

CHAPTER 2

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 2021 and the challenges ahead.

A Vibrant Broadcasting Market

The broadcasting sector in Hong Kong continues to be vibrant and versatile, 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 about 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 10 non-domestic television programme service (non-domestic TV) licensees providing over 210 satellite television channels for audience in the Asia Pacific region.¹

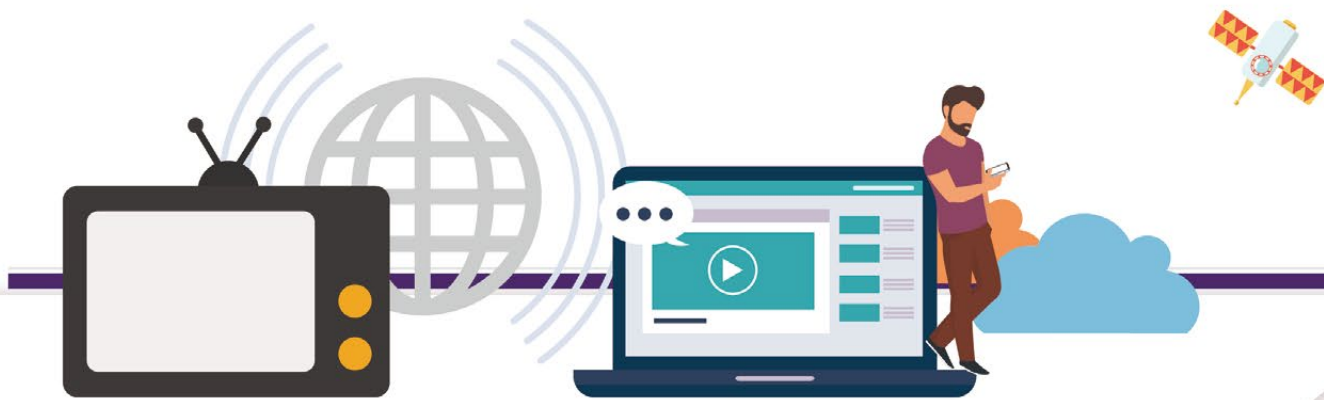
The Authority has commenced in 2021 a mid-term review exercise for the domestic free television programme service (free TV) licences of HK Television Entertainment Company Limited (HKTVE), Television Broadcasts Limited (TVB) and Fantastic Television Limited (Fantastic TV) and the sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited (Metro). The Authority is conducting assessments of the performance of the five licensees. A public consultation exercise was conducted in the third and fourth quarters of 2021 to collect public views. Having regard to the views received during the public consultation, the Authority will submit its recommendations to the Chief Executive in Council (CE in C) for consideration with a view to improving

the services provided by the licensees for the remaining period of the licences.

Rapid Growth of the Telecommunications Market

Amidst the COVID-19 pandemic during the year under review, Hong Kong's telecommunications market continued to flourish. The commercial fifth generation (5G) services were successfully launched from 1 April 2020 in Hong Kong. By March 2021, the number of mobile subscriptions reached 22.8 million and over 99% of them were subscriptions of the third generation (3G), fourth generation (4G) and 5G mobile services. Mobile network operators (MNOs) and mobile virtual network operators (MVNOs) were offering 4G and 5G services at affordable prices. Mobile data services were available at downlink speeds of up to 1.1 gigabit per second (Gbps). In March 2021, the monthly mobile data usage further surged to 93 937 Terabytes, representing 1.2 times and 1.7 times of the monthly usage over the same period in 2020 and 2019 respectively. The mobile data usage per capita rose to 12 548 Megabytes in March 2021, compared with 10 055 Megabytes in March 2020 and 7 326 Megabytes in March 2019. We expect that the 5G mobile services, launched in April 2020, will continue to 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. Where warranted, we will also proactively consider facilitating measures to the industry.

¹ The licence of a non-domestic TV licensee will be terminated with effect from 15 December 2021, with the number of non-domestic TV licensees reducing to nine and the number of satellite television channels reducing to about 190.



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 keep pace with the advancement of infotainment media and strike a right balance between providing a conducive business environment and protecting the interests of the audience. We will complete the mid-term review of the three free TV licences and the two sound broadcasting licences in accordance with established procedures, with a view to formulating recommendations to the 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 into 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 such as smart surveillance, time-critical remote operation, telemedicine, and intelligent transportation. The Authority is continuing its work to make available spectrum in different frequency bands to facilitate the continued development of 5G and other innovative services. Following the promulgation of the joint statements with the Secretary for Commerce and Economic Development (SCED) on 30 March 2021 on the arrangements for frequency allocation and assignment for a total of 220 MHz of new spectrum in the 600 MHz, 700 MHz and 4.9 GHz bands, the Authority will assign the above spectrum by way of auction in the fourth quarter of 2021. Furthermore, the Authority promulgated another two joint statements with SCED on 30 March 2021 on the arrangements for re-assignment of a total of 105 MHz of spectrum in the 850 MHz and 2.5/2.6 GHz bands upon expiry, and will make available these spectrum in the same auction. Looking ahead, we will continue to identify and supply additional spectrum for supporting new radiocommunications services and applications and review our telecommunications

regulatory framework from time to time to ensure that it dovetails with the advancement of telecommunications technologies and market development.

The work that lies ahead will be as diverse and challenging as that in 2020/21, 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 extend my gratitude to members of the Authority for their commitment and insightful contribution throughout the year. I would also like to thank colleagues of the Office of the Communications Authority (OFCA) for their dedication and professionalism in supporting the work of the Authority.

