

# Chairman's Message





*It is a great pleasure for me to present this report of the Communications Authority (the Authority), which provides a detailed account of the tasks undertaken by the Authority for the year ending 31 March 2020 and the challenges ahead.*

## **A Vibrant Broadcasting Market**

Hong Kong continues to possess a vibrant broadcasting sector, with 12 free-to-air digital television channels and 13 radio channels provided by various commercial broadcasters and the public service broadcaster, Radio Television Hong Kong (RTHK), as well as over 800 local and non-local television channels in various languages available through free-to-air terrestrial and satellite reception or pay television services. Hong Kong is also an ideal place for uplinking satellite television services to the Asia Pacific region, with 11 non-domestic television programme service (non-domestic TV) licensees<sup>1</sup> providing over 180 satellite television channels for audience in the Asia Pacific region.

<sup>1</sup> There were 12 non-domestic TV licensees in Hong Kong as at 31 March 2020. In October 2020, the Authority accepted the application by one of the non-domestic TV licensees for termination of its licence with effect from 26 August 2020.

With the coverage of digital terrestrial television (DTT) by domestic free television programme service (free TV) licensees reaching at least 99% of the population, analogue TV services were switched off on 30 November 2020. Hong Kong entered an era of full digital TV broadcasting from 1 December 2020.

## Rapid Growth of the Telecommunications Market

Hong Kong faced social and economic challenges during the year under review. Yet, Hong Kong's telecommunications market continued to flourish. By March 2020, the number of mobile subscriptions reached 23.2 million, including around 23 million subscriptions of the third generation (3G) and fourth generation (4G) mobile services. Mobile network operators (MNOs) and mobile virtual network operators (MVNOs) were offering 4G services at affordable prices. Mobile data services were available at downlink speeds of up to 1 100 megabits per second (Mbps) using Long Term Evolution technology. In March 2020, the monthly mobile data usage further surged to 75 664 Terabytes, representing 1.4 times and 1.9 times of the monthly usage over the same period in 2019 and 2018 respectively. The mobile data usage per capita rose to 10 088 Megabytes in March 2020, compared with 7 335 Megabytes in March 2019 and 5 444 Megabytes in March 2018. We expect that the commercial launch of the fifth generation (5G) mobile services from April 2020 onwards will further boost mobile data usage with the new range of innovative services and applications empowered by 5G. The Authority will continue to introduce necessary measures to facilitate the robust development of the mobile services market.

## Major Tasks and Challenges in the Coming Year

The broadcasting industry faces significant challenges from competition brought about by Internet-based media services. We will continue to refine and update our regulatory framework for broadcasting licensees from time to time, with a view to striking a balance between providing a conducive business environment and protecting the interests of the audience, as well as to keeping pace with the advancement of infotainment industry.

Over the next two years, the free TV licences and sound broadcasting licences will be due for mid-term reviews. The Authority will assist in the review process, and formulate recommendations to the Chief Executive in Council (CE in C) with regard to licence conditions and service requirements for the remaining period of validity of the licences.

On the telecommunications front, the commercial launch of 5G services from 1 April 2020 has taken the Hong Kong telecommunications market to a new era, opening up tremendous new business opportunities to the industry and bringing to the general public new possibilities of innovative telecommunications services and applications including Internet of Things (IoT) technologies. The Authority is continuing its work to identify spectrum in different frequency bands, including the 600 MHz, 700 MHz and 4.9 GHz bands, and to work on arrangements for assignment of the spectrum bands concerned to facilitate the provision of 5G and other innovative services. Furthermore, with the existing assignments of the spectrum in the 850 MHz and 2.5/2.6 GHz bands

expiring in November 2023 and March 2024 respectively, the Authority has kick started the spectrum re-assignment work by conducting public consultations jointly with the Secretary for Commerce and Economic Development (SCED). Looking ahead, we will continue to review our telecommunications regulatory framework from time to time to ensure that it dovetails with the advancement of telecommunications technologies and market development.

Following the outcome of a consultancy study commissioned by Office of the Communications Authority (OFCA), existing satellite master antenna television (SMATV) systems in buildings for receiving and distributing satellite TV signals to occupants would need to be upgraded in order to co-exist with 5G systems operating in the adjacent 3.5 GHz band starting from 1 April 2020. The Authority is mindful of the cost required

for upgrading the SMATV systems and has implemented a subsidy scheme for supporting the SMATV owners to upgrade their existing SMATV systems. With funding provided by the four 5G MNOs using the 3.5 GHz band, OFCA has launched the subsidy scheme that would run for 12 months starting from November 2019.

The work that lies ahead will be as diverse and challenging as that in 2019/20, especially in the continuous facilitation of 5G development in Hong Kong. The Authority will do its utmost to foster an appropriate environment to support the communications sector. I would like to take this opportunity to express my gratitude to members of the Authority for their commitment and invaluable contribution throughout the year. I would also like to thank colleagues of OFCA for their strenuous efforts in supporting the work of the Authority with their dedication and professionalism.

