaSat3
9. Asia Television Limited	1.2005	1 (0)	General entertainment & infotainment	Mainland	Apstar V
10. Auspicious Colour Limited	1.2006	15 (8)	General entertainment, infotainment & music	Asia-Pacific region	AsiaSat 5 AsiaSat 7
11. Phoenix Satellite Television Company Limited	5.2006	4 (3)	General entertainment, news and movie	Asia-Pacific region	AsiaSat 7
12. Times International Media Group Limited	6.2014	1 (1)	News, sports, travel & infotainment	Asia-Pacific region	Chinasat 10



Licensee		Date of Launch of Service	No. of Channels (no. receivable in HK)	Nature of Channels	Target Markets	Satellite
13.	China Satellite TV Group Company Limited	11.2009	0 (0) <sup>Note</sup>	Infotainment	Asia-Pacific region	N.A
14.	Power Star Limited	6.2010	65 (0)	News, movie, infotainment & children's programmes	Taiwan, Macau and South China	AsiaSat 4
15.	Hong Kong TV International Media Group Limited	3.2011	2 (2)	Infotainment	Asia-Pacific region	Apstar VI
16.	Health TV Company Limited	2.2013	1 (0)	Health information programmes, documentaries and general entertainment	Asia-Pacific region	Apstar V
17.	One TV Media Global Limited	5.2013	1 (1)	News, finance, entertainment and sports	Asia-Pacific region	Apstar V
18.	Star China Media Limited	1.2014	3 (0)	Music programmes, entertainment news and general entertainment	Asia-Pacific region	AsiaSat 7

Note: China Satellite TV Group Company Limited suspended its service between 15.7.2014 to 27.6.2015.

## Annex 2: Type and Number of Telecommunications Licences

As at 31 March 2015

Type of Licences	No. of Licences
Academic Institution Self-provided Telecommunications Installation	2
Aeronautical VHF Fixed Station	32
Aircraft Station	320
Amateur Station	2 673
Broadcast Radio Relay Station & Broadcast Relay Station	15
Experimental Station	98
Fixed Carrier, Fixed Carrier (Restricted) and Fixed Telecommunications Network Services	12
Hotel Television (Transmission)	152
Industrial, Scientific & Medical Electronic Machine	818
Maritime Radio (Local Vessel)	810
Mobile Carrier	1
Mobile Carrier (Restricted)	1
Mobile Radio System Fixed Station	19
Mobile Radio System Mobile Station	2 190
Private Mobile Radio System	2 133
Private Radio Paging System	13
Public Radiocommunications Service	9
Radio Dealers (Unrestricted)	3 264
Radiocommunications School	7
Radiodetermination and Conveyance of Commands, Status and Data	158
Satellite Master Antenna Television	76
Self-Provided External Telecommunications System	9
Services-Based Operator of Class 1 Service, Class 2 Service and Services Other Than Class 1, Class 2 or Class 3 Services <sup>Note A</sup>	15
Services-Based Operator of Class 3 Service	515

Type of Licences	No. of Licences
Ship Station	2 286
Space Station Carrier	13
Taxi Radiocommunications Service	26
Unified Carrier – Mobile Services <sup>Note B</sup>	8
Unified Carrier – Local/External Fixed Services <sup>Note B</sup>	39
Wide Band Link & Relay Station	56
<b>Total</b>	<b>15 770</b>

Note A: This figure includes four licences which are authorized for SBO Class 3 services

Note B: This figure includes two licences which are authorized to provide both fixed and mobile services